



District Council of
ORROROO
CARRIETON

General Purpose Financial Reports

for the year ended 30 June 2022

District Council of Orroroo Carrieton

General Purpose Financial Reports

for the year ended 30 June 2022

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District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2022

CERTIFICATION OF FINANCIAL STATEMENTS

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

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



Paul Simpson
CHIEF EXECUTIVE OFFICER



Kathleen Bowman
MAYOR

Date: 26 October 2022

District Council of Orroroo Carrieton
Statement of Comprehensive Income
for the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
INCOME			
Rates	2	1,322	1,223
Statutory charges	2	18	21
User charges	2	123	108
Grants, subsidies and contributions	2	3,372	1,619
Investment income	2	12	10
Reimbursements	2	99	65
Other income	2	52	37
Total Income		4,998	3,083
EXPENSES			
Employee costs	3	943	950
Materials, contracts & other expenses	3	1,217	1,054
Depreciation, amortisation & impairment	3	1,312	1,211
Finance costs	3	7	10
Total Expenses		3,479	3,225
OPERATING SURPLUS / (DEFICIT)		1,519	(142)
Asset disposal & fair value adjustments	4	(120)	131
Amounts received specifically for new or upgraded assets	2	1,282	2,229
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		2,681	2,218
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	(1,698)
		-	(1,698)
TOTAL COMPREHENSIVE INCOME		2,681	520

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 2022

		2022	2021
ASSETS	Notes	\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	2,806	1,958
Trade & other receivables	5	208	413
Inventories	5	167	53
Total Current Assets		3,181	2,424
Non-current Assets			
Financial assets	6	33	16
Infrastructure, property, plant & equipment	7	34,565	33,100
Total Non-current Assets		34,598	33,116
Total Assets		37,779	35,540
LIABILITIES			
Current Liabilities			
Trade & other payables	8	470	847
Borrowings	8	25	66
Provisions	8	236	237
Total Current Liabilities		731	1,150
Non-current Liabilities			
Provisions	8	1	24
Total Non-current Liabilities		1	24
Total Liabilities		732	1,174
NET ASSETS		37,047	34,366
EQUITY			
Accumulated Surplus		10,814	8,149
Asset Revaluation Reserves	9	26,217	26,217
Other Reserves	9	16	-
TOTAL EQUITY		37,047	34,366

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 2022

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2022	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		8,149	26,217	-	34,366
Net Surplus / (Deficit) for Year		2,681	-		2,681
Other Comprehensive Income					
Transfers between reserves		(16)	-	16	-
Balance at end of period	9	10,814	26,217	16	37,047
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					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	(1,698)	-	(1,698)
Balance at end of period	9	8,149	26,217	-	34,366

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 2022

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$'000	\$'000
<i>Receipts:</i>			
Rates - general & other		1,360	1,211
Fees & other charges		18	21
User charges		136	110
Investment receipts		12	10
Grants utilised for operating purposes		3,410	1,619
Reimbursements		110	45
Other revenues		380	25
<i>Payments:</i>			
Employee costs		(958)	(963)
Materials, contracts & other expenses		(1,945)	(703)
Finance payments		(50)	(10)
Net Cash provided by (or used in) Operating Activities		2,473	1,365
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		1,282	2,229
Sale of replaced assets		1	114
Sale of surplus assets		-	50
Repayments of loans by community groups		8	-
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(1,907)	(2,942)
Expenditure on new/upgraded assets		(943)	(1,116)
Loans made to community groups		(25)	
Net Cash provided by (or used in) Investing Activities		(1,584)	(1,665)

District Council of Orroroo Carrieton
Statement of Cash Flows
for the year ended 30 June 2022

		2022	2021
		\$'000	\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		25	-
<i>Payments:</i>			
Repayments of borrowings		(66)	(63)
Net Cash provided by (or used in) Financing Activities		(41)	(63)
Net Increase (Decrease) in cash held		848	(363)
Cash & cash equivalents at beginning of period	10	1,958	2,321
Cash & cash equivalents at end of period	10	2,806	1,958

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 2022

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 24 October 2022 (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 has no significant impact on the 2021/22 financial statements.

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 to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

District Council of Orroroo Carrieton

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

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

	Cash Payment Received	Annual Allocation	Difference	
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
2021-22	\$1,260,557	\$972,689	+	\$287,868

As 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 2022

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.

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).

