



District Council of
ORROROO
CARRIETON

General Purpose Financial Reports

For year ended 30 June 2020

District Council of Orroroo Carrieton

General Purpose Financial Reports

for the year ended 30 June 2020

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District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2020

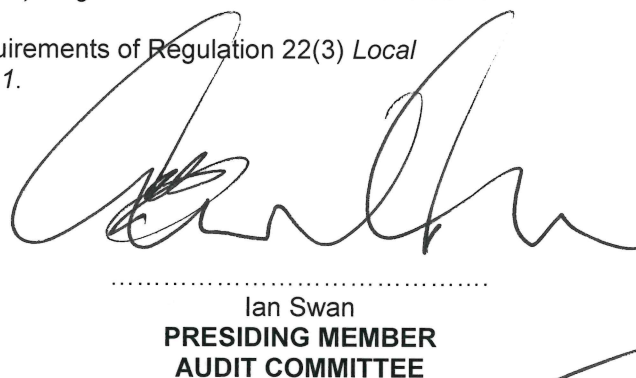
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2020, the Council's Auditor, Galpins, 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



.....
Ian Swan
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 26th October 2020

District Council of Orroroo Carrieton
Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 \$ 000	2019 \$ 000
INCOME			
Rates	2	1,210	1,190
Statutory charges	2	17	18
User charges	2	112	95
Grants, subsidies and contributions	2	2,694	3,252
Investment income	2	11	25
Reimbursements	2	36	115
Other income	2	24	11
Total Income		4,104	4,706
EXPENSES			
Employee costs	3	1,129	941
Materials, contracts & other expenses	3	1,109	1,006
Depreciation, amortisation & impairment	3	1,186	996
Finance costs	3	9	14
Total Expenses		3,433	2,957
OPERATING SURPLUS / (DEFICIT)		671	1,749
Asset disposal & fair value adjustments	4	65	-
Amounts received specifically for new or upgraded assets	2	-	1,765
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		736	3,514
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(2,487)	-
Total Other Comprehensive Income		(2,487)	-
TOTAL COMPREHENSIVE INCOME		(1,751)	3,514

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 2020

		2020	2019
	Notes	\$ 000	\$ 000
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,321	1,487
Trade & other receivables	5	140	626
Inventories	5	83	41
Total Current Assets		2,544	2,154
Non-current Assets			
Financial assets	6	16	21
Infrastructure, property, plant & equipment	7	31,941	34,859
Total Non-current Assets		31,957	34,880
Total Assets		34,501	37,034
LIABILITIES			
Current Liabilities			
Trade & other payables	8	143	892
Borrowings	8	63	76
Provisions	8	367	310
		573	1,278
Total Current Liabilities		573	1,278
Non-current Liabilities			
Borrowings	8	66	128
Provisions	8	16	31
Total Non-current Liabilities		82	159
Total Liabilities		655	1,437
NET ASSETS		33,846	35,597
EQUITY			
Accumulated Surplus		5,931	5,195
Asset Revaluation Reserves	9	27,915	30,402
TOTAL EQUITY		33,846	35,597

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 2020

		Acc'd Surplus	Asset Rev'n Reserve	TOTAL EQUITY
2020	Notes	\$ 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		-	-	-
Gain on revaluation of infrastructure, property, plant & equipment		-	(2,487)	(2,487)
Balance at end of period	9	5,931	27,915	33,846

		Acc'd Surplus	Asset Rev'n Reserve	TOTAL EQUITY
2019	Notes	\$ 000	\$ 000	\$ 000
Balance at end of previous reporting period		1,681	30,402	32,083
Net Surplus / (Deficit) for Year		3,514	-	3,514
Balance at end of period	9	5,195	30,402	35,597

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 2020

		2020	2019
	Notes	\$ 000	\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		1,211	1,176
Fees & other charges		17	18
User charges		117	85
Investment receipts		11	29
Grants utilised for operating purposes		3,101	2,845
Reimbursements		36	126
Other revenues		102	9
<i>Payments:</i>			
Employee costs		(1,113)	(916)
Materials, contracts & other expenses		(1,879)	(371)
Finance payments		(9)	(18)
Net Cash provided by (or used in) Operating Activities		1,594	2,983
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		-	1,765
Sale of replaced assets		28	95
Sale of surplus assets		42	40
Repayments of Loans by Community Groups		5	3
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(587)	(2,227)
Expenditure on new/upgraded assets		(173)	(2,258)
Net Cash provided by (or used in) Investing Activities		(685)	(2,582)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		-	-
<i>Payments:</i>			
Repayments of borrowings		(75)	(88)
Net Cash provided by (or used in) Financing Activities		(75)	(88)
Net Increase (Decrease) in cash held		834	313
 Cash & cash equivalents at beginning of period	11	1,487	1,174
Cash & cash equivalents at end of period	11	2,321	1,487

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 2020

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 (28th October 2020 of 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).

