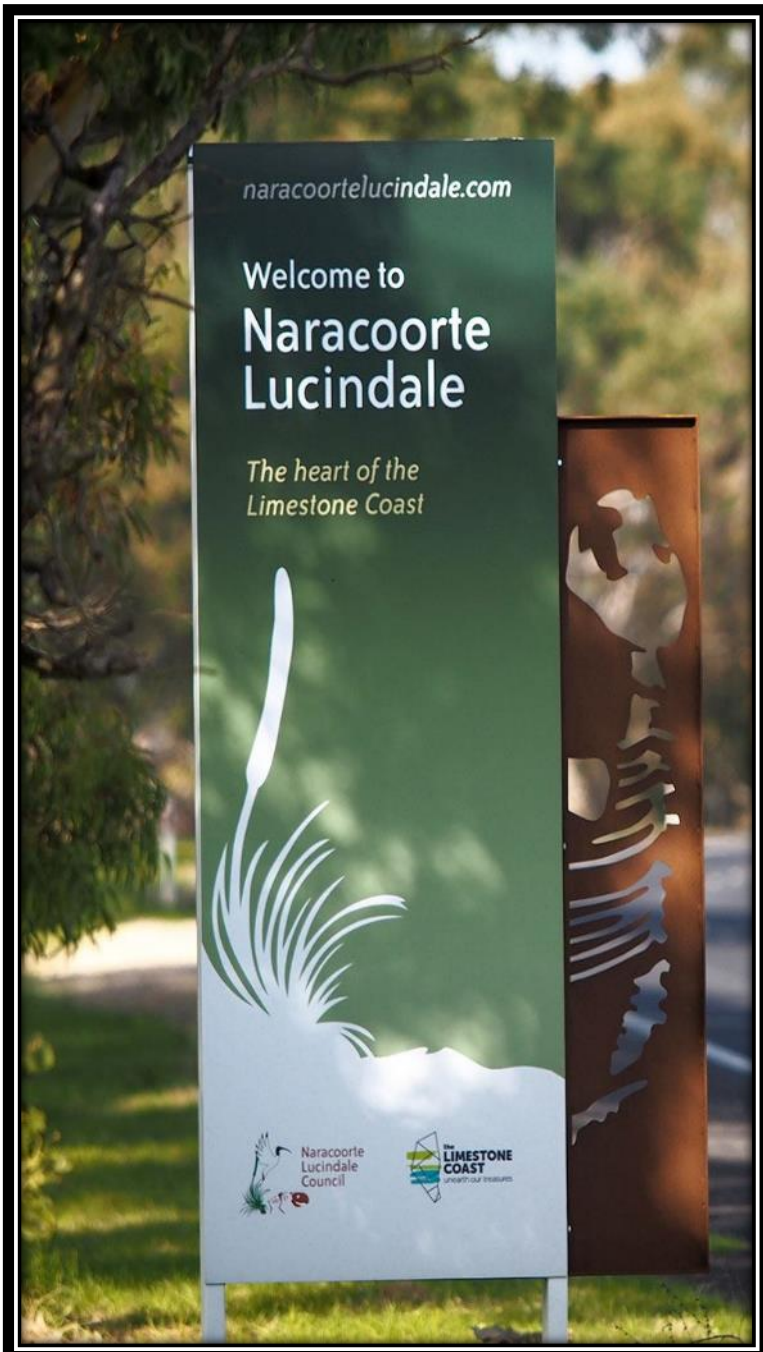




Naracoorte Lucindale Council

Better by Nature



*Financial
Statements*

for Year Ending

30 June 2021

Naracoorte Lucindale Council
General Purpose Financial Reports
for the year ended 30 June 2021

Table of Contents

	Page #
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Asset Disposal & Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N14
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N15
Note 8 - Liabilities	N23
Note 9 - Reserves	N24
Note 10 - Assets Subject to Restrictions	N26
Note 11 - Reconciliation of Cash Flow Statement	N27
Note 12 - Functions	N28
Note 13 - Financial Instruments	N30
Note 14 - Expenditure Commitments	N34
Note 15 - Financial Indicators	N35
Note 16 - Uniform Presentation of Finances	N36
Note 17 - Operating Leases	N37
Note 18 - Superannuation	N38
Note 19 - Contingent Assets & Contingent Liabilities	N39
Note 20 - Related Party Transactions	N40
Audit Report - Financial Statements	
Audit Report - Internal Controls	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

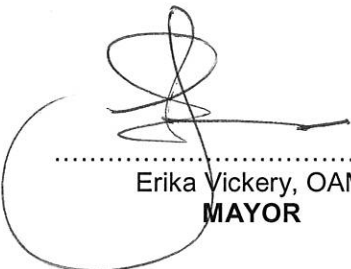
**Naracoorte Lucindale Council
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

