

# City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## General Purpose Financial Statements

for the year ended 30 June 2021

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Contents	Page
<b>Council Certificate</b>	<b>3</b>
<b>Principal Financial Statements</b>	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
<b>Notes to and forming part of the Principal Financial Statements</b>	<b>8</b>
<b>Independent Auditor's Report – Financial Statements</b>	<b>47</b>
<b>Independent Auditor's Report – Internal Controls</b>	<b>50</b>
<b>Certificates of Audit Independence</b>	
Council Certificate of Audit Independence	52
Audit Certificate of Audit Independence	53

General Purpose Financial Statements  
for the year ended 30 June 2021

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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.



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Tony Harrison  
Chief Executive Officer

Date:

26/10/21



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Kris Hanna  
Mayor

Date

26/10/21

# Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Rates Revenues	2a	80,179	79,471
Statutory Charges	2b	2,175	2,114
User Charges	2c	2,701	2,233
Grants, Subsidies and Contributions	2g	9,819	7,163
Investment Income	2d	503	946
Reimbursements	2e	872	1,146
Other income	2f	902	559
Net Gain - Equity Accounted Council Businesses	19(a)	173	183
<b>Total Income</b>		<b>97,324</b>	<b>93,815</b>
<b>Expenses</b>			
Employee costs	3a	38,238	36,487
Materials, Contracts and Other Expenses	3b	42,532	34,967
Depreciation, Amortisation and Impairment	3c	15,963	15,542
Finance Costs	3d	335	423
<b>Total Expenses</b>		<b>97,068</b>	<b>87,419</b>
<b>Operating Surplus / (Deficit)</b>		<b>256</b>	<b>6,396</b>
Physical Resources Received Free of Charge	2i	2,001	2,283
Asset Disposal & Fair Value Adjustments	4	(2,102)	(1,099)
Amounts Received Specifically for New or Upgraded Assets	2g	9,542	175
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>9,697</b>	<b>7,755</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I,PP&E	9a	(21,408)	(9,131)
Changes in Revaluation Surplus - Equity Accounted Council Businesses	19	—	367
<b>Total Other Comprehensive Income</b>		<b>(21,408)</b>	<b>(8,764)</b>
<b>Total Comprehensive Income</b>		<b>(11,711)</b>	<b>(1,009)</b>

(1) Transferred to Statement of Changes in Equity

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

# City of Marion

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	16,712	17,831
Trade & Other Receivables	5b	8,110	6,000
Other Financial Assets	5c	37,300	36,400
Inventories	5d	311	331
<b>Total current assets</b>		<b>62,433</b>	<b>60,562</b>
<b>Non-current assets</b>			
Equity Accounted Investments in Council Businesses	6a	6,627	6,454
Other Non-Current Assets	6b	10,328	4,489
Infrastructure, Property, Plant & Equipment	7a(i)	1,129,486	1,149,808
<b>Total non-current assets</b>		<b>1,146,441</b>	<b>1,160,751</b>
<b>TOTAL ASSETS</b>		<b>1,208,874</b>	<b>1,221,313</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	17,721	17,231
Borrowings	8b	827	1,245
Provisions	8c	6,430	6,305
Lease Liabilities	8d	15	153
<b>Total Current Liabilities</b>		<b>24,993</b>	<b>24,934</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	3,564	4,390
Provisions	8c	702	610
Lease Liabilities	8d	11	64
<b>Total Non-Current Liabilities</b>		<b>4,277</b>	<b>5,064</b>
<b>TOTAL LIABILITIES</b>		<b>29,270</b>	<b>29,998</b>
<b>Net Assets</b>		<b>1,179,604</b>	<b>1,191,315</b>
<b>EQUITY</b>			
Accumulated surplus		403,189	396,604
Asset revaluation reserves	9a	732,120	753,528
Other reserves	9b	44,295	41,183
<b>Total Council Equity</b>		<b>1,179,604</b>	<b>1,191,315</b>
<b>Total Equity</b>		<b>1,179,604</b>	<b>1,191,315</b>

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 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2021</b>					
Balance at the end of previous reporting period		396,604	753,528	41,183	1,191,315
<b>Net Surplus / (Deficit) for Year</b>		9,697	–	–	9,697
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(21,408)	–	(21,408)
<b>Other comprehensive income</b>		–	(21,408)	–	(21,408)
<b>Total comprehensive income</b>		9,697	(21,408)	–	(11,711)
Transfers between Reserves		(3,112)	–	3,112	–
<b>Balance at the end of period</b>		<b>403,189</b>	<b>732,120</b>	<b>44,295</b>	<b>1,179,604</b>
<b>2020</b>					
Balance at the end of previous reporting period		397,167	762,292	38,411	1,197,870
Adjustments (due to compliance with revised Accounting Standards) - not retrospective	24b	(5,546)	–	–	(5,546)
<b>Net Surplus / (Deficit) for Year</b>		7,755	–	–	7,755
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(9,131)	–	(9,131)
- Share of Gain (Loss) on Revaluation - Equity Accounted Council Businesses		–	367	–	367
<b>Other comprehensive income</b>		–	(8,764)	–	(8,764)
<b>Total comprehensive income</b>		7,755	(8,764)	–	(1,009)
Transfers between Reserves		(2,772)	–	2,772	–
<b>Balance at the end of period</b>		<b>396,604</b>	<b>753,528</b>	<b>41,183</b>	<b>1,191,315</b>

