

District Council of Cleve
General Purpose Financial Reports
for the year ended 30 June 2021

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**District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2021**

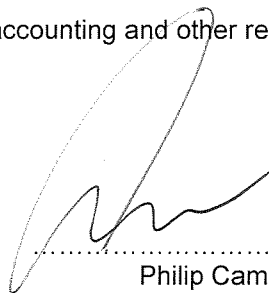
CERTIFICATION OF FINANCIAL STATEMENTS

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

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



.....
Rob Donaldson
ACTING CHIEF EXECUTIVE OFFICER



.....
Philip Cameron
MAYOR

Date: 20 October 2021

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

	Notes	2021 \$	2020 \$
INCOME			
Rates	2	3,547,539	3,503,727
Statutory charges	2	21,584	22,796
User charges	2	218,554	224,527
Grants, subsidies and contributions	2	2,352,660	2,148,961
Investment income	2	37,115	57,156
Reimbursements	2	112,373	87,298
Other income	2	171,867	147,934
Total Income		6,461,692	6,192,399
EXPENSES			
Employee costs	3	1,638,850	1,614,958
Materials, contracts & other expenses	3	2,360,112	1,758,551
Depreciation, amortisation & impairment	3	1,984,281	2,011,019
Finance costs	3	34,046	34,015
Total Expenses		6,017,288	5,418,543
OPERATING SURPLUS / (DEFICIT)		444,403	773,856
Asset disposal & fair value adjustments	4	(145,653)	(446,410)
Amounts received specifically for new or upgraded assets	2	722,547	1,050,004
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,021,298	1,377,450
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	1,849,322
Total Other Comprehensive Income		-	1,849,322
TOTAL COMPREHENSIVE INCOME		1,021,298	3,226,772

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

District Council of Cleve
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	7,757,398	8,007,700
Trade & other receivables	5	568,462	430,289
Inventories	5	4,618	6,618
Total Current Assets		8,330,478	8,444,607
Non-current Assets			
Financial assets	6	200,157	308,130
Infrastructure, property, plant & equipment	7	50,106,053	49,099,856
Other non-current assets	6	754,210	754,210
Total Non-current Assets		51,060,420	50,162,196
Total Assets		59,390,898	58,606,803
LIABILITIES			
Current Liabilities			
Trade & other payables	8	813,825	959,936
Borrowings	8	128,773	135,624
Provisions	8	399,242	478,647
Total Current Liabilities		1,341,840	1,574,207
Non-current Liabilities			
Borrowings	8	572,922	586,928
Provisions	8	15,427	6,257
Total Non-current Liabilities		588,349	593,185
Total Liabilities		1,930,189	2,167,392
NET ASSETS		57,460,709	56,439,411
EQUITY			
Accumulated Surplus		27,363,597	26,014,290
Asset Revaluation Reserves	9	29,551,290	29,551,290
Other Reserves	9	545,822	873,831
Total Council Equity		57,460,709	56,439,411
TOTAL EQUITY		57,460,709	56,439,411

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

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

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2021	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		26,014,290	29,551,290	873,831	56,439,411
Net Surplus / (Deficit) for Year		1,021,298	-	-	1,021,298
Transfers between reserves		328,009	-	(328,009)	-
Balance at end of period	9	27,363,597	29,551,290	545,822	57,460,709
2020					
Balance at end of previous reporting period		24,875,794	27,701,968	634,877	53,212,639
Net Surplus / (Deficit) for Year		1,377,450	-	-	1,377,450
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	1,849,322	-	1,849,322
Transfers between reserves		(238,954)	-	238,954	-
Balance at end of period	9	26,014,290	29,551,290	873,831	56,439,411

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

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

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Rates - general & other		3,726,702	3,461,771
Fees & other charges		22,663	23,936
User charges		196,762	766,089
Investment receipts		38,023	231,392
Grants utilised for operating purposes		2,144,462	2,148,961
Reimbursements		117,992	91,663
Other revenues		639,263	587,796
Payments:			
Employee costs		(1,713,004)	(1,669,080)
Materials, contracts & other expenses		(3,048,327)	(2,311,606)
Finance payments		(34,023)	(44,155)
Net Cash provided by (or used in) Operating Activities		2,090,512	3,286,767
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets		722,547	1,050,006
Sale of replaced assets		198,573	67,736
Repayments of loans by community groups		93,625	31,091
Payments:			
Expenditure on renewal/replacement of assets		(2,101,303)	(2,513,340)
Expenditure on new/upgraded assets		(1,233,400)	(1,067,173)
Loans made to community groups		-	(80,000)
Net Cash provided by (or used in) Investing Activities		(2,319,957)	(2,511,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(20,857)	(88,779)
Net Cash provided by (or used in) Financing Activities		(20,857)	(88,779)
Net Increase (Decrease) in cash held		(250,302)	686,308
Cash & cash equivalents at beginning of period	10	8,007,700	7,321,392
Cash & cash equivalents at end of period	10	7,757,398	8,007,700