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

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


.....
Trevor Smart
CHIEF EXECUTIVE OFFICER


.....
Erika Vickery, OAM
MAYOR

Date: 26-10-2021

Naracoorte Lucindale Council
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
INCOME			
Rates	2	12,464	12,450
Statutory charges	2	369	243
User charges	2	2,333	2,067
Grants, subsidies and contributions	2	4,196	3,768
Investment income	2	77	129
Reimbursements	2	50	112
Other income	2	375	331
Total Income		19,864	19,100
EXPENSES			
Employee costs	3	5,079	4,905
Materials, contracts & other expenses	3	6,378	5,952
Depreciation, amortisation & impairment	3	5,785	5,543
Finance costs	3	94	124
Total Expenses		17,336	16,524
OPERATING SURPLUS / (DEFICIT)		2,528	2,576
Asset disposal & fair value adjustments	4	(1,273)	(1,834)
Amounts received specifically for new or upgraded assets	2	697	808
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,952	1,550
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	14,380	5,590
Total Other Comprehensive Income		14,380	5,590
TOTAL COMPREHENSIVE INCOME		16,332	7,140

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

Naracoorte Lucindale Council
Statement of Financial Position
as at 30 June 2021

ASSETS	Notes	2021 \$'000	2020 \$'000
Current Assets			
Cash and cash equivalents	5	10,524	7,269
Trade & other receivables	5	893	1,025
Inventories	5	594	600
Total Current Assets		12,011	8,894
Non-current Assets			
Financial assets	6	267	342
Infrastructure, property, plant & equipment	7	197,846	185,308
Other non-current assets	6	554	511
Total Non-current Assets		198,667	186,161
Total Assets		210,678	195,055
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,691	1,747
Borrowings	8	493	509
Provisions	8	1,048	1,186
Total Current Liabilities		3,232	3,442
Non-current Liabilities			
Borrowings	8	924	1,416
Provisions	8	164	171
Total Non-current Liabilities		1,088	1,587
Total Liabilities		4,320	5,029
NET ASSETS		206,358	190,026
EQUITY			
Accumulated Surplus		51,333	49,603
Asset Revaluation Reserves	9	152,235	137,855
Other Reserves	9	2,790	2,568
TOTAL EQUITY		206,358	190,026

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

Naracoorte Lucindale Council
Statement of Changes in Equity
for the year ended 30 June 2021

2021	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		49,603	137,855	2,568	190,026
Net Surplus / (Deficit) for Year		1,952	-	-	1,952
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	14,380	-	14,380
Transfers between reserves		(222)	-	222	-
Balance at end of period	9	51,333	152,235	2,790	206,358

2020	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		47,864	132,265	2,757	182,886
Net Surplus / (Deficit) for Year		1,550	-	-	1,550
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	5,590	-	5,590
Transfers between reserves		189	-	(189)	-
Balance at end of period	9	49,603	137,855	2,568	190,026

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

Naracoorte Lucindale Council
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		12,653	12,468
Fees & other charges		370	259
User charges		2,535	2,235
Investment receipts		79	143
Grants utilised for operating purposes		4,197	4,051
Reimbursements		43	237
Other revenues		1,083	1,528
<i>Payments:</i>			
Employee costs		(5,193)	(4,909)
Materials, contracts & other expenses		(7,371)	(7,892)
Finance payments		(103)	(131)
Net Cash provided by (or used in) Operating Activities		8,293	7,989
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		697	808
Sale of replaced assets		336	180
Repayments of loans by community groups		79	53
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(4,186)	(8,623)
Expenditure on new/upgraded assets		(1,390)	(2,418)
Net Cash provided by (or used in) Investing Activities		(4,464)	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from Leasing		-	107
<i>Payments:</i>			
Repayments of borrowings		(449)	(422)
Repayment of principal portion of lease liabilities		(59)	-
Repayment of aged care facility deposits		(66)	(153)
Net Cash provided by (or used in) Financing Activities		(574)	(468)
Net Increase (Decrease) in cash held		3,255	(2,479)
Cash & cash equivalents at beginning of period	11	7,269	9,748
Cash & cash equivalents at end of period	11	10,524	7,269

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

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 26 October 2021.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

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

1.5 Covid-19

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include: additional leave paid to employees due to short notice shutdowns and the delay on completion of projects due to cross border closures and delays associated with sourcing materials.

COVID-19 is not expected to have a significant financial impact on Council operations. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

2 The Local Government Reporting Entity

Naracoorte Lucindale Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at DeGaris Place, Naracoorte. 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.

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

3 Income recognition

3.1 Revenue

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

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

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

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

	Cash Payment Received	Annual Allocation	Difference	
2018-19	\$4,093,343	\$3,436,848	+	\$656,495
2019-20	\$3,063,349	\$3,438,421	-	\$375,072
2020-21	\$3,435,913	\$3,229,581	+	\$206,332

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.

3.2 Construction Contracts

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

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.

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

4 Cash, Cash Equivalents and other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments Cash Equivalent Assets

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 13.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

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

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.4 Depreciation of Non-Current Assets

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

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

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

6.5 Impairment

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

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Provisions

9.1 Employee Benefits

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

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

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Weighted average discount rate 0.26% (2020, 0.25%)

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.