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 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.

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

3 Income recognition

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

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

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

	Cash Payment Received	Annual Allocation	Difference	
2017-18	\$939,742	\$453,523	+	\$486,219
2018-19	\$915,318	\$453,496	+	\$461,822
2019-20	\$971,664	\$475,148	+	\$496,516

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.

3.1 Construction Contracts

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

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

5 Inventories

Inventories held in respect of stores have been valued 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 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.2 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.

6.3 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.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 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.

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value 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 assessed for impairment.

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.7 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".

Employee Benefits

8.1 Salaries, Wages & Compensated Absences

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

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 Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

9 Leases

Accounting Policy applicable for the year ending 30 June 2019 (comparatives):

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

In respect of finance leases, where Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

Accounting policy applicable from 01 July 2019:

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

ii) Lease liabilities

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

10 Joint Ventures and Associated Entities

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

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

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities:

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in section 10 of this note. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed.

The impact of adopting the new standards as at 1 July 2019 was nil.

13 Impact of COVID-19

The COVID-19 pandemic has impacted the 2019/20 financial statements, which may impact on the comparability of some line items and amounts reported in this financial report.

The financial impacts are a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2 - INCOME

	2020	2019
Notes	\$ 000	\$ 000
RATES REVENUES		
<u>General Rates</u>	1,032	1,017
Less: Mandatory rebates	(18)	(13)
Less: Discretionary rebates, remissions & write offs	(3)	(11)
	1,011	993
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	36	35
Waste collection	144	143
Water supply	7	8
	187	186
<u>Other Charges</u>		
Penalties for late payment	12	11
	1,210	1,190
STATUTORY CHARGES		
Development Act fees	8	7
Animal registration fees & fines	9	9
Other licences, fees, & fines	-	2
	17	18
USER CHARGES		
Cemetery/crematoria fees	10	12
Commercial Activity - Addison Court	6	-
Swimming Pool fees	10	9
Parks & Gardens, Stock Route	9	4
Hall & equipment hire	1	-
Rental charges	16	10
Event Income	21	-
Bus Income	4	-
Sales - general	13	7
Sundry	22	53
	112	95
INVESTMENT INCOME		
Interest on investments:		
Local Government Finance Authority	11	25
Banks & other	-	-
	11	25

District Council of Orroroo Carrieton

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 2 - INCOME (con't)

	Notes	2020 \$ 000	2019 \$ 000
REIMBURSEMENTS			
- for private works		22	18
- other		14	97
		<u>36</u>	<u>115</u>
OTHER INCOME			
Rebates received		17	11
Sundry		7	-
		<u>24</u>	<u>11</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets - CWMS		-	1,765
Other grants, subsidies and contributions			
Financial Assistance Grant - General		972	915
Road Supplementary Payment		-	384
Financial Assistance Grant - Local Roads		271	273
Roads to Recovery		389	180
Special Local Roads Grant		-	500
Drought Communities Program		900	1,000
Sundry Grants		162	-
		<u>2,694</u>	<u>3,252</u>
		<u>2,694</u>	<u>5,017</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		1,307	1,570
State government		1,269	3,447
Other		118	-
		<u>2,694</u>	<u>5,017</u>
Individually Significant Item			
Prepaid Financial Assistance Grant		497	460