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

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

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 dollar.

2 The Local Government Reporting Entity

The District Council of Cleve is incorporated under the SA Local Government Act 1999 and has its principal place of business at 10 Main Street, Cleve SA 5640. 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. 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.

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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	\$2,036,887	\$1,344,427	+	\$692,460
2017-18	\$1,728,737	\$1,642,863	+	\$85,874
2018-19	\$2,026,330	\$1,647,009	-	\$379,321
2019-20	\$1,496,797	\$1,651,904	+	\$155,107
2020-21	\$1,457,819	\$1,668,774	+	\$210,955

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

The Operating Surplus Ratio disclosed in Note 13 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

3.2 Construction Contracts

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

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

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

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

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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition,

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

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

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

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.

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

Superannuation:

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. 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.

9.2 Provisions for reinstatement, restoration, rehabilitation.

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

10 GST Implications

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

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

11 New and amended standards and interpretations

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

Amendments to AASB 101 and AASB 108 Definition of Material:

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

Amendments to AASB 16 Covid-19 Related Rent Concessions:

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

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

Note 2 - INCOME

	Notes	2021 \$	2020 \$
RATES REVENUES			
<u>General Rates</u>		2,946,390	2,943,281
Less: Mandatory rebates		(32,792)	(31,728)
Less: Discretionary rebates, remissions & write offs		(15,199)	(13,888)
		2,898,399	2,897,665
<u>Other Rates (including service charges)</u>			
Natural Resource Management levy		105,857	105,282
Waste collection		205,916	205,017
Community wastewater management systems		317,802	272,766
Separate and Special Rates		7,214	7,211
		636,790	590,276
<u>Other Charges</u>			
Penalties for late payment		19,596	25,445
Legal & other costs recovered		7,587	3,191
		27,183	28,636
Less: Discretionary rebates, remissions & write offs		(14,833)	(12,850)
		3,547,539	3,503,727
STATUTORY CHARGES			
Development Act fees		5,537	5,593
Town planning fees		8,211	8,717
Health & Septic Tank Inspection fees		1,940	843
Animal registration fees & fines		5,896	7,643
		21,584	22,796
USER CHARGES			
Cemetery fees		17,505	16,414
Arno Bay Harbour fees		20,215	20,507
Sanitation & garbage fees		144,554	132,285
Council house rentals		15,368	16,348
Standpipe water		16,636	33,338
Hall & equipment hire		1,275	1,914
Sundry		3,001	3,720
		218,554	224,527

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

Note 2 - INCOME (con't)

	Notes	2021 \$	2020 \$
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		26,798	46,093
Banks & other		9	83
Loans to community groups		10,308	10,980
		<u>37,115</u>	<u>57,156</u>
REIMBURSEMENTS			
- for private works		7,880	6,412
- other		104,493	80,886
		<u>112,373</u>	<u>87,298</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		9,020	2,631
Accommodation unit income		98,335	84,713
Sundry		64,511	60,590
		<u>171,867</u>	<u>147,934</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		722,547	1,050,004
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		1,457,819	1,496,797
Roads to Recovery		601,788	601,788
Library & Communications		3,830	3,826
Drought Communities Programme		283,615	23,228
Sundry		5,608	23,322
		<u>2,352,660</u>	<u>2,148,961</u>
		<u>3,075,207</u>	<u>3,198,965</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		728,155	525,012
State government		2,347,052	2,573,949
Other		-	100,004
		<u>3,075,207</u>	<u>3,198,965</u>

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

Note 2 - INCOME (con't)