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 2021

\$ '000	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates Receipts		80,535	79,813
Statutory Charges		2,193	2,123
User Charges		2,852	2,355
Grants, Subsidies and Contributions (operating purpose)		12,681	8,192
Investment Receipts		503	946
Reimbursements		939	1,244
Other Receipts		4,105	7,057
<u>Payments</u>			
Finance Payments		(335)	(423)
Payments to Employees		(38,172)	(35,961)
Payments for Materials, Contracts & Other Expenses		(47,072)	(38,513)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>18,229</u>	<u>26,833</u>
<b>Cash flows from investing activities</b>			
Amounts Received Specifically for New/Upgraded Assets		5,983	3,514
Sale of Replaced Assets		385	300
Sale of Surplus Assets		416	26
Distributions Received from Equity Accounted Council Businesses		–	124
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(7,530)	(9,246)
Expenditure on New/Upgraded Assets		(16,315)	(12,372)
Net Purchase of Investment Securities		(900)	(1,600)
<b>Net cash provided (or used in) investing activities</b>		<u>(17,961)</u>	<u>(19,254)</u>
<b>Cash flows from financing activities</b>			
<u>Payments</u>			
Repayments of Borrowings		(1,244)	(1,170)
Repayment of Finance Lease Liabilities		(143)	(362)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(1,387)</u>	<u>(1,532)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(1,119)</u>	<u>6,047</u>
plus: Cash & Cash Equivalents at beginning of period		17,831	11,784
<b>Cash and cash equivalents held at end of period</b>	11a	<u>16,712</u>	<u>17,831</u>
Additional Information:			
plus: Investments on hand – end of year	6b	37,300	36,400
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>54,012</u>	<u>54,231</u>

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

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

Contents of the Notes accompanying the General Purpose Financial Statements

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Note	Details	Page
1	Summary of Significant Accounting Policies	9
2	Income	16
3	Expenses	19
4	Asset Disposal & Fair Value Adjustments	20
5	Current Assets	21
6	Non-Current Assets	22
7	Infrastructure, Property, Plant & Equipment	23
8	Liabilities	26
9	Reserves	27
10	Assets Subject to Restrictions	29
11	Reconciliation to Statement of Cash Flows	30
12(a)	Functions	31
12(b)	Components of Functions	32
13	Financial Instruments	34
14	Capital Expenditure and Investment Property Commitments	37
15	Financial Indicators	38
16	Uniform Presentation of Finances	39
17	Leases	40
18	Superannuation	42
19	Interests in Other Entities	43
20	Non-Current Assets Held for Sale & Discontinued Operations	44
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	45
22	Events after the Balance Sheet Date	45
23	Related Party Transactions	46



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies

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

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

#### (1) Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 31 May 2018

##### 1.2 Critical Accounting Estimates

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

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

##### 1.3 Estimates and assumptions

COVID-19 is not expected to have a significant financial impact on Council operations with the Council. It is expected limited financial impacts will flow into the 2021/22 financial year and these have been largely taken into account during the development of the budget process for 2021/22. 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.

##### 1.4 Rounding

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

#### (2) The Local Government Reporting Entity

City of Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. These 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

#### (3) Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$4,416,029	\$3,380,264	+ \$1,035,765
2019/20	\$2,980,238	\$3,452,091	- \$471,853
2020/21	\$3,046,589	\$2,995,722	\$50,867

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

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

#### Construction Contracts

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

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

#### (4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

#### (5) Inventories

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

#### (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

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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.

Category	Individual Threshold
Infrastructure	\$10,000
Land	n/a
Land Improvements	\$5,000
Buildings	\$10,000
Furniture and Fittings	\$3,000
Equipment	\$3,000
Other	\$3,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregate Threshold
<b>Infrastructure</b>	
Reserve Lighting	\$250,000
Reserve Pathways	\$500,000
<b>Buildings</b>	
Bus Shelters	\$1,000,000
Shelters/Gazebos	\$250,000
Fencing	\$500,000
<b>Furniture and Fittings</b>	\$25,000
<b>Equipment</b>	
Irrigation	\$1,000,000
LED Lighting	\$1,000,000
<b>Other</b>	
BBQs	\$250,000
Reserve Furniture	\$500,000
Drink Fountains	\$50,000
Reserve Bollards	\$250,000
Reserve Bins	\$100,000
City Band Instruments	\$100,000
Council Artwork	\$100,000

#### 6.3 Subsequent Recognition

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

#### 6.4 Depreciation of Non-Current Assets

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

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 1. Summary of Significant Accounting Policies (continued)

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

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

	Short Life Years	Long Life Years
<b>Furniture &amp; Equipment</b>		
Office Equipment	3 to 10	n/a
Office Furniture	15	n/a
Vehicles and Heavy Equipment	3 to 15	n/a
Other Plant & Equipment	7 to 25	n/a
LED Lighting	50	n/a
Irrigation – Equipment	10	n/a
Irrigation - Pipework	60	n/a
<b>Buildings</b>		
Sub Structure	n/a	80 to 200
Super Structure	40 to 80	n/a
Roofing	40	n/a
Services	40 to 50	n/a
Fitout	30	n/a
<b>Infrastructure</b>		
Sealed Roads – Surface	25 to 40	n/a
Road Base	60 to 100	200
Road Formation	200	n/a
Kerb	70 to 105	200
Footpath – Bitumen/Rubber	20 to 40	60 to 100
Footpath – Concrete	50 to 85	n/a
Footpath – Paved	50 to 85	n/a
Other Road Structures	20 to 100	40 to 80
Traffic Signs	15 to 20	n/a
Bridges	80 to 140	200
Stormwater Pipes Concrete	100 to 175	200
Stormwater Pipes PVC	60 to 100	n/a
Stormwater Pipes Ribloc	60 to 100	200
Junction Boxes	100 to 175	200
Pollutant Traps	100 to 175	200
Box Culverts	100 to 175	200
Headwalls	100 to 175	200
Drainage Pits	100 to 175	200
<b>Other Infrastructure</b>		
Wetland Assets	15 to 100	250
Car Parks	25 to 40	n/a
Lighting	15 to 25	n/a
Recreation Pathways	30 to 40	n/a
Sports Floodlights	25	n/a
<b>Other Assets</b>		
Playground Equipment	20	n/a
Reserve Furniture	25	n/a
Band Instruments	30	n/a
Civic Art Structures	15 to 80	n/a

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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#### 6.5 Impairment

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

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

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

#### 6.6 Borrowing Costs

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

### (7) Payables

#### 7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days from the date 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 initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

### (9) Employee Benefits

#### 9.1 Salaries, Wages & Compensated Absences

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

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

#### 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. Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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#### (10) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, 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**

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**

Council recognises the 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 the costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight line basis over lease term.

