



General Purpose Financial Reports

For year ended 30 June 2021

District Council of Orroroo Carrieton

General Purpose Financial Reports

for the year ended 30 June 2021

Table of Contents

	Page
Council Certificate	1
 Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	11
Note 3 - Expenses	13
Note 4 - Asset Disposal & Fair Value Adjustments	15
Note 5 - Current Assets	16
Note 6 - Non-Current Assets	17
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	18
Note 8 - Liabilities	23
Note 9 - Reserves	24
Note 10 - Reconciliation of Cash Flow Statement	25
Note 11 - Functions	26
Note 12 - Financial Instruments	28
Note 13 - Financial Indicators	32
Note 14 - Uniform Presentation of Finances	33
Note 15 - Superannuation	34
Note 16 - Contingent Assets & Contingent Liabilities	35
Note 17 - Related Party Transactions	36
 Audit Report - Financial Statements	
Audit Report - Internal Controls	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2021

CERTIFICATION OF FINANCIAL STATEMENTS

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

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


.....
Dylan Strong
CHIEF EXECUTIVE OFFICER


.....
Kathie Bowman
MAYOR

Date: 27th October 2021

District Council of Orroroo Carrieton
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
INCOME			
Rates	2	1,223	1,210
Statutory charges	2	19	17
User charges	2	110	112
Grants, subsidies and contributions	2	1,619	2,694
Investment income	2	10	11
Reimbursements	2	75	36
Other income	2	27	24
Total Income		3,083	4,104
EXPENSES			
Employee costs	3	950	1,129
Materials, contracts & other expenses	3	1,054	1,109
Depreciation, amortisation & impairment	3	1,211	1,186
Finance costs	3	10	9
Total Expenses		3,225	3,433
OPERATING SURPLUS / (DEFICIT)		(142)	671
Asset disposal & fair value adjustments	4	131	65
Amounts received specifically for new or upgraded assets	2	2,229	-
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		2,218	736
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(1,698)	(2,487)
Total Other Comprehensive Income		(1,698)	(2,487)
TOTAL COMPREHENSIVE INCOME		520	(1,751)

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

District Council of Orroroo Carrieton
Statement of Financial Position
as at 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,958	2,321
Trade & other receivables	5	413	140
Inventories	5	53	83
Total Current Assets		2,424	2,544
Non-current Assets			
Financial assets	6	16	16
Infrastructure, property, plant & equipment	7	33,100	31,941
Total Non-current Assets		33,116	31,957
Total Assets		35,540	34,501
LIABILITIES			
Current Liabilities			
Trade & other payables	8	732	143
Borrowings	8	66	63
Provisions	8	352	367
Total Current Liabilities		1,150	573
Non-current Liabilities			
Borrowings	8	-	66
Provisions	8	24	16
Total Non-current Liabilities		24	82
Total Liabilities		1,174	655
NET ASSETS		34,366	33,846
EQUITY			
Accumulated Surplus		8,149	5,931
Asset Revaluation Reserves	9	26,217	27,915
TOTAL EQUITY		34,366	33,846

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

District Council of Orroroo Carrieton
Statement of Changes in Equity
for the year ended 30 June 2021

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2021	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		5,931	27,915	-	33,846
Net Surplus / (Deficit) for Year		2,218	-	-	2,218
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	(1,698)	-	(1,698)
Balance at end of period	9	8,149	26,217	-	34,366

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2020	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		5,195	30,402	-	35,597
Net Surplus / (Deficit) for Year		736	-	-	736
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	(2,487)	-	(2,487)
Balance at end of period	9	5,931	27,915	-	33,846

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

District Council of Orroroo Carrieton
Statement of Cash Flows
for the year ended 30 June 2021

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$'000	\$'000
<i>Receipts:</i>			
Rates - general & other		1,211	1,211
Fees & other charges		21	17
User charges		110	117
Investment receipts		10	11
Grants utilised for operating purposes		1,619	3,101
Reimbursements		45	36
Other revenues		27	102
<i>Payments:</i>			
Employee costs		(963)	(1,113)
Materials, contracts & other expenses		(705)	(1,879)
Finance payments		(10)	(9)
Net Cash provided by (or used in) Operating Activities		1,365	1,594
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		2,229	-
Sale of replaced assets		114	28
Sale of surplus assets		50	42
Repayments of loans by community groups		-	5
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(2,942)	(587)
Expenditure on new/upgraded assets		(1,116)	(173)
Net Cash provided by (or used in) Investing Activities		(1,665)	(685)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(63)	(75)
Net Cash provided by (or used in) Financing Activities		(63)	(75)
Net Increase (Decrease) in cash held		(363)	834
Cash & cash equivalents at beginning of period	10	2,321	1,487
Cash & cash equivalents at end of period	10	1,958	2,321

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 27th October 2021 (Council Meeting).