	2021	2020
Notes	\$	\$
<i>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:		
Unexpended at the close of the previous reporting period	804,587	1,157,655
Less: expended during the current period from revenues recognised in previous reporting periods:		
Roads Infrastructure (FAG's paid in advance)	(804,587)	(761,733)
Roads Infrastructure (Supp Local Rds paid in adv)	-	(395,922)
Subtotal	(804,587)	(1,157,655)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Roads Infrastructure (FAG's Paid in advance)	791,593	804,587
LRCIP - Phase 2	258,508	-
Unexpended at the close of this reporting period	1,050,101	804,587
Net increase / (decrease) in assets subject to conditions in the current reporting period	245,514	(353,068)

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

Note 3 - EXPENSE

		2021	2020
	Notes	\$	\$
EMPLOYEE COSTS			
Salaries and Wages		1,435,377	1,378,515
Employee leave expense		156,337	201,651
Superannuation - defined contribution plan contributions	15	119,373	119,431
Superannuation - defined benefit plan contributions	15	22,622	25,191
Workers' Compensation Insurance		35,707	43,372
Other		31,192	30,200
Less: Capitalised and distributed costs		<u>(161,759)</u>	<u>(183,402)</u>
Total Operating Employee Costs		<u>1,638,850</u>	<u>1,614,958</u>
Total Number of Employees		21	21
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		23,060	17,230
Elected members' expenses		81,825	86,864
Election expenses		<u>532</u>	<u>537</u>
Subtotal - Prescribed Expenses		<u>105,417</u>	<u>104,631</u>
<u>Other Materials, Contracts & Expenses</u>			
Advertising & Printing		34,145	-
Contractors - Operating		509,534	651,609
Contractors - Capital		2,054,888	3,873,545
Drought Relief Projects - Sport & Recreation		237,256	23,928
Energy		61,290	76,493
Freight		24,814	-
Insurance		147,047	134,252
Maintenance		83	2,920
Materials - Operating		284,485	256,537
Materials - Capital		63,226	34,505
Legal Expenses		110,758	46,036
Levies paid to government - NRM levy		107,246	109,006
- Other Levies		56,614	48,775
Membership & Subscriptions		70,748	-
Parts, accessories & consumables		54,954	76,933
Professional Services		231,998	82,356
Registration		34,603	-
Telecommunication & Internet		19,857	-
Training		44,935	-
Sundry - Operating		129,531	145,075
Sundry - Capital		1,054,833	933,485
Water		94,796	-
Less amounts capitalised		<u>(3,172,944)</u>	<u>(4,841,535)</u>
Subtotal - Other Materials, Contracts & Expenses		<u>2,254,696</u>	<u>1,653,920</u>
		<u>2,360,112</u>	<u>1,758,551</u>

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

Note 3 - EXPENSE con't

		2021	2020
	Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		216,239	212,764
Infrastructure		1,215,208	1,243,695
CWMS		117,820	90,599
Plant, Machinery & Equipment		348,535	374,840
Office Equipment, Furniture & Fittings		15,016	15,233
Other Assets		71,463	73,888
		1,984,281	2,011,019
FINANCE COSTS			
Interest on Loans		34,046	34,015
		34,046	34,015

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

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	Notes	2021	2020
		\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		198,573	67,736
Less: Carrying amount of assets sold		<u>(344,226)</u>	<u>(514,146)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(145,653)</u>	<u>(446,410)</u>

Note 5 - CURRENT ASSETS

	Notes	2021	2020
		\$	\$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		473,538	232,902
Deposits at Call		<u>7,283,860</u>	<u>7,774,798</u>
		<u>7,757,398</u>	<u>8,007,700</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		212,400	353,634
Accrued Revenues		201,754	2,662
Debtors - general		63,977	31,257
Other levels of Government		3,573	-
GST Recoupment		41,126	12,216
Prepayments		9,720	8,956
Loans to community organisations		<u>35,912</u>	<u>21,564</u>
		<u>568,462</u>	<u>430,289</u>
INVENTORIES			
Stores & Materials		<u>4,618</u>	<u>6,618</u>
		<u>4,618</u>	<u>6,618</u>