District Council of Orroroo Carrieton

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

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

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.

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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Provisions

9.1 Employee Benefits

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

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

Weighted average discount rate	0%, (2021, 0.25%)
Weighted average settlement period	3 years, (2021, 1 year)

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.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 1 - Significant Accounting Policies

Superannuation:

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

11 GST Implications

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

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

12 New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 16 Covid-19 Related Rent Concessions:

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the Council financial statements.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2 - INCOME

	2022	2021
Notes	\$'000	\$'000
RATES REVENUES		
<u>General Rates</u>	1,107	1,061
Less: Mandatory rebates	(20)	(18)
Less: Discretionary rebates, remissions & write offs	(25)	(29)
	<u>1,062</u>	<u>1,014</u>
<u>Other Rates</u> (including service charges)		
Landscape levy	44	43
Waste collection	155	149
Water supply	8	7
Community wastewater management systems	46	-
	<u>253</u>	<u>199</u>
<u>Other Charges</u>		
Penalties for late payment	7	10
	<u>1,322</u>	<u>1,223</u>
STATUTORY CHARGES		
Development Act fees	9	10
Animal registration fees & fines	7	9
Other licences, fees, & fines	2	2
	<u>18</u>	<u>21</u>
USER CHARGES		
Cemetery/crematoria fees	13	9
Aged Independent Living Units	48	30
Swimming Pool fees	9	8
Sport Lease fees	7	7
Stock Route	8	8
Facility Hire, Lease Rental charges	18	17
Event income	4	14
Bus income	5	4
Waste disposal	3	4
Sundry	8	7
	<u>123</u>	<u>108</u>
INVESTMENT INCOME		
Interest on investments:		
Local Government Finance Authority	12	10
	<u>12</u>	<u>10</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2 - INCOME (con't)

	Notes	2022 \$'000	2021 \$'000
REIMBURSEMENTS			
Private works		12	17
Joint undertakings		23	35
Trainee		53	-
Other		11	13
		<u>99</u>	<u>65</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		9	7
Rebates received		20	18
Community Events		17	10
Sundry		6	2
		<u>52</u>	<u>37</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,282	2,229
Other grants, subsidies and contributions			
Financial Assistance Grant - untied		1,261	926
Financial Assistance Grant - Roads		1,113	284
Roads to Recovery		260	389
Heavy Vehicle Bypass		588	-
Drought Communities Program		50	-
Local Roads & Community Infrastructure		88	-
Library & Communications		4	4
Sundry		8	16
		<u>3,372</u>	<u>1,619</u>
		<u>4,654</u>	<u>3,848</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		1,124	1,643
State government		3,519	2,032
Other		11	173
		<u>4,654</u>	<u>3,848</u>
Individually Significant Item			
Prepaid Financial Assistance Grants - untied		765	477
Prepaid Financial Assistance Grants - Roads		255	173

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2 - INCOME (con't)

	2022	2021
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	200	-
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>State Sport & Recreation Facilities</i>	77	-
<i>Special Local Roads</i>	21	132
<i>Local Roads & Community Infrastructure</i>	114	68
<i>Subtotal</i>	212	200
<i>Unexpended at the close of this reporting period</i>	412	200
<i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>	212	200

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 3 - EXPENSE

	Notes	2022 \$'000	2021 \$'000
EMPLOYEE COSTS			
Salaries and Wages		959	977
Employee leave expense		45	144
Superannuation - defined contribution plan contributions	15	93	95
Superannuation - defined benefit plan contributions	15	6	8
Workers' Compensation Insurance		25	18
Less: Capitalised and distributed costs		(185)	(292)
Total Operating Employee Costs		943	950
Total Number of Employees		13	10
<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		7	10
Bad and Doubtful Debts		60	27
Elected members' expenses		61	56
Lease Expenses - short term leases		16	15
Subtotal - Prescribed Expenses		144	108
<u>Other Materials, Contracts & Expenses</u>			
Computer Hardware / Software		5	10
Conferences / Seminars / Training		20	17
Contractors		391	316
Donations / Contributions		7	8
Energy, Water, Sewage & Gas		102	108
Fringe Benefits Tax		15	19
Insurance		127	111
Legal Expenses		46	28
Levies paid to Government - Landscape levy		44	43
Maintenance of Plant & Equipment		98	96
Minor Equipment		19	12
Publishing / Advertising		13	16
Membership Fees		40	28
Telephone		16	14
Vehicle Registration		17	17
Waste Levy		26	25
Waste Management Collection		78	74
Other Expenses		10	4
Subtotal - Other Materials, Contracts & Expenses		1,074	946
		1,217	1,054