The right-of-use asset is also subject to impairment.

##### **ii) Lease Liabilities**

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

##### **iii) Short term leases and leases of low value assets**

Council applies the short-term lease recognition exemption to its short term leases (i.e. a lease term less than 12 months from commencement date). Council also applies the low-value assets recognition exemption to leases that do not meet the underlying asset capitalisation threshold. These leases are recognised as an expense on a straight line basis over the lease term.

#### (11) 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.

#### (12) GST Implications

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

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

#### (13) New accounting standards and UIG interpretations

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

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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#### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

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

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

#### (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.

# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Income

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>(a) Rates Revenues</b>		
<b>General Rates</b>		
General Rates	79,924	79,174
Less: Mandatory Rebates	(1,959)	(1,899)
Less: Discretionary Rebates, Remissions & Write Offs	(25)	(72)
<b>Total General Rates</b>	<b>77,940</b>	<b>77,203</b>
<b>Other Rates (Including Service Charges)</b>		
Regional Landscape Levy	1,995	1,973
<b>Total Other Rates (Including Service Charges)</b>	<b>1,995</b>	<b>1,973</b>
<b>Other Charges</b>		
Penalties for Late Payment	244	295
<b>Total Other Charges</b>	<b>244</b>	<b>295</b>
<b>Total Rates</b>	<b>80,179</b>	<b>79,471</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	750	783
Town Planning Fees	180	109
Animal Registration Fees & Fines	575	588
Parking Fines / Expiation Fees	670	634
<b>Total Statutory Charges</b>	<b>2,175</b>	<b>2,114</b>
<b>(c) User Charges</b>		
Hall & Equipment Hire	307	191
Sales - General	828	539
Sundry	853	772
Admission Fees	382	420
Rental Income	331	311
<b>Total User Charges</b>	<b>2,701</b>	<b>2,233</b>
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	499	923
- Banks & Other	4	23
<b>Total Investment Income</b>	<b>503</b>	<b>946</b>



# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Income (continued)

\$ '000	2021	2020
<b>(e) Reimbursements</b>		
Private Works	357	200
Other	515	946
<b><u>Total Reimbursements</u></b>	<b><u>872</u></b>	<b><u>1,146</u></b>

### (f) Other income

Sundry	39	10
Donations & Contributions income	161	214
Labour Recovery	618	238
Insurance & Other Recoupments - Infrastructure, IPP&E	84	97
<b><u>Total Other income</u></b>	<b><u>902</u></b>	<b><u>559</u></b>

### (g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	9,542	175
<b><u>Total Amounts Received Specifically for New or Upgraded Assets</u></b>	<b><u>9,542</u></b>	<b><u>175</u></b>
Other Grants, Subsidies and Contributions	8,141	5,543
Individually Significant Item - Additional Grants Commission Payment (refer below)	1,678	1,620
<b><u>Total Other Grants, Subsidies and Contributions</u></b>	<b><u>9,819</u></b>	<b><u>7,163</u></b>
<b><u>Total Grants, Subsidies, Contributions</u></b>	<b><u>19,361</u></b>	<b><u>7,338</u></b>

The functions to which these grants relate are shown in Note 12.

#### (i) Sources of grants

Commonwealth Government	10,786	3,095
State Government	8,002	4,152
Other	573	91
<b><u>Total</u></b>	<b><u>19,361</u></b>	<b><u>7,338</u></b>

#### (ii) Individually Significant Items

Grants Commission - Financial Assistance Grant recognised as income	1,678	1,620
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2021: In May 2021, Council received part payment for the 2021/22 Grants commission Financial Assistance Grants. This payment was adjusted for minor reconciling amounts relating to the 2020/21 Grants Commission payment received in June 2020.

2020: In June 2020, Council received part payment for the 2020/21 Grants Commission Financial Assistance Grants. This payment was adjusted for minor reconciling amounts relating to the 2019/20 Grants Commission payment received in June 2019.

# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Income (continued)

\$ '000	2021	2020
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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:

<b>Unexpended at the close of the previous reporting period</b>	<b>7,167</b>	<b>7,414</b>
<b>Less:</b>		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Other	(659)	(1,867)
<b>Subtotal</b>	<b>(659)</b>	<b>(1,867)</b>
<b>Plus:</b>		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Other	1,678	1,620
<b>Subtotal</b>	<b>1,678</b>	<b>1,620</b>
<b>Unexpended at the close of this reporting period</b>	<b>8,186</b>	<b>7,167</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>	<b>1,019</b>	<b>(247)</b>

#### (i) Physical Resources Received Free of Charge

Roads, Bridges & Footpaths	2,001	2,283
<b><u>Total Physical Resources Received Free of Charge</u></b>	<b><u>2,001</u></b>	<b><u>2,283</u></b>

# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Expenses

\$ '000	Notes	2021	2020
<b>(a) Employee costs</b>			
Salaries and Wages		32,086	30,681
Employee Leave Expense		3,007	3,116
Superannuation - Defined Contribution Plan Contributions	18	3,027	2,813
Workers' Compensation Insurance		803	764
Less: Capitalised and Distributed Costs		(685)	(887)
<b>Total Operating Employee Costs</b>		<b>38,238</b>	<b>36,487</b>
Total Number of Employees (full time equivalent at end of reporting period)		370	358
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		39	39
Bad and Doubtful Debts		8	1
Elected Members' Expenses		365	352
Operating Lease Rentals - Cancellable Leases		317	400
<b>Subtotal - Prescribed Expenses</b>		<b>729</b>	<b>792</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		21,118	17,108
Maintenance		4,141	3,276
Parts, Accessories & Consumables		4,116	3,999
Infrastructure Contributions		2,616	120
Sundry		2,373	2,187
Levies Paid to Government - Regional Landscape Levy		1,996	1,972
Levies - Other		226	199
Energy		1,445	1,556
Professional Services		1,430	1,423
Insurance		586	591
Memberships & Subscriptions		367	325
Legal Expenses		300	271
Printing & Postage		276	297
Bank Fees & Charges		202	169
Library Materials		198	199
Telecommunication Charges		176	187
Fringe Benefits Tax		162	169
Advertising		75	127
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>41,803</b>	<b>34,175</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>42,532</b>	<b>34,967</b>

# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Expenses (continued)

\$ '000	2021	2020
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#### (c) Depreciation, Amortisation and Impairment

##### (i) Depreciation and Amortisation

Buildings & Other Structures	3,708	3,627
Infrastructure	8,858	8,762
- Other	1,178	1,136
Right-of-use Assets	124	162
Plant & Equipment	1,307	1,287
Furniture & Fittings	79	79
Intangible Assets	45	42
Other Assets	664	580
<b>Subtotal</b>	<b>15,963</b>	<b>15,675</b>
Less: Capitalised and Distributed costs	–	(133)
<b>Total Depreciation, Amortisation and Impairment</b>	<b>15,963</b>	<b>15,542</b>

#### (d) Finance Costs

Interest on Loans	335	423
<b>Total Finance Costs</b>	<b>335</b>	<b>423</b>

### Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
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#### Infrastructure, Property, Plant & Equipment

##### (i) Assets Renewed or Directly Replaced

Proceeds from Disposal	385	300
Less: Carrying Amount of Assets Sold	(2,465)	(1,410)
<b>Gain (Loss) on Disposal</b>	<b>(2,080)</b>	<b>(1,110)</b>

##### (ii) Assets Surplus to Requirements

Proceeds from Disposal	416	26
Less: Carrying Amount of Assets Sold	(438)	(15)
<b>Gain (Loss) on Disposal</b>	<b>(22)</b>	<b>11</b>

<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(2,102)</b>	<b>(1,099)</b>
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## City of Marion

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 5. Current Assets

\$ '000	2021	2020
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##### (a) Cash & Cash Equivalent Assets

Cash on Hand at Bank	1,112	3,031
Short Term Deposits & Bills, etc.	15,600	14,800
<u>Total Cash &amp; Cash Equivalent Assets</u>	<u>16,712</u>	<u>17,831</u>

##### (b) Trade & Other Receivables

Rates - General & Other	1,897	2,261
Rates Postponed for State Seniors	167	159
Accrued Revenues	1,148	180
Debtors - General	3,315	2,377
GST Recoupment	1,051	561
Prepayments	532	462
<u>Total Trade &amp; Other Receivables</u>	<u>8,110</u>	<u>6,000</u>

##### (c) Other Financial Assets

Other Financial Assets (Term Deposits with over 90 days to maturity)	37,300	36,400
<u>Total Other Financial Assets</u>	<u>37,300</u>	<u>36,400</u>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

##### (d) Inventories

Stores & Materials	311	331
<u>Total Inventories</u>	<u>311</u>	<u>331</u>

## City of Marion

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 6. Non-Current Assets

\$ '000	Notes	2021	2020
(a) Equity Accounted Investments in Council Businesses			
Southern Region Waste Resource Authority	19(a)i	6,627	6,454
<u>Total Equity Accounted Investments in Council Businesses</u>		<u>6,627</u>	<u>6,454</u>
(b) Other Non-Current Assets			
<b>Other</b>			
Capital Works-in-Progress		10,328	4,489
<u>Total Other Non-Current Assets</u>		<u>10,328</u>	<u>4,489</u>

# City of Marion

## Notes to the Financial Statements for the year ended 30 June 2021

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

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

\$ '000		as at 30/06/20					Asset movements during the reporting period								as at 30/06/21				
		Fair Value Level	At Fair Value	Accumulate d		Carrying amount	Transition adjustmen t - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciati on Expense (Note 3c)	WIP Transfers	Adjustmen ts & Transfers	Revaluatio n Decremen ts to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulate d		
				Depreciatio n													Depreciatio n	Carrying amount	
Land	2	351,177	844	–	352,021	–	1,519	–	(408)	–	–	–	–	–	353,132	–	–	353,132	
Buildings & Other Structures	3	164,554	20,194	(69,734)	115,014	–	1,135	936	(1,553)	(3,708)	–	–	–	–	183,357	–	(71,532)	111,825	
Infrastructure	3	775,795	2,570	(156,779)	621,586	–	2,859	4,484	–	(8,858)	–	3,238	(21,408)	778,153	–	(176,252)	601,901		
- Other	3	41,618	9,023	(13,747)	36,894	–	1,719	544	(145)	(1,178)	–	(3,238)	–	48,752	–	(14,157)	34,595		
Right-of-Use Assets		–	714	(514)	200	–	–	–	–	(124)	–	(56)	–	–	658	(637)	21		
Plant & Equipment		–	23,236	(9,370)	13,866	–	2,482	770	(498)	(1,307)	–	–	–	–	25,207	(9,894)	15,313		
Furniture & Fittings		–	1,910	(1,123)	787	–	–	25	–	(79)	–	–	–	–	1,407	(674)	733		
Intangible Assets		1,215	–	(1,113)	102	–	54	–	–	(45)	–	–	–	1,043	–	(931)	112		
Other Assets		10,798	2,638	(4,098)	9,338	–	3,226	252	(299)	(664)	–	–	–	16,279	–	(4,425)	11,854		
Total Infrastructure, Property, Plant & Equipment		1,345,157	61,129	(256,478)	1,149,808	–	12,994	7,011	(2,903)	(15,963)	–	(56)	(21,408)	1,380,716	27,272	(278,502)	1,129,486		
Comparatives		1,348,689	49,671	(246,371)	1,151,989	362	14,399	9,285	(1,424)	(15,675)	(343)	–	(9,131)	1,345,157	61,129	(256,478)	1,149,808		