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

Note 6 - NON-CURRENT ASSETS

	Notes	2021 \$	2020 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		<u>200,157</u>	<u>308,130</u>
TOTAL FINANCIAL ASSETS		<u>200,157</u>	<u>308,130</u>
OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		<u>754,210</u>	<u>754,210</u>
		<u>754,210</u>	<u>754,210</u>
<i>Real estate held for resale - Current & Non-Current</i>			
<i>(Valued at the lower of cost and net realisable value)</i>			
<i>Residential</i>		<u>754,210</u>	<u>754,210</u>
<i>Total real estate held for resale</i>		<u>754,210</u>	<u>754,210</u>
<i>Represented by:</i>			
<i>Development Costs</i>		<u>754,210</u>	<u>754,210</u>
<i>Total Real Estate for Resale</i>		<u>754,210</u>	<u>754,210</u>
<i>Apportionment of Real Estate Developments</i>			
<i>Current Assets</i>		-	-
<i>Non-Current Assets</i>		<u>754,210</u>	<u>754,210</u>
		<u>754,210</u>	<u>754,210</u>

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

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

		2020				2021			
		\$				\$			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	3,312,900	-	-	3,312,900	3,312,900	-	-	3,312,900
Buildings & Other Structures	3	10,841,039	595,162	(4,613,178)	6,823,025	10,841,040	742,189	(4,829,416)	6,753,813
Infrastructure	3	-	-	-	-	-	-	-	-
Sealed		18,447,661	152,424	(5,268,879)	13,331,206	18,415,675	314,509	(5,512,670)	13,217,514
Unsealed		22,192,130	1,342,742	(13,836,916)	9,697,956	21,259,107	2,488,094	(13,946,839)	9,800,362
Kerbing & Guttering		3,493,826	205,321	(862,915)	2,836,232	3,493,826	205,321	(901,204)	2,797,943
Bridges		1,339,800	-	(885,682)	454,118	1,339,800	-	(898,938)	440,862
Culverts		84,912	17,323	(43,223)	59,012	84,912	17,323	(45,464)	56,771
Footpaths		2,860,826	74,764	(1,074,175)	1,861,415	2,860,826	118,009	(1,124,161)	1,854,674
CWMS	3	7,703,167	284,277	(2,464,472)	5,522,972	7,703,167	314,367	(2,582,292)	5,435,242
Plant, Machinery & Equipment		-	4,795,757	(2,227,670)	2,568,087	-	4,924,365	(2,112,532)	2,811,833
Office Equipment, Furniture & Fittings		-	218,388	(165,309)	53,079	-	169,512	(135,729)	33,783
Other Assets	3	3,465,000	77,480	(962,626)	2,579,854	3,464,999	1,159,445	(1,034,088)	3,590,356
Total IPP&E		73,741,261	7,763,638	(32,405,045)	49,099,856	72,776,252	10,453,134	(33,123,333)	50,106,053
	Comparatives	62,384,331	8,039,131	(25,672,701)	44,750,760	73,741,261	7,763,638	(32,405,045)	49,099,856

This Note continues on the following pages.

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020	CARRYING AMOUNT MOVEMENTS DURING YEAR						2021	
	\$	Additions		Disposals	Dep'n	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals			In	Out		
Land	3,312,900	-	-	-	-	-	-	-	3,312,900
Buildings & Other Structures	6,823,025	76,595	70,432	-	(216,239)	-	-	-	6,753,813
Infrastructure	-	-	-	-	-	-	-	-	-
Sealed	13,331,206	-	162,085	(57,105)	(323,535)	104,863	-	-	13,217,514
Unsealed	9,697,956	-	1,145,352	(150,183)	(787,900)	-	(104,863)	-	9,800,362
Kerbing & Guttering	2,836,232	-	-	-	(38,289)	-	-	-	2,797,943
Bridges	454,118	-	-	-	(13,256)	-	-	-	440,862
Culverts	59,012	-	-	-	(2,241)	-	-	-	56,771
Footpaths	1,861,415	-	43,245	-	(49,986)	-	-	-	1,854,674
CWMS	5,522,972	30,090	-	-	(117,820)	-	-	-	5,435,242
Plant, Machinery & Equipment	2,568,087	44,750	680,189	(132,658)	(348,535)	-	-	-	2,811,833
Office Equipment, Furniture & Fittings	53,079	-	-	(4,280)	(15,016)	-	-	-	33,783
Other Assets	2,579,854	1,081,965	-	-	(71,463)	-	-	-	3,590,356
Total IPP&E	49,099,856	1,233,400	2,101,303	(344,226)	(1,984,280)	104,863	(104,863)	-	50,106,053
Comparatives	44,750,760	2,511,597	2,513,340	(514,146)	(2,011,019)	-	-	1,849,322	49,099,856