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

1.5 Covid-19

The COVID-19 pandemic is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. Financial impacts may effect the 2021/22 financial year. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

2 The Local Government Reporting Entity

The District Council of Orroroo Carrieton is incorporated under the SA Local Government Act 1999 and has its principal place of business at 17 Second Street, Orroroo SA 5431. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

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

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

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

	Cash Payment Received	Annual Allocation	Difference	
2016-17	\$1,463,615	\$966,301	+	\$497,314
2017-18	\$939,742	\$950,575	-	\$10,833
2018-19	\$915,318	\$939,715	-	\$24,397
2019-20	\$971,664	\$936,970	+	\$34,694
2020-21	\$926,038	\$945,700	-	\$19,662

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

3.2 Construction Contracts

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

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

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Provisions

9.1 Employee Benefits

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the current value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Superannuation:

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme or other nominated scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

10 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.

11 New and amended standards and interpretations

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

Amendments to AASB 101 and AASB 108 Definition of Material:

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

Amendments to AASB 16 Covid-19 Related Rent Concessions:

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	Notes	2021 \$'000	2020 \$'000
RATES REVENUES			
<u>General Rates</u>		1,061	1,032
Less: Mandatory rebates		(18)	(18)
Less: Discretionary rebates, remissions & write offs		(29)	(3)
		<u>1,014</u>	<u>1,011</u>
<u>Other Rates</u> (including service charges)			
Landscape levy		43	36
Waste collection		149	144
Water supply		7	7
		<u>199</u>	<u>187</u>
<u>Other Charges</u>			
Penalties for late payment		10	12
		<u>10</u>	<u>12</u>
		<u>1,223</u>	<u>1,210</u>
STATUTORY CHARGES			
Development Act fees		10	8
Animal registration fees & fines		9	9
		<u>19</u>	<u>17</u>
USER CHARGES			
Cemetery/crematoria fees		9	10
Commercial activity - Addison Court		21	6
Swimming Pool fees		8	10
Parks & Gardens, Stock Route		15	9
Hall & equipment hire		-	1
Rental charges		17	16
Event income		14	21
Bus income		4	4
Sales - general		9	13
Sundry		13	22
		<u>110</u>	<u>112</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		10	11
		<u>10</u>	<u>11</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME (con't)

		2021	2020
	Notes	\$'000	\$'000
REIMBURSEMENTS			
- for private works		17	22
- by joint undertakings		35	-
- other		23	14
		<u>75</u>	<u>36</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		7	-
Rebates received		18	17
Sundry		2	7
		<u>27</u>	<u>24</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,229	-
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		926	972
Financial Assistance Grant - Roads		284	271
Roads to Recovery		389	389
Drought Communities Program		-	900
Sundry		20	162
		<u>1,619</u>	<u>2,694</u>
		<u>3,848</u>	<u>2,694</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		1,643	1,307
State government		2,032	1,269
Other		173	118
		<u>3,848</u>	<u>2,694</u>
Individually Significant Item			
Prepaid Financial Assistance Grant		477	497

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$'000	2020 \$'000
EMPLOYEE COSTS			
Salaries and Wages		977	961
Employee leave expense		144	153
Superannuation - defined contribution plan contributions	15	95	85
Superannuation - defined benefit plan contributions	15	8	8
Workers' Compensation Insurance		18	21
Less: Capitalised and distributed costs		(292)	(99)
Total Operating Employee Costs		950	1,129
 Total Number of Employees		 10	 12
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		10	20
Bad and Doubtful Debts		7	19
Elected members' expenses		56	60
Operating Lease / Rental		15	18
Subtotal - Prescribed Expenses		88	117
<u>Other Materials, Contracts & Expenses</u>			
Computer Hardware / Software		10	85
Conferences / Seminars / Training		17	12
Contractors		336	202
Donations / Contributions		8	8
Energy		45	36
FBT		19	4
Insurance		111	119
Legal Expenses		28	11
Levies paid to Government - Landscape levy		43	36
Maintenance of Plant & Equipment		96	118
Minor Equipment		12	16
Publishing / Advertising		16	5
Membership Fees		28	26
Telephone		14	20
Vehicle Registration		17	23
Waste Levy		25	24
Waste Management Collection		74	67
Water, Sewage & Gas		63	95
Other Expenses		4	85