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.

9.2 Provisions for Reinstatement, Restoration or 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.

10 Leases

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.

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 follows:

- IT Equipment 3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.5 – Impairment of non-financial assets above.

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.

Naracoorte Lucindale Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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.

11 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.

12 New and Amended Standards and Interpretations

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

Amendments to AASB 101 and AASB 108 Definition of Material:

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

Amendments to AASB 16 Covid-19 Related Rent Concessions:

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

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

Note 2 - INCOME

	Notes	2021 \$'000	2020 \$'000
RATES REVENUES			
<u>General Rates</u>		10,798	10,806
Less: Mandatory Rebates		(152)	(157)
Less: Discretionary Rebates, Remissions & Write-offs		(36)	(35)
		<u>10,610</u>	<u>10,614</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management Levy		647	655
Waste Collection		1,061	1,016
Community Wastewater Management Systems		98	97
		<u>1,806</u>	<u>1,768</u>
<u>Other Charges</u>			
Penalties for Late Payment		44	53
Legal & Other Costs Recovered		17	32
		<u>61</u>	<u>85</u>
Less: Discretionary rebates, remissions & write offs		(13)	(17)
		<u>12,464</u>	<u>12,450</u>
STATUTORY CHARGES			
Development Act fees		120	58
Town Planning Fees		79	75
Health & Septic Tank Inspection Fees		75	25
Animal Registration Fees & Fines		63	61
Parking Fines / Expiation Fees		2	5
Environment Control Fines		3	-
Other Licences, Fees, & Fines		27	19
		<u>369</u>	<u>243</u>
USER CHARGES			
Cemetery Fees		89	106
Livestock Exchange Fees and Charges		1,819	1,737
Lease, Permits and Rental Income		98	118
Hall & Equipment Hire		16	31
Sales - General		301	55
Sundry		10	20
		<u>2,333</u>	<u>2,067</u>
INVESTMENT INCOME			
Interest on Investments:			
Local Government Finance Authority		49	95
Banks & Other		19	20
Loans to Community Groups		9	14
		<u>77</u>	<u>129</u>

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

Note 2 - INCOME (con't)

	Notes	2021 \$'000	2020 \$'000
REIMBURSEMENTS			
Private Works		10	28
Other		40	84
		<u>50</u>	<u>112</u>
OTHER INCOME			
Insurance & Other Recoupments - Infrastructure, Property, Plant & Equipment		204	89
Rebates Received		52	58
Sundry		119	184
		<u>375</u>	<u>331</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts Received Specifically for new or Upgraded Assets		697	808
Other Grants, Subsidies and Contributions			
Untied - Financial Assistance Grant		3,436	3,063
Roads to Recovery		492	492
Library & Communications		56	58
Sundry		212	155
		<u>4,196</u>	<u>3,768</u>
		<u>4,893</u>	<u>4,576</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		847	554
State government		3,996	3,975
Other		50	47
		<u>4,893</u>	<u>4,576</u>

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

Note 2 - INCOME (con't)

		2021	2020
Conditions over grants & contributions	Notes	\$'000	\$'000
<i>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:</i>			
<i>Unexpended at the close of the previous reporting period</i>		-	141
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
<i>Roads Infrastructure</i>		-	(50)
<i>Heritage & Cultural Services</i>		-	(91)
<i>Subtotal</i>		-	(141)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		-	-
<i>Heritage & Cultural Services</i>		-	-
<i>Subtotal</i>		-	-
<i>Unexpended at the close of this reporting period</i>		-	-
 <i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>		-	(141)

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

Note 3 - EXPENSE

	Notes	2021 \$'000	2020 \$'000
EMPLOYEE COSTS			
Salaries and Wages		4,161	3,914
Employee leave expense		882	927
Superannuation - defined contribution plan contributions	18	338	342
Superannuation - defined benefit plan contributions	18	91	99
Workers' Compensation Insurance		172	168
Other		80	84
Less: Capitalised and distributed costs		(645)	(629)
Total Operating Employee Costs		5,079	4,905
Total Number of Employees		64	65
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the Financial Reports		22	24
Elected Members' Expenses		236	192
Election Expenses		2	2
Lease Expenses - Short Term Leases	17	-	3
Lease Expenses - Low Value Assets	17	13	12
Subtotal - Prescribed Expenses		<u>273</u>	<u>233</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		928	915
Energy		545	626
Waste Management		1,210	1,115
Street Cleaning		150	144
Insurance		271	263
Quarry - Rubble Raising & Associated Costs		514	601
Subscriptions & Licences		324	312
Maintenance		928	915
Legal Expenses		40	14
Levies paid to government - Regional Landscape Levy		652	658
- Other Levies		172	161
Parts, Accessories & Consumables		516	611
Professional Services		500	205
Sundry		530	558
Less: Capitalised and Distributed Costs		(1,175)	(1,379)
Subtotal - Other Materials, Contracts & Expenses		<u>6,105</u>	<u>5,719</u>
		6,378	5,952