## Notes to the Financial Statements

for the year ended 30 June 2021

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

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

##### Valuation of Assets

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

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

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

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

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

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

##### Information on Valuations

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.

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.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

##### 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.



## Notes to the Financial Statements

for the year ended 30 June 2021

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

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#### AASB 13 - Fair Value Measurement

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

Fair value hierarchy level 2 valuations: Land is 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 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.

#### 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. A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Currently there are no assets that require this treatment.

#### Buildings & Other Structures

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

#### Infrastructure

A desktop revaluation of infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) was carried out by independent valuation for this reporting period, 30 June 2021.

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

#### Plant, Equipment & Equipment

These assets are recognised on the cost basis.

#### All other Assets

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
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### (a) Trade and Other Payables

Goods & Services	8,010	—	6,544	—
Payments Received in Advance	23	—	22	—
- Grants, Subsidies, Contributions - Operating	2,863	—	512	—
- Grants & Contributions - Capital	5,323	—	8,882	—
Accrued Expenses - Employee Entitlements	1,313	—	1,081	—
Accrued Expenses - Other	130	—	104	—
Other	59	—	86	—
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>17,721</u></b>	<b><u>—</u></b>	<b><u>17,231</u></b>	<b><u>—</u></b>

### (b) Borrowings

Loans	827	3,564	1,245	4,390
<b><u>TOTAL Borrowings</u></b>	<b><u>827</u></b>	<b><u>3,564</u></b>	<b><u>1,245</u></b>	<b><u>4,390</u></b>

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

### (c) Provisions

Employee Entitlements (including oncosts)	6,430	702	6,305	610
<b><u>TOTAL Provisions</u></b>	<b><u>6,430</u></b>	<b><u>702</u></b>	<b><u>6,305</u></b>	<b><u>610</u></b>

### (d) Lease Liabilities

Lease Liabilities	15	11	153	64
<b><u>TOTAL Other Liabilities</u></b>	<b><u>15</u></b>	<b><u>11</u></b>	<b><u>153</u></b>	<b><u>64</u></b>

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset Revaluation Reserve</b>					
Land	250,696	—	—	—	250,696
Buildings & Other Structures	84,875	—	—	—	84,875
Infrastructure	2,890	—	—	—	2,890
- Stormwater Drainage	96,157	(15,814)	—	—	80,343
- Other	298	—	—	—	298
- Roads, Bridges, Footpaths	313,172	(5,594)	—	—	307,578
Other Assets	5,073	—	—	—	5,073
JV's / Associates - Other Comprehensive Income	367	—	—	—	367
<b>Total Asset Revaluation Reserve</b>	<b>753,528</b>	<b>(21,408)</b>	<b>—</b>	<b>—</b>	<b>732,120</b>
Comparatives	762,292	(8,764)	—	—	753,528

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other Reserves</b>					
Open Space Reserve	2,055	404	(18)	—	2,441
Grants/Carry Forward Projects Reserve	20,882	20,463	(18,260)	—	23,085
Asset Sustainability Reserve	17,633	3,659	(3,382)	—	17,910
Water Reserve	613	282	(36)	—	859
<b>Total Other Reserves</b>	<b>41,183</b>	<b>24,808</b>	<b>(21,696)</b>	<b>—</b>	<b>44,295</b>
Comparatives	38,411	21,440	(18,668)	—	41,183

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 9. Reserves (continued)

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#### 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 Reserve

*Purpose* - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Planning, Development and Infrastructure Act 2016 (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

*Use of Fund* - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the Fund.

##### Grants and Carryovers Reserve

*Purpose* - this reserve was created for:

Grants received in advance - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

*Unexpended Grants* - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following year.

*Carryovers* - typically represents unspent capital and service improvements budgets carried forward to the following financial year.

*Use of Fund* - monies are utilised in accordance with the original purpose.

##### Asset Sustainability Reserve

*Purpose* - this is a reserve fund established to:

- I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of \$2 million will be retained in the Asset Sustainability Reserve for this purpose.
- II. Assist Council fund its Long Term Asset Management objectives.
- III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings
- IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
- V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP.

*Use of Fund* - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

##### Water Reserve

*Purpose* - this reserve is established to quarantine revenue received and savings identified from the sale and use of treated stormwater from Oaklands Wetland to further develop third party supply opportunities.