This note continues on the following pages.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 7 (cont) – 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 Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

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

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

Office Furniture & Equipment	\$3,000
Other Plant & Equipment	\$3,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

Estimated Useful Lives:

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

<u>Plant, Furniture & Equipment</u>	
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
<u>Building & Other Structures</u>	
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
<u>Infrastructure</u>	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 55 years
Unsealed Roads	10 to 35 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
<u>Other Assets</u>	
Library Books	10 to 15 years
Artworks	indefinite

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

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

Land & Land Improvements

Land was revalued as at 1 July 2018 by Council staff and is consistent with valuations provided to Council from the Valuer Generals office. Additions are recognised at cost.

Buildings & Other Structures

Buildings were revalued as at 1 July 2018 by Asset Valuation & Consulting Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2020 with an application date of 1 July 2019, based on actual costs incurred during the reporting periods ended 30 June 2018 and 2019. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure were revalued as at 1 July 2017 by Gayler Professional Engineering Pty Ltd at depreciated current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management System

Community wastewater management system infrastructure was valued at depreciation current replacement cost as at 1 July 2018 by Gayler Professional Engineering Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Machinery & Equipment

These assets are recognised on the cost basis.

Office Equipment, Furniture & Fittings

These assets are recognised on the cost basis.

Other Assets

All other assets were revalued as at 1 July 2018 by Gayler Professional Engineering Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

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

Note 8 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		188,439		415,917	
Payments received in advance		538,081	-	504,777	-
Accrued expenses - employee entitlements		29,042	-	32,961	-
Accrued expenses - other		6,304	-	6,281	-
GST Payable		5,892	-	-	-
Payables to Other levels of Government		46,067	-	-	-
		813,825	-	959,936	-

BORROWINGS

Loans		128,773	572,922	135,624	586,928
		128,773	572,922	135,624	586,928

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

PROVISIONS

LSL Employee entitlements (including oncosts)		209,000	15,427	250,874	6,257
AL Employee entitlements (including oncosts)		190,242	-	227,773	-
		399,242	15,427	478,647	6,257

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

	34,098	87,631
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Movements in Provisions - 2021 year only
(current & non-current)

	Insurance Losses	Future Reinstatement	Other Provision
Opening Balance	-	-	484,904
Add Unwinding of present value discounts	-	-	-
Additional amounts recognised	-	-	-
(Less) Payments	-	-	70,235
Unused amounts reversed	-	-	-
Add (Less) Remeasurement Adjustments	-	-	-
Closing Balance	-	-	414,669

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
Notes	\$	\$	\$	\$
Land	2,036,422	-	-	2,036,422
Buildings & Other Structures	6,798,374	-	-	6,798,374
Infrastructure	16,582,720	-	-	16,582,720
CWMS	2,361,895	-	-	2,361,895
Plant, Machinery & Equipment	-	-	-	-
Office Equipment, Furniture & Fittings	-	-	-	-
Other Assets	1,771,879	-	-	1,771,879
TOTAL	29,551,290	-	-	29,551,290
Comparatives	27,701,968	1,849,322	-	29,551,290

OTHER RESERVES	1/7/2020	Transfers to Reserve	Transfers from Reserve	30/6/2021
CATV Re-Transmission	127,361	-	(22,759)	104,602
Cleve CWMS	329,320	1,201	-	330,521
Arno Bay CWMS Reserve	300,172	-	(300,150)	22
Arno Bay Boat Ramp Reserve	24,551	89	-	24,640
EERDAP Reserve	6,704	-	(6,704)	-
Arno Bay Harbour Mtc Reserve	85,723	313	-	86,036
TOTAL OTHER RESERVES	873,831	1,604	(329,613)	545,822
Comparatives	634,877	491,495	(252,541)	873,831

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)

Council maintain reserve accounts for specific purposes where income is generated for future expenditure. Including the Common Television Antenna Re-Transmission, the Common Wastewater Management Systems, the Arno Bay Boat Ramp and the Arno Bay Harbour maintenance.