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

Note 3 - EXPENSE con't

	Notes	2021 \$'000	2020 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures (L2)		65	65
Buildings & Other Structures (L3)		366	350
Transfer Station		30	30
Furniture and Fittings		79	64
Site Improvements		142	118
Minor Plant		14	13
Plant & Equipment		406	387
Library Books		-	31
CWMS			
- Infrastructure		49	49
- Plant & Equipment		6	6
Regional Livestock Exchange			
- Building Structures		342	303
- Plant, Equipment & Furniture		43	41
Swimming Lake			
- Building Structures		63	60
- Plant, Equipment & Furniture		2	5
Aerodrome			
- Building Structures		98	96
- Site Improvements		3	3
Infrastructure			
- Bridges & Drainage		59	54
- Roads		3,402	3,336
- Walkways		135	121
- Kerb & Watertable		263	199
- Stormwater & Culverts		159	157
Right of Use Assets	17	59	55
		5,785	5,543
FINANCE COSTS			
Interest on Loans		91	120
Interest on Leases		3	4
		94	124

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

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2021	2020
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	336	180
Less: Carrying amount of assets sold	1,609	2,014
Gain (Loss) on disposal	(1,273)	(1,834)
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(1,273)	(1,834)

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

Note 5 - CURRENT ASSETS

	Notes	2021 \$'000	2020 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		148	556
Deposits at Call		7,061	3,900
Short Term Deposits & Bills, etc		3,315	2,813
		<u>10,524</u>	<u>7,269</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		454	534
Accrued Revenues		62	73
Debtors - general		182	142
GST Recoupment		156	235
Prepayments		3	1
Loans to community organisations		36	40
		<u>893</u>	<u>1,025</u>
INVENTORIES			
Quarry Materials		504	534
Trading Stock - VIC		5	5
Fuel & Lubricants		34	35
General Stores		43	19
Other		8	7
		<u>594</u>	<u>600</u>

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

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

Note 6 - NON-CURRENT ASSETS

	Notes	2021 \$'000	2020 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		<u>267</u>	<u>342</u>
TOTAL FINANCIAL ASSETS		<u>267</u>	<u>342</u>
 OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>554</u>	<u>511</u>
		<u>554</u>	<u>511</u>

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

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

		2020 \$'000				2021 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land (L2)	2	3,499	160	-	3,659	3,499	165	-	3,664
Land (L3)	3	9,337	-	-	9,337	9,337	-	-	9,337
Buildings & Other Structures (L2)	2	1,720	-	(65)	1,655	1,720	-	(130)	1,590
Buildings & Other Structures (L3)	3	20,942	809	(11,690)	10,061	20,924	937	(12,038)	9,823
Transfer Station		1,446	-	(346)	1,100	1,446	-	(376)	1,070
Furniture and Fittings		-	952	(611)	341	-	829	(480)	349
Site Improvements		-	3,922	(1,089)	2,833	-	4,449	(1,025)	3,424
Minor Plant		-	367	(293)	74	-	349	(284)	65
Plant & Equipment		-	7,847	(4,206)	3,641	-	7,884	(4,071)	3,813
Library Books		-	715	(548)	167	-	-	-	-
CWMS									
- Infrastructure	3	3,678	-	(1,731)	1,947	3,683	-	(1,779)	1,904
- Plant & Equipment		-	89	(70)	19	-	89	(76)	13
Regional Livestock Exchange									
- Building Structures	3	9,261	1,583	(4,112)	6,732	8,947	1,905	(4,140)	6,712
- Plant, Equipment & Furniture		-	371	(229)	142	-	356	(241)	115
Swimming Lake	3								
- Building Structures		3,837	89	(2,434)	1,492	3,837	111	(2,497)	1,451
- Plant, Equipment & Furniture		-	57	(13)	44	-	60	(15)	45
Aerodrome	3								
- Building Structures		3,660	-	(1,746)	1,914	3,660	184	(1,844)	2,000
- Site Improvements		-	91	(29)	62	-	91	(32)	59

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

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

		2020 \$'000				2021 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Infrastructure									
- Bridges & Drainage	3	5,917	623	(3,011)	3,529	6,540	47	(3,070)	3,517
- Roads	3	166,057	4,350	(57,514)	112,893	165,074	2,324	(43,776)	123,622
- Walkways	3	2,665	2,143	(1,337)	3,471	4,984	770	(1,883)	3,871
- Kerb & Watertable	3	10,011	2,522	(3,938)	8,595	15,712	142	(5,520)	10,334
- Stormwater & Culverts	3	12,968	4,187	(5,660)	11,495	16,734	74	(5,786)	11,022
Right of Use Assets		-	160	(55)	105	-	160	(114)	46
Total IPP&E		254,998	31,037	(100,727)	185,308	266,097	20,926	(89,177)	197,846
	Comparatives	237,107	40,165	(101,438)	175,834	254,998	31,037	(100,727)	185,308

This Note continues on the following pages.

