



**General Purpose Financial Reports
for the year ended 30 June 2024**

District Council of Cleve
General Purpose Financial Reports
for the year ended 30 June 2024

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**District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2024**

CERTIFICATION OF FINANCIAL STATEMENTS

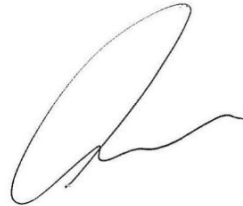
We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- 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 2024 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.



.....
David Penfold
CHIEF EXECUTIVE OFFICER

Date: 6 November 2024



.....
Phil Cameron
MAYOR/COUNCILLOR

Date: 6 November 2024

District Council of Cleve
Statement of Comprehensive Income
for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
INCOME			
Rates	2	4,146,508	3,788,145
Statutory charges	2	51,981	27,491
User charges	2	96,153	93,455
Grants, subsidies and contributions - Capital	2	584,022	315,019
Grants, subsidies and contributions - Operating	2	1,528,562	3,021,600
Investment income	2	188,855	166,179
Reimbursements	2	85,102	116,343
Other income	2	113,842	64,463
Total Income		6,795,025	7,592,695
EXPENSES			
Employee costs	3	2,472,412	2,449,071
Materials, contracts & other expenses	3	2,766,529	2,748,600
Depreciation, amortisation & impairment	3	2,564,994	1,956,975
Finance costs	3	22,486	25,132
Total Expenses		7,826,421	7,179,778
OPERATING SURPLUS / (DEFICIT)		(1,031,396)	412,917
Asset disposal & fair value adjustments	4	47,542	41,074
Amounts received specifically for new or upgraded assets	2	1,890,207	2,634,249
NET SURPLUS / (DEFICIT) transferred to Equity Statement		906,353	3,088,240
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	11,896,316	-
Total Other Comprehensive Income		11,896,316	-
TOTAL COMPREHENSIVE INCOME		12,802,669	3,088,240

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

District Council of Cleve
Statement of Financial Position
as at 30 June 2024

		2024	2023
ASSETS	Notes	\$	\$
Current Assets			
Cash and cash equivalents	5	5,460,482	6,179,146
Trade & other receivables	5	313,155	1,024,541
Inventories	5	15,199	8,842
Total Current Assets		5,788,836	7,212,529
Non-current Assets			
Financial assets	6	105,048	109,028
Infrastructure, property, plant & equipment	7	69,760,131	53,893,890
Other non-current assets	6	754,210	1,805,533
Total Non-current Assets		70,619,389	55,808,451
Total Assets		76,408,225	63,020,980
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,081,593	446,530
Borrowings	8	65,553	102,963
Provisions	8	316,026	312,962
Total Current Liabilities		1,463,172	862,455
Non-current Liabilities			
Borrowings	8	339,043	339,598
Provisions	8	33,294	48,882
Total Non-current Liabilities		372,337	388,480
Total Liabilities		1,835,509	1,250,935
NET ASSETS		74,572,716	61,770,045
EQUITY			
Accumulated surplus		32,538,795	31,660,978
Asset revaluation reserves	9	41,376,244	29,479,928
Other reserves	9	657,677	629,141
TOTAL EQUITY		74,572,716	61,770,047

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 2024

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2024	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		31,660,978	29,479,928	629,141	61,770,047
Net Surplus / (Deficit) for Year		906,353	-	-	906,353
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	11,896,316	-	11,896,316
Transfers between reserves		(28,536)	-	28,536	-
Balance at end of period	9	32,538,795	41,376,244	657,677	74,572,716

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2023	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		28,560,879	29,479,928	640,999	58,681,807
Net Surplus / (Deficit) for Year		3,088,240	-	-	3,088,240
Other Comprehensive Income					
Transfers between reserves		11,858	-	(11,858)	-
Balance at end of period	9	31,660,978	29,479,928	629,141	61,770,047