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

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$	2020 \$
Total cash & equivalent assets	5	<u>7,757,398</u>	<u>8,007,700</u>
Balances per Cash Flow Statement		<u>7,757,398</u>	<u>8,007,700</u>

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

Net Surplus (Deficit)		1,021,298	1,377,450
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,984,280	2,011,019
Net increase (decrease) in unpaid employee benefits		(74,154)	(54,121)
Grants for capital acquisitions treated as Investing Activity		(722,547)	(1,050,004)
Net (Gain) Loss on Disposals		145,653	446,410
		<u>2,354,529</u>	<u>2,730,754</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(123,825)	220,563
Net (increase) decrease in inventories		2,000	1,871
Net increase (decrease) in trade & other payables		(142,192)	333,579
Net Cash provided by (or used in) operations		<u>2,090,512</u>	<u>3,286,767</u>

(d) Financing Arrangements

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

Bank Overdrafts	-	-
Corporate Credit Cards	21,000	21,000
LGFA Cash Advance Debenture facility	760,000	760,000

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

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

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	4,662,337	4,468,033	21,154	19,049	4,641,183	4,448,984	1,467,257	1,453,796	9,792,919	9,663,630
Public Order & Safety	10,025	9,607	165,590	149,113	(155,565)	(139,506)	-	-	175,802	173,481
Health	1,262	1,209	18,510	16,668	(17,248)	(15,459)	-	-	-	-
Housing & Community Services	150,229	143,968	1,057,781	952,527	(907,552)	(808,559)	283,615	165,709	5,735,665	5,659,941
Sport Recreation & Culture	115,588	110,771	629,851	567,178	(514,263)	(456,407)	-	12,241	5,330,533	5,260,158
Mining & Manufacture	9,819	9,410	75,569	68,050	(65,750)	(58,640)	-	-	-	-
Transport & Communication	1,305,224	1,250,828	2,420,384	2,179,546	(1,115,161)	(928,718)	1,324,335	1,560,433	34,779,558	34,320,390
Economic Affairs	22,607	21,665	116,783	105,163	(94,176)	(83,498)	-	6,786	493,977	487,455
Other Purposes	153,750	147,342	94,057	84,698	59,692	62,644	-	-	3,031,338	2,991,317
Governance	1,417	1,358	444,719	400,468	(443,302)	(399,110)	-	-	-	-
Support Services	29,435	28,208	952,687	857,891	(923,253)	(829,683)	-	-	51,106	50,431
Social Security & Welfare	-	-	20,202	18,192	(20,202)	(18,192)	-	-	-	-
TOTALS	6,461,692	6,192,399	6,017,288	5,418,543	444,403	773,856	3,075,207	3,198,965	59,390,898	58,606,803

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

Revenues, Local Government Grants Commission – General Purpose and Separate and Special Rates.

Public Order & Safety

Public Order and Safety, Crime Prevention, Emergency Services, Fire Protection, Telecommunications Networks and Other Community Amenities. Dog and Cat Control.

Health

Hospital and Health Centre, Pest Animal and Insect Control, Immunisations, Preventive Health Services, Health Inspections, Other Health Services.

Housing & Community Services

Sewerage/CWMS Systems, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facilities, Other Waste Management, Cemeteries/Crematoria, Public Conveniences, Town Planning, Street Cleaning, Street Lighting , Other Housing and Community Services.

Sport Recreation and Culture

Library Services, Cultural Venues, Heritage, Museums, the Arts, Jetty ,Boat Ramp, Other Marine Facilities, Parks and Gardens, Sports Centres, Swimming Pools, Skate Park, and Other Sport, Recreational or Cultural Facilities and Services.

Mining & Manufacturing

Administration of the Development Act (Building), Quarries and Drilling, Other Mining, Manufacturing and Construction.

Transport & Communications

Aerodrome, Bridges, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, Storm Water Drainage , On Street Parking, Local Government Grants Commission – Roads (formula funded),and Other Transport and Communications.

Economic Affairs

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development, Development of Land for Resale, Private Works, Marinas/Boat Havens, Caravan Park, Parking Off Street, Sale Yards.

Other Purposes N.E.C.

Loans, Plant and Machinery, Depot and Overhead Expenses, Vandalism, Pest Plants, Other Property and Services, Other General Purposes N.E.C.

Governance

Governance, Administration N.E.C., Elected Members, Organisational/Corporate.

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.