*Use of Fund* - Reserve transfers require approval at Executive level.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 10. Assets Subject to Restrictions

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
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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

Other	8,186	7,167
<b>Total Cash &amp; Financial Assets</b>	<b>8,186</b>	<b>7,167</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>	<b>8,186</b>	<b>7,167</b>

# City of Marion

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	16,712	17,831
<b>Balances per Statement of Cash Flows</b>		<b>16,712</b>	<b>17,831</b>

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

<b>Net Surplus/(Deficit)</b>		<b>9,697</b>	<b>7,755</b>
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		15,963	15,542
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(173)	(183)
Non-Cash Asset Acquisitions		(2,001)	(2,283)
Grants for capital acquisitions treated as Investing Activity		(9,542)	(175)
Net (Gain) Loss on Disposals		2,102	1,099
		<b>16,046</b>	<b>21,755</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(2,110)	2,312
Net (Increase)/Decrease in Inventories		20	(88)
Net Increase/(Decrease) in Trade & Other Payables		4,049	2,101
Net Increase/(Decrease) in Unpaid Employee Benefits		217	536
Net Increase/(Decrease) in Other Liabilities		7	217
<b>Net Cash provided by (or used in) operations</b>		<b>18,229</b>	<b>26,833</b>

\$ '000	Notes	2021	2020
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#### (c) Non-Cash Financing and Investing Activities

##### Acquisition of assets by means of:

Physical Resources Received Free of Charge	21	2,001	2,283
<b>Amounts recognised in Income Statement</b>		<b>2,001</b>	<b>2,283</b>
<b>Total Non-Cash Financing and Investing Activities</b>		<b>2,001</b>	<b>2,283</b>

#### (d) Financing Arrangements

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

Corporate Credit Cards	125	111
LGFA Cash Advance Debenture Facility	11,000	11,000

Council has immediate access to a short-term cash advance debenture facility at variable interest rate borrowings from the Local Government Finance Authority of SA.

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 12(a). Functions

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

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Development Assessment	1,099	973	4,375	4,199	(3,276)	(3,226)	—	7	—	—
Crime Prevention	5	2	363	353	(358)	(351)	—	1	—	—
Community Support & Development	4,677	3,798	14,669	11,724	(9,992)	(7,926)	2,381	2,200	130,348	126,105
Public & Environment Health	120	122	929	912	(809)	(790)	78	74	—	—
Community Safety Inspection	1,277	1,276	1,869	1,848	(592)	(572)	—	1	—	—
Public Infrastructure	2,961	3,172	20,446	20,133	(17,485)	(16,961)	2,092	2,256	661,170	679,954
Open Space	2,026	618	19,069	14,009	(17,043)	(13,391)	1,463	341	293,244	292,220
Public Conveniences	8	3	633	612	(625)	(609)	—	1	3,304	3,375
Strategic Projects	131	115	1,966	1,489	(1,835)	(1,374)	50	7	66	43
Asset Management	—	—	—	—	—	—	—	—	15,349	15,627
Neighbourhood Centres	401	624	1,675	2,666	(1,274)	(2,042)	357	445	7,487	7,558
Cultural Development	336	326	3,306	3,283	(2,970)	(2,957)	93	19	14,472	14,525
Libraries	602	480	7,731	7,230	(7,129)	(6,750)	317	348	13,935	14,217
Waste & Recycling	757	147	9,945	9,392	(9,188)	(9,245)	573	25	—	6,454
Trees	—	—	2,092	1,864	(2,092)	(1,864)	—	2	—	—
Economic Development	100	115	1,194	1,047	(1,094)	(932)	60	86	—	—
Governance	—	4	4,062	3,974	(4,062)	(3,970)	—	—	—	—
Service Quality	2	1	108	101	(106)	(100)	—	—	411	473
Treasury	82,649	81,856	2,636	2,583	80,013	79,273	2,355	1,350	69,088	60,762
Total Functions/Activities	97,151	93,632	97,068	87,419	83	6,213	9,819	7,163	1,208,874	1,221,313

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

## Notes to the Financial Statements

for the year ended 30 June 2021

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

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The activities relating to Council functions are as follows:

#### **DEVELOPMENT ASSESSMENT**

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

#### **CRIME PREVENTION**

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

#### **COMMUNITY SUPPORT & DEVELOPMENT**

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

#### **PUBLIC & ENVIRONMENTAL HEALTH**

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

#### **COMMUNITY SAFETY INSPECTION**

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

#### **PUBLIC INFRASTRUCTURE**

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

#### **OPEN SPACE**

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

#### **PUBLIC CONVENIENCES**

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

#### **STRATEGIC PROJECTS**

Delivery of Major Projects across the city aimed at providing improved services and facilities for the Community

#### **ASSET MANAGEMENT**

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

#### **NEIGHBOURHOOD CENTRES**

Providing opportunities for learning and social activities for all ages and interests

#### **CULTURAL DEVELOPMENT**

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kaurna Cultural Centre providing cultural and artistic experiences for the community

#### **LIBRARIES**

Three libraries and a delivery service providing opportunities for learning and social activities for all ages and interests

#### **WASTE & RECYCLING**

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

#### **TREES**

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants



## Notes to the Financial Statements

for the year ended 30 June 2021

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

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#### **ECONOMIC DEVELOPMENT**

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

#### **ORGANISATION OF EXCELLENCE**

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

#### **Governance**

##### **Elected Member Support**

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections, council receptions and Sister City activities.

##### **Strategic, corporate and sustainability planning and policy development**

To ensure that Council is progressing towards achieving the Community Vision 2040 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Commonwealth Government partners

##### **Risk management policy, development and internal audit**

Activities to ensure that Council is continuously improving its management systems

##### **External relations, communication and community engagement**

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council.

#### **Service Quality**

##### **Customer Experience**

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region.

##### **Information Technology**

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

##### **Information Management**

Enables Council to keep adequate and appropriate records of activities and decisions

#### **TREASURY**

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 13. Financial Instruments

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#### 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 0.30% and 0.55% (2020: 0.5% and 1.4%). Short term deposits have an average maturity of 110 days and an average interest rate of 0.45% (2020: 110 days and 1.55%).