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 2024

		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Rates - general & other		4,159,525	3,773,744
Fees & other charges		57,179	30,240
User charges		636,202	224,101
Investment receipts		192,098	151,175
Grants utilised for operating purposes		1,529,182	2,929,376
Reimbursements		93,612	127,977
Other revenues		563,032	662,270
Payments:			
Employee costs		(2,493,961)	(2,397,040)
Materials, contracts & other expenses		(3,022,494)	(3,737,064)
Finance payments		(22,693)	(25,706)
Net Cash provided by (or used in) Operating Activities		1,691,682	1,739,072
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets		1,890,207	1,979,395
Grants utilised for capital` purposes		1,181,608	330,770
Sale of replaced assets		57,000	77,727
Repayments of loans by community groups		-	83,512
Payments:			
Expenditure on renewal/replacement of assets		(3,290,828)	(2,430,676)
Expenditure on new/upgraded assets		(2,202,225)	(3,210,862)
Loans made to community groups		(8,143)	-
Net Cash provided by (or used in) Investing Activities		(2,372,381)	(3,170,134)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(37,965)	(142,861)
Net Cash provided by (or used in) Financing Activities		(37,965)	(142,861)
Net Increase (Decrease) in cash held		(718,664)	(1,573,923)
Cash & cash equivalents at beginning of period	10	6,179,146	7,753,069
Cash & cash equivalents at end of period	10	5,460,482	6,179,146

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 2024

Note 1 - Material 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 on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 6 November 2024.

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 material to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

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 Council enters into transactions where the consideration to acquire an asset is materially 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 2024

Note 1 - Material 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	2,026,300	1,647,009	+	379,291
2019-20	1,496,797	1,651,904	-	155,107
2020-21	1,457,819	1,668,774	-	210,955
2021-22	2,177,600	1,721,581	+	456,019
2022-23	2,396,476	1,780,455	+	616,021
2023-24	74,603	1,855,058	-	1,780,455

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 amount of the distortion for FY 24 is (\$1.8M). FY23: \$616k.

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 Contract Revenue

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 immaterial 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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024
Note 1 - Material Accounting Policies

5 Inventories

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

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, 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.

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. Material uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

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

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

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024
Note 1 - Material Accounting Policies

6.5 Impairment

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

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

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

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

8 Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

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.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024
Note 1 - Material Accounting Policies

Superannuation:

The Council makes employer superannuation contributions in respect of its employees to the Hostplus 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 operational life of these facilities, and material uncertainty exists in the estimation of the future closure date.

10 Goods & Services Tax

In accordance with interpretation of 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.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2 - INCOME

	2024	2023
Notes	\$	\$
RATES REVENUES		
<u>General Rates</u>	3,474,181	3,166,476
Less: Mandatory rebates	(39,508)	(34,969)
Less: Discretionary rebates, remissions & write offs	(18,151)	(16,337)
	<u>3,416,522</u>	<u>3,115,170</u>
<u>Other Rates</u> (including service charges)		
Landscape levy	116,848	108,428
Waste collection	242,978	222,208
Community wastewater management systems	357,925	333,059
Separate and Special Rates	4,800	4,435
	<u>722,551</u>	<u>668,130</u>
<u>Other Charges</u>		
Penalties for late payment	22,206	19,515
Legal & other costs recovered	3,106	-
	<u>25,312</u>	<u>19,515</u>
Less: Discretionary rebates, remissions & write offs	(17,877)	(14,670)
	<u>4,146,508</u>	<u>3,788,145</u>
STATUTORY CHARGES		
Development Act fees	40,881	13,937
Town planning fees	3,637	4,933
Health & Septic Tank Inspection fees	792	1,383
Animal registration fees & fines	6,671	7,238
	<u>51,981</u>	<u>27,491</u>
USER CHARGES		
Cemetery/crematoria fees	23,083	10,695
Arno Bay Harbour fees	23,967	22,740
Sanitation & garbage fees	18,137	26,733
Council house rentals	11,200	5,250
Standpipe water	11,632	8,293
Hall & equipment hire	3,652	1,101
Sundry	4,482	18,643
	<u>96,153</u>	<u>93,455</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2 - INCOME (con't)