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020 \$'000									2021 \$'000	
	Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
			New / Upgrade	Renewals				In	Out		
Land (L2)	3,659		5	-	-	-	-	-	-	-	3,664
Land (L3)	9,337		-	-	-	-	-	-	-	-	9,337
Buildings & Other Structures (L2)	1,655		-	-	-	(65)	-	-	-	-	1,590
Buildings & Other Structures (L3)	10,061		109	19	-	(366)	-	-	-	-	9,823
Transfer Station	1,100		-	-	-	(30)	-	-	-	-	1,070
Furniture and Fittings	341		23	67	(3)	(79)	-	-	-	-	349
Site Improvements	2,833		560	214	(41)	(142)	-	-	-	-	3,424
Minor Plant	74		5	-	-	(14)	-	-	-	-	65
Plant & Equipment	3,641		-	638	(60)	(406)	-	-	-	-	3,813
Library Books	167		-	-	-	-	-	-	-	(167)	-
CWMS											
- Infrastructure	1,947		-	7	(1)	(49)	-	-	-	-	1,904
- Plant & Equipment	19		-	-	-	(6)	-	-	-	-	13
Regional Livestock Exchange											
- Building Structures	6,732		2	320	-	(342)	-	-	-	-	6,712
- Plant, Equipment & Furniture	142		3	14	(1)	(43)	-	-	-	-	115
Swimming Lake											
- Building Structures	1,492		22	-	-	(63)	-	-	-	-	1,451
- Plant, Equipment & Furniture	44		-	3	-	(2)	-	-	-	-	45

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020 \$'000									2021 \$'000	
	Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
			New / Upgrade	Renewals				In	Out		
Aerodrome											
- Building Structures	1,914	-	184	-	(98)	-	-	-	-	-	2,000
- Site Improvements	62	-	-	-	(3)	-	-	-	-	-	59
Infrastructure											
- Bridges & Drainage	3,529	-	47	-	(59)	-	-	-	-	-	3,517
- Roads	112,893	156	2,168	(1,420)	(3,402)	-	-	-	13,227	123,622	
- Walkways	3,471	437	333	(69)	(135)	-	-	-	(166)	3,871	
- Kerb & Watertable	8,595	13	129	(12)	(263)	-	-	-	1,872	10,334	
- Stormwater & Culverts	11,495	74	-	(2)	(159)	-	-	-	(386)	11,022	
Right of Use Assets	105	-	-	-	(59)	-	-	-	-	46	
Total IPP&E	185,308	-	1,409	4,143	(1,609)	(5,785)	-	-	14,380	197,846	
<i>Comparatives</i>	175,834	160	2,418	8,863	(2,014)	(5,543)	-	1,318	(1,318)	5,590	185,308

This note continues on the following pages.

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

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

Valuation of Assets

General Valuation Principles

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

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

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

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

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land: Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Naracoorte Lucindale Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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

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

Office Furniture & Equipment	\$ 1,000
Information Technology	\$ 500
Other Plant and Equipment	\$ 1,000
Buildings New Construction / Extensions	\$10,000
Buildings – fit-out or services	\$ 1,000
Park & Playground Equipment	\$ 2,500
Road Construction and Reconstruction	\$10,000
Paving & Footpaths, Kerb & Gutter	\$10,000
Kerb & Watertable	\$ 5,000
Bridges & Culverts	\$ 5,000
Spoon Drains	\$ 2,500
Stormwater	\$10,000
Artworks	\$ 1,000

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

Plant, Furniture & Equipment	
Office Equipment - Computerised	2 to 10 years
Office Furniture & Equipment	5 to 15 years
Vehicles and Road-making Equip	5 to 15 years
Minor Plant & Equipment	3 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 80 years
Memorials	40 to 100 years
Park Structures – other construction	30 years
Playground equipment	5 to 25 years
Benches, seats, etc	5 to 15 years
Infrastructure	
Seals - Upper	20 to 40 years
Seals - Lower	80 to 120 years
Asphalt	40 years
Pavement – Sealed Road	80 to 120 years
Pavement – Rubble Road	20 to 80 years
Sub Pavement – Rubble Road	80 to 999 years
Bridges	60 to 100 years
Paving & Footpaths	25 to 50 years
Kerb & Watertable	60 to 80 years
Stormwater Drainage	60 to 300 years
Other Assets	
Artworks	indefinite

Naracoorte Lucindale Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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

Land & Land Improvements

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

Earthworks is assessed as a component of land under roads and as such it has been assessed that no reliable value can be attached to earthworks.

No capitalisation threshold is applied to the acquisition of land or interests in land.

Freehold land and land over which Council has control, but does not have title, is recognised on a fair value basis.

Where land is classified as *Hierarchy Level 3*, site value as provided by the Valuer-General has been determined as the most suitable basis of valuation. *Level 3* land was revalued at 1 July 2019.

Land classified as *Hierarchy Level 2* was revalued at market value by Aaron Armistead, AAPI CPV #18353 of Preston Rowe Paterson as at 1 July 2019.