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 3 - EXPENSE con't

	2022	2021
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	278	209
Roads	763	717
Plant & Equipment	218	181
CWMS	30	31
Other Assets	23	73
	<u>1,312</u>	<u>1,211</u>
FINANCE COSTS		
Bank Charges	4	4
Interest on Loans	3	6
	<u>7</u>	<u>10</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2022	2021
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	1	114
Less: Carrying amount of assets sold	<u>412</u>	<u>13</u>
Gain (Loss) on disposal	<u>(411)</u>	<u>101</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	-	50
Less: Carrying amount of assets sold	<u>-</u>	<u>20</u>
Gain (Loss) on disposal	<u>-</u>	<u>30</u>
FAIR VALUE ADJUSTMENTS		
Revaluation decrements previously expensed, now recouped	<u>291</u>	<u>-</u>
	<u>291</u>	<u>-</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(120)</u>	<u>131</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 5 - CURRENT ASSETS

	Notes	2022 \$'000	2021 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		15	23
Deposits at Call		2,791	1,935
		<u>2,806</u>	<u>1,958</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		124	162
Debtors - general		25	28
Other levels of Government		-	238
GST Recoupment		106	92
Total		<u>255</u>	<u>520</u>
Less: Allowance for Doubtful Debts		<u>(47)</u>	<u>(107)</u>
		<u>208</u>	<u>413</u>
INVENTORIES			
Stores & Materials		167	53
		<u>167</u>	<u>53</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 6 - NON-CURRENT ASSETS

	2022	2021
Notes	\$'000	\$'000
FINANCIAL ASSETS		
Receivables		
Loans to community organisations	<u>33</u>	<u>16</u>
TOTAL FINANCIAL ASSETS	<u>33</u>	<u>16</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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

		2021 \$'000				2022 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	463	-	-	463	463	-	-	463
Land	3	948	-	-	948	948	-	-	948
Buildings & Other Structures		8,643	1,340	(4,196)	5,787	8,643	1,949	(4,473)	6,119
Roads		29,722	2,691	(10,499)	21,914	29,722	4,682	(11,262)	23,142
Plant & Equipment		-	4,523	(2,904)	1,619	-	3,428	(2,013)	1,415
CWMS		1,768	266	(57)	1,977	1,768	268	(87)	1,949
Other Assets		-	1,143	(751)	392	-	740	(211)	529
Total IPP&E		41,544	9,963	(18,407)	33,100	41,544	11,067	(18,046)	34,565
Comparatives		41,587	7,714	(17,360)	31,941	41,544	9,963	(18,407)	33,100

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 2022

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2021 \$'000	Carrying Amounts Movement During the Year \$'000							2022 \$'000	
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Land	463	-	-	-	-	-	-	-	-	463
Land	948	-	-	-	-	-	-	-	-	948
Buildings & Other Structures	5,787	362	247	-	(277)	-	-	-	-	6,119
Roads	21,914	578	1,413	-	(763)	-	-	-	-	23,142
Plant & Equipment	1,619	-	279	(412)	(217)	291	-	(145)	-	1,415
CWMS	1,977	3	-	-	(31)	-	-	-	-	1,949
Other Assets	392	-	15	-	(23)	-	145	-	-	529
Total IPP&E	33,100	943	1,954	(412)	(1,311)	291	145	(145)	-	34,565
Comparatives	31,941	1,123	2,979	(34)	(1,211)	-	-	-	(1,698)	33,100

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 2022

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. 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 2022

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

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

During the course of the year, a parcel of land previously held for operational purposes was designated as community land under the Local Government Act 1993. The change in designation introduced a new, unobservable input, being the restrictive processes involved in the future disposal of the land and necessitated the transfer of its valuation from fair value hierarchy level 2 to level 3, and the adjustment of the valuation. The transfer took effect at the date of designation as community land.

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	9,000
Park & Playground Furniture & Equipment	2,000
Road construction & reconstruction	9,000
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 90 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 90 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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

Estimated Useful Lives (cont'd)

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 90 years
Paving & Footpaths, Kerb & Gutter	80 to 90 years
Drains	80 to 90 years
Culverts	50 to 75 years
Flood Control Structures	80 to 90 years
Dams and Reservoirs	80 to 90 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	
Right-of-use assets (refer Note 17)	2 to 3 years

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 1 July 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.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2020 by Mr Richard Gayler, Gayler Professional Engineering Pty Ltd.