**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 2% (2019: 2%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

##### Receivables - Fees & Other Charges

**Accounting Policy:**

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

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

##### Receivables - Other Levels of Government

**Accounting Policy:**

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

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 13. Financial Instruments (continued)

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#### Liabilities - Creditors and Accruals

**Accounting Policy:**

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

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

#### Liabilities - Interest Bearing Borrowings

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable over 10 to 15 years; interest is charged at fixed rates between 5.8% and 6.85% (2020: 5.8% and 6.85%).

**Carrying Amount:**

Approximates fair value.

#### Liabilities - Leases

**Accounting Policy:**

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

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
<b>2021</b>					
Cash & Cash Equivalents	16,712	—	—	16,712	16,712
Receivables	7,058	—	—	7,058	7,058
Other Financial Assets	37,300	—	—	37,300	37,300
<b>Total Financial Assets</b>	<b>61,070</b>	<b>—</b>	<b>—</b>	<b>61,070</b>	<b>61,070</b>
<b>Financial Liabilities</b>					
Payables	17,721	—	—	17,721	17,721
Borrowings	827	2,991	1,244	5,062	4,391
<b>Total Financial Liabilities</b>	<b>18,548</b>	<b>2,991</b>	<b>1,244</b>	<b>22,783</b>	<b>22,112</b>
<b>2020</b>					
Cash & Cash Equivalents	17,831	—	—	17,831	17,831
Receivables	5,437	—	—	5,437	5,437
Other Financial Assets	36,400	—	—	36,400	36,400
<b>Total Financial Assets</b>	<b>59,668</b>	<b>—</b>	<b>—</b>	<b>59,668</b>	<b>59,668</b>
<b>Financial Liabilities</b>					
Payables	17,231	—	—	17,231	17,231
Borrowings	1,245	3,657	1,659	6,561	5,635
<b>Total Financial Liabilities</b>	<b>18,476</b>	<b>3,657</b>	<b>1,659</b>	<b>23,792</b>	<b>22,866</b>

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.08%	4,391	6.11%	5,635
		<b>4,391</b>		<b>5,635</b>

### 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 the Financial Statements

for the year ended 30 June 2021

### 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.

### Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
<b>Capital Commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Buildings	10,490	1,646
Infrastructure	2,493	1,409
Plant & Equipment	1,749	805
Other	1,366	1,456
	<b>16,098</b>	<b>5,316</b>
<b>These expenditures are payable:</b>		
Not later than one year	16,098	5,316
	<b>16,098</b>	<b>5,316</b>

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
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	0.3%	6.8%	12.7%
Total Operating Income			
This ratio expresses the operating surplus as a percentage of total operating revenue.			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	(34)%	(32)%	(37)%
Total Operating Income			
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	0.2%	7.2%	10.3%
Total Operating Income			
Adjustments to Ratios			
In recent years the Commonwealth 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	(34)%	(32)%	(37)%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Net Asset Renewals	86%	58%	114%
Targeted Renewal Expenditure (Depreciation Expense 2020 and prior)			
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.			

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<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	97,324	93,815
less Expenses	(97,068)	(87,419)
<b>Operating Surplus / (Deficit)</b>	<b>256</b>	<b>6,396</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,530)	(9,246)
add back Depreciation, Amortisation and Impairment	15,963	15,542
add back Proceeds from Sale of Replaced Assets	385	300
	<b>8,818</b>	<b>6,596</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets	(16,315)	(12,372)
add back Amounts Received Specifically for New and Upgraded Assets	5,983	3,514
add back Proceeds from Sale of Surplus Assets	416	26
	<b>(9,916)</b>	<b>(8,832)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(842)</b>	<b>4,160</b>

# Notes to the Financial Statements

for the year ended 30 June 2021

## Note 17. Leases

### (i) Council as a lessee

#### Terms and conditions of leases

##### Computer and Office Equipment

Council has entered into non-cancellable operating leases for various items of computer and office equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

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	Ready to use	Total
<b>2021</b>		
Opening balance	201	201
Adjustments to right-of-use assets due to re-measurement of lease liability	(4)	(4)
Depreciation charge	(124)	(124)
Impairment of right-of-use assets	–	–
Reclassification to Software as a Service	(52)	(52)
<b>Balance at 30 June</b>	<b>21</b>	<b>21</b>
<b>2020</b>		
Opening balance	362	362
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–
Depreciation charge	(161)	(161)
Impairment of right-of-use assets	–	–
Reclassification to Software as a Service	–	–
<b>Balance at 30 June</b>	<b>201</b>	<b>201</b>

### (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	2021	2020
Balance at 1 July	217	373
Accretion of interest	12	27
Payments	(144)	(183)
Reclassification to Software as a Service	(55)	–
Re-measurement of Lease liability	(4)	–
<b>Balance at 30 June</b>	<b>26</b>	<b>217</b>

**Classified as:**



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 17. Leases (continued)

\$ '000	2021	2020
Current	15	153
Non Current	11	64

The maturity analysis of lease liabilities is included in Note 13.