Social Security & Welfare

Senior Citizen community events

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

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning interest rates between 0.25% and 0.75% (2020: 1% and 2%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2020: 2%) 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>
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 - 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; interest is charged at fixed or variable rates between 2.15% and 5.5% (2020: 2.2% and 7%)</p> <p>Carrying amount: approximates fair value.</p>

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	7,757,398	-	-	7,757,398	7,757,398
Receivables	558,742	200,157	-	758,899	758,899
Total	8,316,140	200,157	-	8,516,297	8,516,297
Financial Liabilities					
Payables	778,479	-	-	778,479	778,479
Current Borrowings	152,147	-	-	152,147	128,773
Non-Current Borrowings	-	646,769	-	646,769	572,922
Total	930,626	646,769	-	1,577,395	1,480,174
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	8,007,700	-	-	8,007,700	8,007,700
Receivables	430,289	308,130	-	738,419	729,463
Total	8,437,989	308,130	-	8,746,119	8,737,163
Financial Liabilities					
Payables	920,694	-	-	920,694	920,694
Current Borrowings	160,549	-	-	160,549	135,624
Non-Current Borrowings	-	482,325	181,096	663,421	586,928
Total	1,081,243	482,325	181,096	1,744,664	1,643,246

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	2.05	87,501	2.2	159,561
Fixed Interest Rates	4.06	614,194	4.8	562,991
		701,695		722,552

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

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

Note 13 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	6.9%	12.5%	18.4%
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>	-102%	-106%	-88%
Total Operating Income			

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

Adjustments to Ratios

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

<i>Adjusted Operating Surplus Ratio</i>	7.1%	11.9%	18.6%
<i>Adjusted Net Financial Liabilities Ratio</i>	-90%	-94%	-77%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	79%	104%	102.5%
Net Asset Renewals - IAMP			

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

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

Note 14 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2021		2020
	\$		\$
Income	6,461,692		6,192,399
Expenses	(6,017,288)		(5,418,543)
Operating Surplus / (Deficit)	444,403		773,856
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,101,303)		(2,513,340)
Add back Depreciation, Amortisation and Impairment	1,984,281		2,011,019
Proceeds from Sale of Replaced Assets	198,573		67,736
	81,551		(434,585)
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,233,400)		(1,067,173)
Amounts received specifically for New and Upgraded Assets	722,547		1,050,006
	(510,853)		(17,167)
Net Lending / (Borrowing) for Financial Year	15,102		322,104

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

Note 15 – SUPERANNUATION

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

Accumulation only Members

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

Salarylink (Defined Benefit Fund) Members

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

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(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 Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 16 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE BALANCE SHEET

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 1,560 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. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of NIL 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 Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 17 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 10 persons were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	637,969	504,576
TOTAL	637,969	504,576

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

	2021	2020
	\$	\$
Contributions for fringe benefits tax purposes	4,222	5,889
Rentals for Council property	19,552	19,552
TOTAL	23,774	25,441

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Purchases from Cleve Hotel Motel, Cleve Foodland, Cleve Butcher Shop, Cleve Field Days, Cleve Golf Club and Quinns Overnight Freight totalled \$14,362.

The following KMPs were part of the following committees during the 2020-21 financial year:

Cleve Field Days Committee - 1 KMP

Cleve Golf Club - 1 KMP

Eastern Eyre CFS Group - 1 KMP

Cleve SES Group - 1 KMP

In accordance with the Local Government Act 1999, these Elected Members declared a conflict of interest and left the council meeting environs when any matter affecting their club/group was discussed or voted on.

District Council of Cleve Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Other Information – Basis of Accounting and Restriction on Distribution

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

Responsibilities of Management for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange this 24 October 2021

Ian G McDonald FCA

Independent Assurance Report on the Internal Controls of the District Council of Cleve

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

Opinion

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

Basis for Opinion

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

Limitation on Use

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

Inherent Limitations

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

The Council's Responsibility for the Internal Controls

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

Our Responsibility

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

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

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



Ian G McDonald FCA
Chartered Accountant
Registered Company Auditor 16458

Signed at Grange, 24 October 2021

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**District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2021**

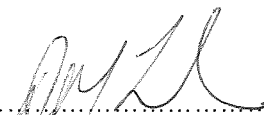
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Cleve for the year ended 30 June 2021, the Council's Auditor, Ian G McDonald FCA has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....
Rob Donaldson
ACTING CHIEF EXECUTIVE OFFICER



.....
David Frick
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 20 October 2021

District Council of Cleve

Annual Financial Statement

For the year ended 30 June 2021

Audit Certificate of Audit Independence

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

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



Ian G McDonald FCA

Date: 22 September 2021