Additions are recognised at cost.

Buildings & Other Structures

Buildings and Other Structures include *Buildings & Other Structures, Transfer Station, Regional Livestock Exchange, Swimming Lake and Aerodrome*.

The Regional Livestock Exchange, Swimming Lake & Aerodrome include assets which are valued at Fair Value and on a cost basis.

Buildings and other structures which are valued at Fair Value were revalued by Aaron Armistead, AAPI CPV #18353 of Preston Rowe Paterson as at 1 July 2019.

Additions are recognised at cost.

Bridges (including major culverts)

Bridges (including major culverts) were revalued at Fair Value by Aaron Armistead, AAPI CPV #18353 of Preston Rowe Paterson as at 1 July 2019.

Additions are recognised at cost.

Infrastructure

Road seals and pavements were valued at depreciated current replacement cost as at 1 July 2018, based on local knowledge of road building techniques and useful lives. Council's methodology was reviewed and deemed as appropriate by Ashay Prabhu, Director, Assetic Pty Ltd. The on-ground assets were inspected, dimensions validated and upper component condition rated by Council staff and Greenhill Engineers Pty Ltd as at 1 July 2018.

Using prior year projects as the reference point, unit rates for road seals and pavements were recalculated by Council Officers as at 1 July 2020.

Road hierarchies were reviewed 1 July 2020 to ensure compliance with Council's endorsed Infrastructure & Asset Management Plan. This review resulted in the correction to a number of roads and subsequently impacted on the expected useful lives of these assets.

All other infrastructure assets, including drainage, stormwater, kerbs & watertable and walkways were valued at depreciated current replacement cost as at 1 July 2016, based on unit rates calculated on the value of work undertaken during the previous reporting period. Unit rates have been reviewed on an annual basis, with no amendments required at date of reporting.

Additions are recognised at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Library Books

Library books and other lending materials have been removed from Council's asset register following observation from Council's Auditor for year ending 30 June 2020 that their value is low and replacement of individual items is well below generally held capitalisation thresholds.

All other assets

These assets are recognised on the cost basis.

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

Note 8 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		808		830	
Payments received in advance		321	-	353	-
Accrued expenses - employee entitlements		115	-	85	-
Accrued expenses - other		88	-	74	-
Aged Care Facility Deposits		213	-	279	-
Deposits, Retentions & Bonds		145	-	125	-
Other Payables		1	-	1	-
		1,691	-	1,747	-

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

145 **213**

BORROWINGS

Loans		449	920	450	1,368
Leases Liabilities	17	44	4	59	48
		493	924	509	1,416

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

PROVISIONS

LSL Employee entitlements (including oncosts)		614	24	696	27
AL Employee entitlements (including oncosts)		393	140	452	142
Other Employee Leave Entitlements		39	-	37	-
Other Provisions		2	-	1	2
		1,048	164	1,186	171

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

628 **711**

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
Notes	\$'000	\$'000	\$'000	\$'000
Land	8,102	-	-	8,102
Buildings & Other Structures	9,347	-	-	9,347
Infrastructure	118,865	14,547	-	133,412
Other Community Assets	1,541	(167)	-	1,374
TOTAL	137,855	14,380	-	152,235
Comparatives	132,265	5,590	-	137,855

OTHER RESERVES	1/7/2020	Transfers to Reserve	Transfers from Reserve	30/6/2021
Community Chest	34	-	(13)	21
Development	401	17	(60)	358
Lake Ormerod	1	-	-	1
Lucindale Health Centre	17	3	-	20
Lucindale Library	6	-	-	6
Open Space	25	-	-	25
Plant & Machinery	1,563	244	(37)	1,770
CWMS	521	68	-	589
TOTAL OTHER RESERVES	2,568	332	(110)	2,790
Comparatives	2,757	168	(357)	2,568

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Community Chest Reserve

The Community Chest Reserve acknowledges community grants given by Council but not claimed by Community Groups as at 30 June 2021.

Development Reserve

Reserve to allow for future development in the Council district. May be used to assist community groups and sporting bodies with expansion that has a proven community benefit.

Lake Ormerod Reserve

Account for funds held on behalf of Lake Ormerod Community Group.

Lucindale Health Centre Reserve

Funds set aside for future maintenance of the Lucindale Health Centre.

Lucindale Library Reserve

Lucindale Community Library. Commitment at amalgamation.

Open Space Reserve

Developers Contribution towards open space reserves.

Plant Machinery Reserve

Provision for future plant replacement.

CWMS Reserve

Balance of fees collected from Lucindale CWMS Scheme held for future renewals & maintenance.

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

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

CASH & FINANCIAL ASSETS	Notes	2021 \$'000	2020 \$'000
Open Space Reserve		25	25
Community Waste Management Scheme (CWMS) Reserve		589	521
Committed & Tied Grants		-	132
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		614	678

Open Space Reserve

Cash contributions received from developers in lieu of the provision of open space as part of a land division proposal. It is a condition of the contribution that the funds are spent either directly on the provision of open space or recreation (eg. playground) or the planning for such infrastructure.