Council had total cash outflows for leases of \$460,332

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	124	161
Interest expense on lease liabilities	12	26
Expense relating to short term leases	–	6
Expense relating to leases of low-value assets	288	365
Other	29	28
<b>Total amount recognised in profit or loss</b>	<b>453</b>	<b>586</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 18. Superannuation

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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 2020/21; 9.50% in 2019/20). 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 3.2% 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 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

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

## Notes to the Financial Statements

for the year ended 30 June 2021

### 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	
	2021	2020	2021	2020
<b>Council's Share of Net Income</b>				
Joint Ventures	173	183	6,627	6,454
<b>Total Council's Share of Net Income</b>	<b>173</b>	<b>183</b>	<b>6,627</b>	<b>6,454</b>

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

##### (a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Southern Region Waste Resource Authority (SRWRA)	Waste and Recycling	6,627	6,454
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>6,627</b>	<b>6,454</b>

##### **Southern Region Waste Resource Authority (SRWRA)**

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2021, the net assets of SRWRA total \$22,091,000. The City of Marion interest, totalling \$6,627,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

##### (b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Southern Region Waste Resource Authority (SRWRA)	30.00%	30.00%	30.00%	30.00%	33.00%	33.00%

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 19. Interests in Other Entities (continued)

#### (c) Movement in Investment in Joint Venture or Associate

\$ '000	Southern Region Waste Resource Authority (SRWRA)		Council Solutions	
	2021	2020	2021	2020
Opening Balance	6,454	5,890	—	138
Share in Operating Result	173	197	—	(14)
Share in Other Comprehensive Income	—	367	—	—
Distributions Received	—	—	—	(124)
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>6,627</b>	<b>6,454</b>	<b>—</b>	<b>—</b>

#### (d) Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

\$ '000	2021	2020
<b>(i) Capital Expenditures Payable</b>		
Committed Projects	1,250	12,580
	<b>1,250</b>	<b>12,580</b>
<b>Operating Expenditures Payable</b>		
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—
	<b>—</b>	<b>—</b>

### 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.

## Notes to the Financial Statements

for the year ended 30 June 2021

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

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The following assets and liabilities do not qualify for recognition in the Balance Sheet, 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 currently has no guaranteed loans or other banking facilities advanced to community organisations and sporting bodies at reporting date.

#### 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 9 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

### Note 22. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

On 11 March 2020, the World Health Organisation declared the health crisis sparked by the COVID-19 outbreak a pandemic. In order to address this health crisis, the Government of Australia implemented restrictions on the free movement of persons or the temporary cessation of certain business activities. This situation is having a significant effect on the Australian economy.

The impacts of this health crisis on the Council's activities in 2021-2022 will depend on its duration and the effect of the measures adopted in this regard. At the date on which the annual accounts were authorised for issue, there has been no significant impact on the Council's financial position or equity.

Council continues to monitor the situation and to take action as required to mitigate the ongoing potential impact on their operation.

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. Accordingly the "authorised for issue" date is 26 October 2021.

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

## Notes to the Financial Statements

for the year ended 30 June 2021

### 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, 20 persons were paid the following total compensation:

\$ '000	2021	2020
<b>The compensation paid to Key Management Personnel comprises:</b>		
Salaries, Allowances & Other Short-Term Employee Benefits	1,283	1,272
Post-Employment Benefits	83	76
<b>Total</b>	<b>1,366</b>	<b>1,348</b>

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

##### Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no receipts from Key Management Personnel.

## Independent Auditor's Report to the Members of the Corporation of the City of Marion

### *Opinion*

We have audited the financial report of Corporation of the City of Marion (the "Council") which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Other Information*

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Chief Executive Officer for the Financial Report*

The Chief Executive Officer is responsible for the preparation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Chief Executive Officer determine 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, management is responsible for assessing the ability of the Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the 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 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 Councils internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management'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 the Chief Executive Officer 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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink, appearing to read 'Lee Girolamo', with a stylized flourish extending from the end.

Lee Girolamo  
Partner  
Chartered Accountants  
Adelaide, 26 October 2021

## Independent Assurance Report to the members of the Corporation of the City of Marion

### Opinion

We have undertaken a reasonable assurance engagement on the Corporation of the City of Marion (the “Council”)'s compliance, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2020 to 30 June 2021.

In our opinion, the Council has complied, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2020 to 30 June 2021.

### Basis for Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements (“ASAE 3100”) issued by the Auditing and Assurance Standards Board.

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

### The Council's Responsibilities

The Council is responsible for:

- (a) The compliance activity undertaken to meet Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls;
- (b) Identifying risks that threaten compliance with Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls identified above being met;
- (c) Identifying suitable compliance requirements as specified by Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls; and
- (d) Identifying, designing and implementing controls to enable Section 125 of the Local Government Act 1999 to be met and to monitor ongoing compliance.

### 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.

## Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2020 to 30 June 2021. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether the Council has complied, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2020 to 30 June 2021.

An assurance engagement to report on the Council's compliance with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999.

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

## Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the period from 1 July 2020 to 30 June 2021 does not provide assurance on whether compliance with requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions will continue in the future.

## Restricted Use

This report has been prepared for use by the members of the Council in accordance with Section 129 of the Local Government Act 1999 in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any person other than the members of the Council, or for any purpose other than that for which it was prepared.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Lee Girolamo

Partner

Chartered Accountants

Adelaide, 26 October 2021

General Purpose Financial Statements

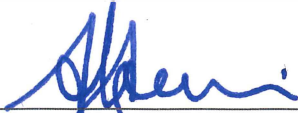
for the year ended 30 June 2021

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Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2021, the Council's Auditor, Deloitte Touche Tohmatsu 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*.



Tony Harrison  
CHIEF EXECUTIVE OFFICER



Emma Hinchey  
PRESIDING MEMBER  
FINANCE AND AUDIT COMMITTEE

Date:

12/10/2021

26 October 2021

Corporation of the City of Marion  
245 Sturt Road  
STURT SA 5047

Dear Members,

## **Auditor's Independence Declaration to the Corporation of the City of Marion**

In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the Corporation of the City of Marion.

I confirm that, for the audit of the financial statements of the Corporation of the City of Marion for the 30 June 2021 financial year, 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.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



**Lee Girolamo**  
Partner  
Chartered Accountants