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3 - EXPENSE

		2020	2019
	Notes	\$ 000	\$ 000
EMPLOYEE COSTS			
Salaries and Wages		961	712
Employee leave expense		153	271
Superannuation - defined contribution plan contributions	18	85	74
Superannuation - defined benefit plan contributions	18	8	7
Workers' Compensation Insurance		21	24
Less: Capitalised and distributed costs		(99)	(147)
Total Operating Employee Costs		1,129	941
 Total Number of Employees		 12	 11
<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		20	27
Bad and Doubtful Debts		19	1
Elected members' expenses		60	78
Election expenses		-	7
Operating Lease / Rental / Cancellable rentals	17	3	3
Subtotal - Prescribed Expenses		102	116
<u>Other Materials, Contracts & Expenses</u>			
Contractors		512	581
Energy		36	45
Maintenance		112	90
Legal Expenses		11	17
Freight		3	4
Minor Equipment - Expensed		8	3
Plant & Equipment - Capitalised		70	572
Computer Hardware / Software		15	15
Water, Sewerage & Gas		95	62
CWMS & Stormwater plans		1	13
Uniforms Clothing / Protective Clothing		4	6
Waste Management Collection		76	74
Office Consumables		9	6
General Maintenance Materials		77	123
Conferences / Seminars Training		12	8
Travel & Accommodation		1	1
Subsides / Membership Fees		26	24
Telephone		20	20

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3 - EXPENSE con't

	2020	2019
Notes	\$ 000	\$ 000
Insurance	94	84
Vehicle Registration	23	20
Other Expenses	4	9
Levies paid to government - NRM levy	36	35
Road Resheeting	420	669
less amounts capitalised	(658)	(1,591)
Subtotal - Other Materials, Contracts & Expenses	<u>1,007</u>	<u>890</u>
	<u>1,109</u>	<u>1,006</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	197	193
Roads	709	650
Plant & Equipment	179	139
CWMS	30	-
Other Assets	71	14
	<u>1,186</u>	<u>996</u>
FINANCE COSTS		
Interest on Loans	9	14
	<u>9</u>	<u>14</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2020	2019
Notes	\$ 000	\$ 000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	28	95
Less: Carrying amount of assets sold	-	100
Gain (Loss) on disposal	<u>28</u>	<u>(5)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	42	40
Less: Carrying amount of assets sold	5	35
Gain (Loss) on disposal	<u>37</u>	<u>5</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>65</u>	<u>-</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 5 - CURRENT ASSETS

	2020	2019
	Notes	
CASH & EQUIVALENT ASSETS	\$ 000	\$ 000
Cash on Hand and at Bank	10	73
Deposits at Call	2,311	1,414
	2,321	1,487
TRADE & OTHER RECEIVABLES		
Rates - General & Other	150	151
Accrued Revenues	-	407
Debtors - general	20	25
GST Recoupment	25	103
Prepayments	24	-
Total	219	686
Less: Allowance for Doubtful Debts	79	60
	140	626
<i>Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</i>		
INVENTORIES		
Stores & Materials	83	41
	83	41

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

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 2020

Note 6 - NON-CURRENT ASSETS

		2020	2019
FINANCIAL ASSETS	Notes	\$ 000	\$ 000
Receivables			
Loans to community organisations		<u>16</u>	<u>21</u>
TOTAL FINANCIAL ASSETS		<u>16</u>	<u>21</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

		2019				2020			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	465	-	-	465	253	-	-	253
Land	3	1,361	-	-	1,361	1,171	-	-	1,171
Buildings & Other Structures	3	9,157	283	(6,592)	2,848	10,441	115	(4,055)	6,501
Roads	3	33,900	3,605	(11,036)	26,469	29,722	421	(9,782)	20,361
Plant & Equipment		-	4,139	(2,670)	1,469	-	4,153	(2,815)	1,338
CWMS	3	-	1,728	-	1,728	-	1,885	(30)	1,855
Other Assets		-	1,126	(607)	519	-	1,140	(678)	462
Total IPP&E		44,883	10,881	(20,905)	34,859	41,587	7,714	(17,360)	31,941
Comparatives		44,883	6,551	(19,929)	31,505	44,883	10,881	(20,905)	34,859