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE con't

	2021	2020
Notes	\$'000	\$'000
Subtotal - Other Materials, Contracts & Expenses	<u>966</u>	<u>992</u>
	<u>1,054</u>	<u>1,109</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	209	197
Roads	717	709
Plant & Equipment	181	179
CWMS	31	30
Other Assets	73	71
	<u>1,211</u>	<u>1,186</u>
FINANCE COSTS		
Bank Charges	4	-
Interest on Loans	6	9
	<u>10</u>	<u>9</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2021	2020
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	114	28
Less: Carrying amount of assets sold	13	-
Gain (Loss) on disposal	101	28
<i>Assets surplus to requirements</i>		
Proceeds from disposal	50	42
Less: Carrying amount of assets sold	20	5
Gain (Loss) on disposal	30	37
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	131	65

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - CURRENT ASSETS

	2021	2020
	Notes	
CASH & EQUIVALENT ASSETS	\$'000	\$'000
Cash on Hand and at Bank	23	10
Deposits at Call	1,935	2,311
	<u>1,958</u>	<u>2,321</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	162	150
Debtors - general	28	20
Other levels of Government	238	
GST Recoupment	92	25
Prepayments	-	24
Total	<u>520</u>	219
Less: Allowance for Doubtful Debts	<u>(107)</u>	<u>(79)</u>
	<u>413</u>	<u>140</u>
INVENTORIES		
Stores & Materials	53	83
	<u>53</u>	<u>83</u>
<i>Amounts included in inventories that are not expected to be received within 12 months of reporting date.</i>	<u>0</u>	<u>0</u>

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - NON-CURRENT ASSETS

		2021	2020
FINANCIAL ASSETS	Notes	\$'000	\$'000
Receivables			
Loans to community organisations		<u>16</u>	<u>16</u>
TOTAL FINANCIAL ASSETS		<u>16</u>	<u>16</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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

		2020				2021			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	253	-	-	253	463	-	-	463
Land	3	1,171	-	-	1,171	948	-	-	948
Buildings & Other Structures	3	10,441	115	(4,055)	6,501	8,643	1,340	(4,196)	5,787
Roads	3	29,722	421	(9,782)	20,361	29,722	2,691	(10,499)	21,914
Plant & Equipment		-	4,153	(2,815)	1,338	-	4,523	(2,904)	1,619
CWMS		-	1,885	(30)	1,855	1,768	266	(57)	1,977
Other Assets		-	1,140	(678)	462	-	1,143	(751)	392
Total IPP&E		41,587	7,714	(17,360)	31,941	41,544	9,963	(18,407)	33,100
Comparatives		44,883	10,881	(20,905)	34,859	41,587	7,714	(17,360)	31,941

This Note continues on the following pages.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020	CARRYING AMOUNT MOVEMENTS DURING THE YEAR							2021
	\$'000	\$'000							\$'000
	Carrying Amount	Additions		Disposals	Dep'n	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals			In	Out		
Land	253	-	-	-	-	210	-	-	463
Land	1,171	-	-	(13)	-	(210)	-	-	948
Buildings & Other Structures	6,501	831	394	(8)	(209)	-	-	(1,722)	5,787
Roads	20,361	292	1,978	-	(717)	-	-	-	21,914
Plant & Equipment	1,338	-	475	(13)	(181)	-	-	-	1,619
CWMS	1,855	-	129	-	(31)	-	-	24	1,977
Other Assets	462	-	3	-	(73)	-	-	-	392
Total IPP&E	31,941	1,123	2,979	(34)	(1,211)	-	-	(1,698)	33,100
Comparatives	34,859	173	587	(5)	(1,186)	-	-	(2,487)	31,941

This note continues on the following pages.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

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

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

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

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

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

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

Land & Land Improvements

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2019 at current replacement cost. 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.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2020 by Mr Richard Gayler, Gayler Professional Engineering Pty Ltd.