Infrastructure

Transportation assets were revalued at depreciated current replacement cost during the reporting period ended 1 July 2019 by Mr Richard Gayler, Gayler Professional Engineering Pty Ltd. 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 1 July 2020 by Mr Richard Gayler, Gayler Professional Engineering Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant & Equipment

These assets are recognised on the cost basis. A physical check showed that the disposal of some items had not been recorded correctly and that the annual depreciation expense for some items had been calculated incorrectly. An adjustment has been made.

All other assets

These assets are recognised on the cost basis. A review of the physical assets identified that some items had been previously disposed of or were no longer in service and the disposal had not been recorded correctly. An adjustment has been made.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 8 - LIABILITIES

		2022		2021	
		\$'000		\$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		346		413	
Payments received in advance		-		200	
Accrued expenses - employee entitlements		9			
Accrued expenses - other		1		44	
Aged Care Facility Deposits		96		115	
GST Payable		2		37	
Other Payables		16		38	
		470	-	847	-

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

BORROWINGS

Loans		25	-	66	-
		25	-	66	-

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

PROVISIONS

LSL Employee entitlements (including oncosts)		156	1	148	24
AL Employee entitlements (including oncosts)		80	-	89	-
		236	1	237	24

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

Movements in Provisions
(current & non-current)

	<i>Leave & Other Provisions</i>	<i>Leave & Other Provisions</i>
Opening Balance	261	268
Add Additional amounts recognised	30	70
(Less) Payments	54	77
Closing Balance	237	261

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2021	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2022
	Notes	\$'000	\$'000	\$'000	\$'000
Land		783	-	-	783
Buildings & Other Structures		2,632	-	-	2,632
Roads		22,778	-	-	22,778
Community Wastewater Management Scheme		24	-	-	24
TOTAL		26,217	-	-	26,217
Comparatives		27,915	(1,698)	-	26,217

OTHER RESERVES		1/7/2021	Transfers to Reserve	Transfers from Reserve	30/6/2022
Community Wastewater Management Scheme		-	16	-	16
TOTAL OTHER RESERVES		-	16	-	16
Comparatives		-	-	-	-

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Other Reserves

Community Wastewater Management Scheme (CWMS)

The CWMS reserve is used to record the net cost of operations for the CWMS in Orroroo, including capital improvement and replacement, major repairs and ongoing maintenance.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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	2022 \$'000	2021 \$'000
Total cash & equivalent assets	5	<u>2,806</u>	<u>1,958</u>
Balances per Cash Flow Statement		<u>2,806</u>	<u>1,958</u>

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

Net Surplus (Deficit)	2,681	2,218
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,312	1,211
Fair value adjustments	(291)	-
Net increase (decrease) in unpaid employee benefits	(15)	(13)
Change in allowances for under-recovery	(60)	(28)
Grants for capital acquisitions treated as Investing Activity	(1,282)	(2,229)
Net (Gain) Loss on Disposals	411	(131)
	<u>2,756</u>	<u>1,028</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	229	(288)
Net (increase) decrease in inventories	(114)	30
Net increase (decrease) in trade & other payables	(385)	589
Net increase (decrease) in other provisions	-	6
Net increase (decrease) in other liabilities	(13)	-
Net Cash provided by (or used in) operations	<u>2,473</u>	<u>1,365</u>

(c) Financing Arrangements

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

Corporate Credit Cards	7	7
LGFA Cash Advance Debenture facility	25	25

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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				
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000				
Business Undertakings	104	36	65	54	39	(18)	-	-	2,011	1,977
Community Services	446	60	53	121	393	(61)	325	-	1,192	985
Culture	5	-	33	35	(28)	(35)	4	4	-	314
Economic Development	9	36	63	20	(54)	16	-	171	126	-
Environment	182	162	214	178	(32)	(16)	-	-	776	1,050
Recreation	331	14	221	272	110	(258)	286	-	1,537	1,158
Regulatory Services	28	17	111	22	(83)	(5)	-	-	6	-
Transport & Communication	1,541	674	963	275	578	399	2,779	2,731	23,251	21,717
Plant Hire & Depot / Indirect	90	47	24	68	66	(21)	-	-	1,495	1,619
Council Administration	2,262	2,037	1,732	2,180	530	(143)	1,260	942	7,385	6,720
TOTALS	4,998	3,083	3,479	3,225	1,519	(142)	4,654	3,848	37,779	35,540

District Council of Orreroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Abattoirs, Caravan Parks, Electricity Supply, Gravel Pits/Quarries, Development of Land for Resale, Marinas/Boat Havens, Markets/Saleyards, Off-street Car Parks – fee paying, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic, Town Bus Service.