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 2020

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2019	CARRYING AMOUNT MOVEMENTS DURING YEAR								2020	
	\$ 000	\$ 000								\$ 000	
	Carrying Amount	Net Adjust AASB 16	Additions New / UpgradeRenewals		Disposals	Dep'n	Impair't	Transfers InOut		Net Reval'n	Carrying Amount
Land	465		-	-	-	-		-	-	(212)	253
Land	1,361		-	-	-	-	-	-	-	(190)	1,171
Buildings & Other Structures	2,848		16	99	-	(197)	-	-	-	3,735	6,501
Roads	26,469		-	421	-	(709)	-	-	-	(5,820)	20,361
Plant & Equipment	1,469		-	53	(5)	(179)	-	-	-	-	1,338
CWMS	1,728		157	-	-	(30)	-	-	-	-	1,855
Other Assets	519		-	14	-	(71)	-	-	-	-	462
Total IPP&E	34,859	-	173	587	(5)	(1,186)	-	-	-	(2,487)	31,941
Comparatives	31,505		2,258	2,227	(135)	(996)		88	(88)	-	34,859

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 2020

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.

District Council of Orroroo Carrieton

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

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

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 2020

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

Land & Land Improvements

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

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 2019 by 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 2020, based on actual costs incurred during the reporting periods ended 30 June 2019 and 2020. 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 2020 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2020. 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 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 2020

Note 8 - LIABILITIES

		2020		2019	
		\$ 000		\$ 000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		99	-	824	-
Accrued expenses - employee entitlements		-	-	30	-
Accrued expenses - other		44	-	27	-
Other Payables		-	-	11	-
		143	-	892	-

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

BORROWINGS

Loans	63	66	76	128
	63	66	76	128

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

PROVISIONS

Employee entitlements (including oncosts)	258	16	197	31
Other Provisions	109	-	113	-
	367	16	310	31

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2019	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2020
Notes	\$ 000	\$ 000	\$ 000	\$ 000
Land	1,185	(402)	-	783
Buildings & Other Structures	619	3,735	-	4,354
Roads	28,598	(5,820)	-	22,778
TOTAL	30,402	(2,487)	-	27,915
Comparatives	30,402	-	-	30,402

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 Orreroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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	2020 \$ 000	2019 \$ 000
Total cash & equivalent assets	5	2,321	1,487
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		<u>2,321</u>	<u>1,487</u>

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

Net Surplus (Deficit)	736	3,514
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,186	996
Fair value adjustments	-	-
Net increase (decrease) in unpaid employee benefits	16	25
Change in allowances for under-recovery	19	-
Grants for capital acquisitions treated as Investing Activity	-	(1,765)
Net (Gain) Loss on Disposals	(65)	-
	<u>1,892</u>	<u>2,770</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	467	(466)
Net (increase) decrease in inventories	(43)	18
Net (increase) decrease in other current assets	-	-
Net increase (decrease) in trade & other payables	(719)	764
Net increase (decrease) in other provisions	(4)	(103)
Net increase (decrease) in other liabilities	-	-
Net Cash provided by (or used in) operations	<u>1,594</u>	<u>2,983</u>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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				
	2020 \$ 000	2019 \$ 000	2020 \$ 000	2019 \$ 000	2020 \$ 000	2019 \$ 000				
Business Undertakings	42	1,858	22	30	20	1,828		1,765	1,885	1,891
Community Services	68	34	130	104	(62)	(70)			1,022	982
Culture	1	1	36	49	(35)	(48)			184	164
Economic Development	122	1,002	130	16	(8)	986		1,000	-	-
Environment	155	155	184	185	(29)	(30)			1,012	1,006
Recreation	15	13	276	199	(261)	(186)			800	754
Regulatory Services	17	16	14	26	3	(10)			-	-
Transport & Communication	668	2,342	329	1,451	339	891	660	2,342	22,533	26,722
Plant Hire & Depot / Indirect	17	160	140	84	(123)	76			-	-
Council Administration	2,999	890	2,172	813	827	77	2,034		4,505	3,340
TOTALS	4,104	6,471	3,433	2,957	671	3,514	2,694	5,107	31,941	34,859

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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, 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

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, 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 2020

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 .45% and 1.25% (2019: .75% and 1.25%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated 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: Secured over the subject land, arrears attract interest of .433% (2019: .55%) 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 Orreroo Carrieton

Notes to and forming part of the Financial Statements

Note 13 - 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 rates of 5.05% (2019: 4.55% and 6.75%).</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 17.</p>