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2021, based on actual costs incurred during the reporting periods ended 30 June 2019, 2020 and 2021. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2021 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2021. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2020 by Mr Richard Gayler, Gayler Professional Engineering Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

These assets are recognised on the cost basis.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - LIABILITIES

		2021 \$'000		2020 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		413		99	
Payments received in advance		200		-	
Accrued expenses - other		44		44	
GST Payable		37		-	
Other Payables		38		-	
		732	-	143	-

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

BORROWINGS

Loans	66	-	63	66
	66	-	63	66

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

PROVISIONS

LSL Employee entitlements (including oncosts)	148	24	164	16
AL Employee entitlements (including oncosts)	89	-	94	-
Other Provisions	115	-	109	
	352	24	367	16

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

Movements in Provisions - 2021 year only

(current & non-current)

	<i>Other Provision</i>
Opening Balance	383
Add Unwinding of present value discounts	
Additional amounts recognised	70
(Less) Payments	77
Unused amounts reversed	
Add (Less) Remeasurement Adjustments	-
Closing Balance	376

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
Notes	\$'000	\$'000	\$'000	\$'000
Land	783	-	-	783
Buildings & Other Structures	4,354	(1,722)	-	2,632
Roads	22,778	-	-	22,778
CWMS	-	24	-	24
TOTAL	27,915	(1,698)	-	26,217
Comparatives	30,402	(2,487)	-	27,915

Asset Revaluation Reserve

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	5	1,958	2,321
Balances per Cash Flow Statement		<u>1,958</u>	<u>2,321</u>

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

Net Surplus (Deficit)	2,218	736
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,211	1,186
Net increase (decrease) in unpaid employee benefits	(13)	16
Change in allowances for under-recovery	(28)	19
Grants for capital acquisitions treated as Investing Activity	(2,229)	-
Net (Gain) Loss on Disposals	(131)	(65)
	<u>1,028</u>	<u>1,892</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(288)	467
Net (increase) decrease in inventories	30	(43)
Net increase (decrease) in trade & other payables	589	(719)
Net increase (decrease) in other provisions	6	(4)
Net Cash provided by (or used in) operations	<u>1,365</u>	<u>1,594</u>

(c) Financing Arrangements

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

Bank Overdrafts	-	-
Corporate Credit Cards	7	7
LGFA Cash Advance Debenture facility	25	-

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000				
Business Undertakings	36	42	54	22	(18)	20	-	-	1,977	1,885
Community Services	60	68	121	130	(61)	(62)	-	-	985	1,022
Culture	-	1	35	36	(35)	(35)	-	-	314	184
Economic Development	36	122	20	130	16	(8)	4	-	-	-
Environment	162	155	178	184	(16)	(29)	-	-	1,050	1,012
Recreation	14	15	272	276	(258)	(261)	-	-	1,158	800
Regulatory Services	17	17	22	14	(5)	3	-	-	-	-
Transport & Communication	674	668	275	329	399	339	673	660	23,336	22,533
Plant Hire & Depot / Indirect	47	17	68	140	(21)	(123)	-	-	-	-
Council Administration	2,037	2,999	2,180	2,172	(143)	827	942	2,034	4,280	4,505
TOTALS	3,083	4,104	3,225	3,433	(142)	671	1,619	2,694	33,100	31,941

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Gravel Pits/Quarries, Development of Land for Resale, Markets/Saleyards, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic and Other.

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Community Support, Elderly Citizens Facilities, Other Services for the Aged and Disabled, Children and Youth Services, Community Assistance, Community Transport, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Other Cultural Services.

Economic Development

Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment

Agricultural Services, Agricultural Water, Waste Management, Domestic Waste, Green Waste, Recycling, Waste Disposal Facility, Other Waste Management, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Landscapes Levy, and Other Environment.