Community Waste Management Scheme (CWMS) Reserve

Balance of expenditure and income in relation to Council's CWMS Scheme. Required by legislation to be preserved for expenditure in relation to future upgrades and/or maintenance of the Scheme.

Committed & Tied Grants

Unexpended grant income received that must be expended on a specific project. These grants have been recognised as Amounts Received in Advance.

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	5	<u>10,524</u>	<u>7,269</u>
Balances per Cash Flow Statement		<u>10,524</u>	<u>7,269</u>

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

Net Surplus (Deficit)		1,952	1,550
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		5,785	5,543
Net increase (decrease) in unpaid employee benefits		(114)	(49)
Grants for capital acquisitions treated as Investing Activity		(697)	(808)
Net (Gain) Loss on Disposals		<u>1,273</u>	<u>1,834</u>
		8,199	8,070
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		128	222
Net (increase) decrease in inventories		6	60
Net increase (decrease) in trade & other payables		(39)	(361)
Net increase (decrease) in other provisions		<u>(1)</u>	<u>(2)</u>
Net Cash provided by (or used in) operations		<u>8,293</u>	<u>7,989</u>

(c) Financing Arrangements

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

Corporate Credit Cards	19	19
LGFA Cash Advance Debenture facility	4,000	4,000

The LGFA Cash Advance Debenture Facility may be drawn at any time.

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

Note 12 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administration	14,586	14,117	3,973	3,687	10,613	10,430	2,898	2,550	13,613	10,531
Community Services	328	256	918	900	(590)	(644)	196	62	7,082	7,192
Environment	1,092	1,056	1,738	1,679	(646)	(623)	-	-	13,115	13,630
Culture	71	79	667	496	(596)	(417)	66	73	2,381	2,695
Recreation	5	25	984	1,002	(979)	(977)	60	67	9,639	9,062
Regulatory Services	348	231	408	346	(60)	(115)	-	-	19	12
Transport & Communication	1,076	1,039	6,274	6,319	(5,198)	(5,280)	1,379	1,766	146,155	133,234
Economic Development	74	133	486	599	(412)	(466)	294	58	498	492
Business Undertakings	1,947	1,859	1,574	1,398	373	461	-	-	10,889	10,987
Plant Machinery & Depot	61	63	84	-	(23)	63	-	-	5,095	4,902
Unclassified	276	242	230	98	46	144	-	-	2,192	2,318
<u>TOTALS</u>	19,864	19,100	17,336	16,524	2,528	2,576	4,893	4,576	210,678	195,055

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

Note 12 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

Administration, Governance, Elected Members, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates, Records, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, General Rates and NRM Levy.

Community Services

Fire Prevention, Immunisation & Other Preventative Health, Community Support, Volunteer Management, Halls, Harry Tregoweth Retirement Village, Seniors and Youth Support, Cemeteries, Effluent (not CWMS) and Public Conveniences.

Environment

Waste Management, Stormwater, Street Cleaning and Street Lighting.

Culture

Library, Heritage, Art Gallery and Lucindale Historical Museum

Recreation

Parks & Gardens, Sporting Grounds & Facilities, Playgrounds, Swimming Lake

Regulatory

Urban and rural development, including building and planning. Dog Control, Livestock Control, Parking Control, Health Inspections, Septic Tank Approvals and General Inspectorial Responsibilities.

Transport

Aerodrome, Bridges, Footpaths, Bike Paths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, Drainage, LGGC – roads (formula funded), and Other Transport.

Economic Affairs

Land Development, Plantations, Visitor Information Centre and Events.

Business Undertakings

Naracoorte Regional Livestock Exchange, Community Waste Management Scheme (CWMS), Rental Property, Private Works and Quarries.

Plant, Machinery & Depots

Depot, fleet and plant operations

Unclassified

Debt, Other Property & Services, Other and Vandalism.

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

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.22% and 1.63% (2020: 0.25% and 1.25%). Short term deposits have an average maturity of 90 days and an average interest rates of 0.64% (2020: 90 days, 1.35%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.42% (2020: 0.43%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Retirement Home	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>

Naracoorte Lucindale Council

Notes to and forming part of the Financial Statements

Note 13 - FINANCIAL INSTRUMENTS (con't)

Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.3% and 7.95% (2020: 5.3% and 7.95%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 17</p>

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

Note 13 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	10,525			10,525	10,524
Receivables	898	135	167	1,200	1,157
Other Financial Assets	-	-	-	-	-
Total	11,423	135	167	11,725	11,681
<u>Financial Liabilities</u>					
Payables	1,487	-	-	1,487	1,488
Current Borrowings	519	-	-	519	449
Lease Liabilities	44	4	-	48	48
Non-Current Borrowings	-	780	292	1,072	920
Total	2,050	784	292	3,126	2,905
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	7,269			7,269	7,269
Receivables	1,002	-	-	1,002	984
Other Financial Assets	46	162	224	432	382
Total	8,317	162	224	8,703	8,635
<u>Financial Liabilities</u>					
Payables	1,611	-	-	1,611	1,588
Current Borrowings	549	-	-	549	450
Lease Liabilities	62	50	-	112	107
Non-Current Borrowings	-	1,104	487	1,591	1,368
Total	2,222	1,154	487	3,863	3,513