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

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

2019	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	1,479	-	-	1,479	1,487
Receivables	686	-	-	686	626
Other Financial Assets	-	21	-	21	-
Total	2,165	21	-	2,186	2,113
<u>Financial Liabilities</u>					
Payables	835	-	-	835	835
Current Borrowings	76	-	-	76	76
Non-Current Borrowings	-	128	-	128	128
Total	911	128	-	1,039	1,039

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

	30 June 2020		30 June 2019	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$ 000	%	\$ 000
Fixed Interest Rates	5.05	128	5.55	204
		128		204

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13 - FINANCIAL INDICATORS

	2020	2019	2018
Operating Surplus Ratio			
<u>Operating Surplus</u>	16.3%	37.0%	16.0%
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>	(44%)	(15%)	(14%)
Total Operating Income			

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

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	80%	143%	92%
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.

Ratio Analysis:

The financial sustainability has continued to improve with an operating surplus, low debt and an appropriate level of asset renewal.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

	2020		2019
	\$ 000		\$ 000
Income	4,104		4,706
Expenses	(3,433)		(2,957)
Operating Surplus / (Deficit)	671		1,749
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(587)		(2,227)
Add back Depreciation, Amortisation and Impairment	1,186		996
Proceeds from Sale of Replaced Assets	28		95
	627		(1,136)
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(173)		(2,258)
Amounts received specifically for New and Upgraded Assets	-		1,765
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	42		40
	(131)		(453)
Net Lending / (Borrowing) for Financial Year	1,167		160

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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 2018-19; 9.50% in 2019-20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018-19) 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 119.32(b), Council does not use defined benefit accounting for these contributions.

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

Contributions to Other Superannuation Schemes

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

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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 \$16,000 (2019: \$21,000) 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.

5. CONTINGENT LIABILITIES

At the time of preparing these accounts there are no other known contingent liabilities to consider other than those included in this Note.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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, seven persons were paid the following total compensation:

	2020	2019
	\$ 000	\$ 000
Salaries, allowances & other short term benefits	200	162
Post-employment benefits		
Long term benefits		
Termination benefits		
TOTAL	200	162

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

	2020	2019
	\$ 000	\$ 000
Contributions for fringe benefits tax purposes	11	8
Planning and building applications fees	2	
Rentals for Council property	2	
TOTAL	15	8

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

One close family member 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 conditions, was granted during the year. Total fees for this application (which were payable on lodgement) amounted to \$1,795.50.

District Council of Orroroo Carrieton
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 18 – EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Events After the Statement of Financial Position Date

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2020/21 financial year will not be significant.

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Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
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INDEPENDENT AUDITOR'S REPORT

To the members of the District Council of Orroroo Carrieton

Opinion

We have audited the accompanying financial report of the District Council of Orroroo Carrieton (the Council), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the District Council of Orroroo Carrieton.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

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INDEPENDENT AUDITOR'S REPORT

To the Members of the District Council of Orroroo Carrieton

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

Opinion

We have audited the compliance of the District Council of Orroroo Carrieton (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the District Council of Orroroo Carrieton 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 2019 to 30 June 2020.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the internal controls established by the Council to ensure that financial transactions relating to 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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the internal controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

17 / 11 / 2020

District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2020

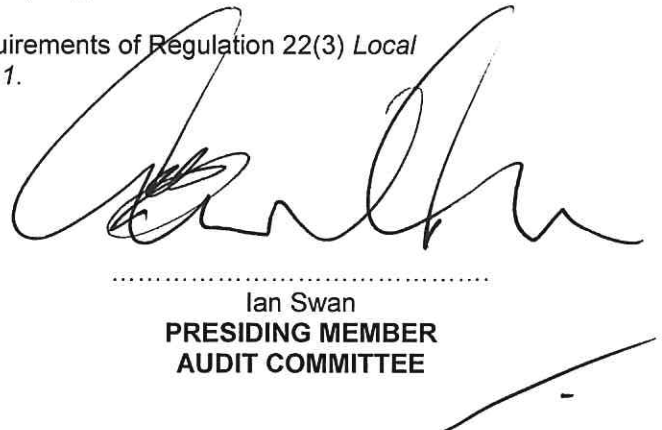
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2020, the Council's Auditor, Galpins, 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



.....
Ian Swan
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 26th October 2020

**District Council of Orroroo Carrieton
Annual Financial Statements
for the year ended 30 June 2020**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Orroroo Carrieton for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

Dated this 17th day of November 2020