Recreation

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

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

Plant Hire & Depot

Plant and Machinery, Depot expenses

Unclassified Activities

Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Contract Management, Customer Service, Other Support Services, Revenues, Depreciation, LGGC – General Purpose, and Separate and Special Rates.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.3% and 0.45% (2020: 0.45% and 1.25%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.421% (2020: 0.433%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>

District Council of Orroroo Carrieton

Notes to and forming part of the Financial Statements

Note 12 - FINANCIAL INSTRUMENTS (con't)

Receivables - Retirement Home	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable 6 monthly; interest is charged at fixed rate of 5.05% (2020: 5.05%)</p> <p>Carrying amount: approximates fair value.</p>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	1,958	-	-	1,958	1,958
Receivables	429	-	-	429	429
Other Financial Assets	-	16	-	16	-
Total	2,387	16	-	2,403	2,387
<u>Financial Liabilities</u>					
Payables	732	-	-	732	688
Current Borrowings	66	-	-	66	66
Non-Current Borrowings	-	-	-	-	-
Total	798	-	-	798	754

2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	2,321	-	-	2,321	2,321
Receivables	223	-	-	223	132
Other Financial Assets	-	16	-	16	-
Total	2,544	16	-	2,560	2,453
<u>Financial Liabilities</u>					
Payables	99	-	-	99	99
Current Borrowings	63	-	-	63	63
Non-Current Borrowings	-	66	-	66	66
Total	162	66	-	228	228

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.05	66	5.05	128
		66		128

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 13 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	(4.6%)	16.3%	37.0%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(39%)	(44%)	(15%)
Total Operating Income			

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

Adjustments to Ratios

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

<i>Adjusted Operating Surplus Ratio</i>	(3.9%)	0.5%	30.3%
<i>Adjusted Net Financial Liabilities Ratio</i>	(24%)	(51%)	(16%)

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	357%	80%	143%
Net Asset Renewals - IAMP			

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2021		2020
	\$'000		\$'000
Income	3,083		4,104
Expenses	(3,225)		(3,433)
Operating Surplus / (Deficit)	(142)		671
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,942)		(587)
Add back Depreciation, Amortisation and Impairment	1,211		1,186
Proceeds from Sale of Replaced Assets	114		28
	(1,617)		627
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,116)		(173)
Amounts received specifically for New and Upgraded Assets	2,229		-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	50		42
	1,163		(131)
Net Lending / (Borrowing) for Financial Year	(596)		1,167

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 15 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 9.50% in 2020-21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

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

Contributions to Other Superannuation Schemes

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

District Council of Orroroo Carrieton

for the year ended 30 June 2021

Note 16 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 1,600 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$41,000 (2020: \$16,000) at reporting date.

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

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 17 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2021	2020
	\$'000	\$'000
Salaries, allowances & other short term benefits	196	200
TOTAL	196	200

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

	2021	2020
	\$'000	\$'000
Contributions for fringe benefits tax purposes	15	11
Planning and building applications fees	1	2
Rentals for Council property	1	2
TOTAL	17	15

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

One close family members of key management personnel is employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the *Local Government Act* 1999.

Key management personnel or close family members (including related parties) lodged a total of one planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

One planning and building approval, with and without conditions, was granted during the year (including 2 lodged the previous year); Total fees for this applications (all of which are payable on lodgement) amounted to \$1,476.

District Council of Orroroo Carrieton Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of the District Council of Orroroo Carrieton (Council) for the year ended 30 June 2021.

Opinion

In our opinion, the financial statements of the Council are properly drawn up:

- a) to present fairly the financial position of the Council as at the 30 June 2021 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Council we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the council to meet the requirements of the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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



Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange, 4 November 2021

Independent Assurance Report on the Internal Controls of the District Council of Orroroo Carrieton

We have audited the compliance of the District Council of Orroroo Carrieton (Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021.

Basis for Opinion

For the audit of the Council we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Limitation on Use

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

Inherent Limitations

Due to the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125* of the *Local Government Act 1999* in relation to the Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125* of the *Local Government Act 1999* in relation to the Internal Controls specified above are undertaken on a test basis.

The Council's Responsibility for the Internal Controls

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

Our Responsibility

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

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

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



Ian G McDonald FCA

Chartered Accountant

Registered Company Auditor 16458

Signed at Grange, 4 November 2021

District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2021

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Orroroo Carrieton for the year ended 30 June 2021, the Council's Auditor, Ian G McDonald FCA, 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*.



.....
Dylan Strong
CHIEF EXECUTIVE OFFICER



.....
David Powell
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 22nd October 2021

District Council of Orroroo Carrieton

Annual Financial Statement

For the year ended 30 June 2021

Audit Certificate of Audit Independence

We confirm that, for the audit of the financial statements of the District Council of Orroroo Carrieton for the year ended 30 June 2021, we have maintained our 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*.



Ian G McDonald FCA

Date: 6 October 2021