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Cash Advance Facility	2.10	-	2.63	-
Fixed Interest Rates	5.33	1,368	5.19	1,818
		1,368		1,818

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

Note 13 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	Notes	2021	2020
		\$'000	\$'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		-	542
Plant & Equipment		-	395
		<u>-</u>	<u>937</u>
These expenditures are payable:			
Not later than one year		-	937
		<u>-</u>	<u>937</u>

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

Note 15 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	12.7%	13.5%	19.2%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(37.1%)	(18.9%)	(28.0%)
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

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

<i>Adjusted Operating Surplus Ratio</i>	11.8%	16.2%	16.4%
<i>Adjusted Net Financial Liabilities Ratio</i>	(28.2%)	(10.1%)	(40.0%)

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	100%	96%	81%
Net Asset Renewals - IAMP			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

The asset renewal funding ratio is calculated on the sum of the proposed expenditure as indicated in the Infrastructure & Asset Management Plan plus annual depreciation for those classes currently excluded from the Plan. Excluded classes: furniture & fittings; site improvements, plant & equipment and library books.

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

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2021		2020
	\$'000		\$'000
Income	19,864		19,100
Expenses	(17,336)		(16,524)
Operating Surplus / (Deficit)	2,528		2,576
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(4,186)		(8,623)
Add back Depreciation, Amortisation and Impairment	5,785		5,543
Proceeds from Sale of Replaced Assets	336		180
	1,935		(2,900)
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,390)		(2,418)
Amounts received specifically for New and Upgraded Assets	697		808
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-		-
	(693)		(1,610)
Net Lending / (Borrowing) for Financial Year	3,770		(1,934)

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

Note 17 - OPERATING LEASES

Council as a Lessee

Right of Use Aset

Naracoorte Lucindale Council leases a building, which is occupied by the Naracoorte Public Library and server infrastructure.

Set out below are the carrying amounts (written down value) of right of use assets recognised within Infrastructure Property, Plant & Equipment

Carrying Value	Building & Structures	Plant & Equipment	Office Equipment	Total
At 1 July 2020	86	-	19	105
Depreciation Charge	(41)	-	(18)	(59)
At 30 June 2021	45	-	1	46

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

	2021
Opening Balance 1 July 2020	107
Accretion of Interest	3
Payments	(62)
Closing Balance 30 June 2021	48
Current	44
Non Current	4

The maturity analysis of lease liabilities is included in note 13

Council and its associated entities (the group) had total cash outflows for leases of **\$74,294**

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	59
Interest expense on lease liabilities	3
Expenses relating to leases of low value assets	13
Total amount recognised in profit and loss	75

Council as a Lessor

Council owns various buildings, plant and other facilities that are available for hire or lease in accordance with the published fees & charges guide. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

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

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 (9.50% in 2019-20; 9.50% in 2020-21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019-20) of "superannuation" salary.

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

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

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

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

Note 19 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1. LAND UNDER ROADS

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

2. POTENTIAL INSURANCE LOSSES

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

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

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 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.

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

Note 20 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 20 persons were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	1,404	1,404
Long term benefits	23	14
TOTAL	1,427	1,418

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

	2021	2020
	\$	\$
Planning and building applications fees	-	1
TOTAL	-	1

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Purchases from none of these individual businesses exceeded \$7,000 during the year.

No close family members of key management personnel are employed by Council.

Key management personnel or close family members (including related parties) lodged nil planning and building applications during the year.

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



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Mount Gambier

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

Stirling

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

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of the Naracoorte Lucindale Council

Opinion

We have audited the accompanying financial report of the Naracoorte Lucindale Council, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Naracoorte Lucindale Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

02/11/2021

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



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Mount Gambier

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

Stirling

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

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the Members of the Naracoorte Lucindale Council

Independent Assurance report on the Internal Controls of the Naracoorte Lucindale Council

Opinion

We have audited the compliance of the Naracoorte Lucindale 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 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, the Naracoorte Lucindale 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 2020 to 30 June 2021.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler
CA, Registered Company Auditor
Partner

02/11/2021

Naracoorte Lucindale Council
Annual Financial Statements
for the year ended 30 June 2021

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Naracoorte Lucindale Council for the year ended 30 June 2021, the Council's Auditor, Galpins Accountants, Auditors and 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*.


.....
Trevor Smart
CHIEF EXECUTIVE OFFICER


.....
Jim Ker
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 26-10-2021

Naracoorte Lucindale Council
Annual Financial Statements
for the year ended 30 June 2021

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Naracoorte Lucindale Council for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



Tim Muhlhausler
Galpins Accountants, Auditors & Business Consultants

Dated this 2nd day of November 2021