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

Economic Development

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

Environment

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Recreation

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

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

Plant Hire & Depot

Unclassified Activities

Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, 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 2022

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

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 0.45% and 1.05% (2021: 0.3% and 0.45%). Short term deposits have an average maturity of 30 days and an average interest rates of 0.75% (2021: 30 days, 0.3%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Rates & Associated

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 0.421% (2021: 0.421%) Although 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. Although 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.

District Council of Orroroo Carrieton

Notes to and forming part of the Financial Statements

Note 12 - FINANCIAL INSTRUMENTS (con't)

Receivables - Retirement Home

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 legislation.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

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

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Retirement Home Contributions

Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

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.

Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.

Liabilities - Interest Bearing Borrowings

Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate

Terms & conditions: secured over future revenues, fixed borrowings are repayable 6 monthly; interest was charged at fixed rate of 5.05%; variable borrowings are payable at the end of the term; interest is charged monthly rate of 2.05%.

Carrying amount: approximates fair value.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2022	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	2,805			2,805	2,806
Receivables	242			242	241
Other Financial Assets		33		33	33
Total	3,047	33	-	3,080	3,080
<u>Financial Liabilities</u>					
Payables	365			365	460
Non-Current Borrowings	25			25	-
Total	390	-	-	390	485

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
Total	798	-	-	798	754

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

	30 June 2022		30 June 2021	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	2.05	25	-	-
Fixed Interest Rates	-	-	5.05	66
		25		66

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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 2022

Note 13 - FINANCIAL INDICATORS

	2022	2021	2020
Operating Surplus Ratio			
<u>Operating Surplus</u>	30.4%	(4.6%)	16.3%
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>	(46%)	(39%)	(44%)
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.

Adjusted Operating Surplus Ratio	24.8%	(3.9%)	0.5%
Adjusted Net Financial Liabilities Ratio	(28%)	(24%)	(51%)

Asset Renewal Funding Ratio

<u>Outlays on Existing Assets</u>			
Asset Renewals - IAMP	81%	80%	143%

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 2022

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

	2022 \$'000	2021 \$'000
Income	4,998	3,083
Expenses	<u>(3,479)</u>	<u>(3,225)</u>
Operating Surplus / (Deficit)	1,519	(142)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(1,907)	(2,942)
Add back Depreciation, Amortisation and Impairment	1,312	1,211
Proceeds from Sale of Replaced Assets	<u>1</u>	<u>114</u>
	(594)	(1,617)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(943)	(1,116)
Amounts received specifically for New and Upgraded Assets	1,282	2,229
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>50</u>
	339	1,163
Net Lending / (Borrowing) for Financial Year	1,264	(596)

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 15 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation, 10.0%; 9.5% in 2020-21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. 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
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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 \$33,000 (2021: \$41,000) 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 notice of any 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 2022

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:

	2022	2021
	\$	\$
Salaries, allowances & other short term benefits	216	196
TOTAL	216	196

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

	2022	2021
	\$	\$
Planning and building applications fees	-	1
Rentals for Council property	2	1
TOTAL	2	2

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.

Three close family members of key management personnel are 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*.

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 2022.

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 2022 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, 27 October 2022

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 2021 to 30 June 2022 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 2021 to 30 June 2022.

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 2021 to 30 June 2022. *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, 27 October 2022

District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2022
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Orroroo Carrieton for the year ended 30 June 2022, the Council's Auditor, Ian G McDonald FCA, has maintained his 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*.



Paul Simpson

CHIEF EXECUTIVE OFFICER



David Powell

**PRESIDING MEMBER AUDIT & RISK
MANAGEMENT COMMITTEE**

Date:

19/10/2022

District Council of Orroroo Carrieton

Annual Financial Statement

For the year ended 30 June 2022

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 2022, 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: 27 September 2022