		2024	2023
	Notes	\$	\$
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		183,432	157,745
Loans to community groups		5,423	8,434
		<u>188,855</u>	<u>166,179</u>
REIMBURSEMENTS			
Private works		56,773	6,019
Other		28,329	110,324
		<u>85,102</u>	<u>116,343</u>
OTHER INCOME			
Insurance & other recoupments		16,417	14,866
OHCS		51,700	-
Sundry		45,725	49,597
		<u>113,842</u>	<u>64,463</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Amounts received specifically for new or upgraded assets</i>		1,890,207	2,634,249
<i>Other grants, subsidies and contributions - Capital</i>			
Roads to Recovery		584,022	315,019
<i>S/Tot Other grants, subsidies and contributions - Capital</i>		<u>584,022</u>	<u>315,019</u>
<i>Other grants, subsidies and contributions - Operating</i>			
Untied - Financial Assistance Grant		74,603	2,396,476
LRCIP Phase 4		457,235	-
Supplementary Local Roads Funding		196,572	-
Identified Local Road Grant		27,211	-
Library & Communications		3,806	-
Disaster Recovery Fund		751,515	597,586
Green Industries		3,476	27,538
Other		4,144	-
EP Landscape Board		10,000	-
<i>S/Tot Other grants, subsidies and contributions - Operating</i>		<u>1,528,562</u>	<u>3,021,600</u>
Grants Included in Operating Surplus/(deficit)	11	<u>2,112,584</u>	<u>3,336,619</u>
Total Grants all sources		<u>4,002,791</u>	<u>5,970,868</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2 - INCOME (con't)

		2024	2023
Sources of grants	Notes	\$	\$
Commonwealth government		2,931,464	2,949,268
State government		1,067,183	3,021,600
Other		4,144	-
		<u>4,002,791</u>	<u>5,970,868</u>

Individually Material Item

Financial Assistance Grant Paid in Advance	-	616,021
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Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

<i>Unexpended at the close of the previous reporting period</i>	1,780,455	1,247,612
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>		
<i>Roads Infrastructure (FAG's Paid in Advance)</i>	<u>(1,780,455)</u>	<u>(1,247,612)</u>
<i>Subtotal</i>	<u>(1,780,455)</u>	<u>(1,247,612)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure (FAG's Paid in Advance)</i>	<u>-</u>	<u>1,780,455</u>
<i>Unexpended at the close of this reporting period</i>	<u>-</u>	<u>1,780,455</u>
<i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>	<u>(1,780,455)</u>	<u>532,843</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3 - EXPENSE

	Notes	2024 \$	2023 \$
EMPLOYEE COSTS			
Salaries and Wages		2,291,872	2,181,392
Employee leave expense		142,115	189,366
Superannuation - defined contribution plan contributions	15	188,098	181,528
Superannuation - defined benefit plan contributions	15	20,360	19,324
Workers' Compensation Insurance		65,730	52,784
Less: Capitalised and distributed costs		(235,763)	(175,323)
Total Operating Employee Costs		2,472,412	2,449,071
Total Number of Employees		25	22
<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		13,000	13,572
Elected members' expenses		74,084	75,746
Election expenses		607	9,651
Subtotal - Prescribed Expenses		87,691	98,969
<u>Other Materials, Contracts & Expenses</u>			
Advertising & Printing		32,595	69,645
Contractors - Operating		729,851	703,384
Materials, Contracts & Other Capital		6,308,614	5,315,758
Energy		92,599	77,521
Freight		15,603	38,317
Fringe Benefits Tax		27,547	18,905
Insurance		221,289	210,498
Maintenance		-	14,938
Materials - Operating		339,387	378,583
Legal Expenses		218,387	166,492
Levies paid to government - Landscape levy		116,583	108,794
- Other Levies		11,891	57,235
Membership & Subscriptions		59,987	69,506
Parts, accessories & consumables		109,119	104,520
Professional Services		185,684	177,119
Registration		41,797	46,232
Telecommunication & Internet		21,849	19,952
Training		47,458	35,919
Travel		45,223	31,474
Water		102,004	69,460
Sundry		259,986	251,137

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3 - EXPENSE con't

	2024	2023
Notes	\$	\$
Less: Capitalised and Distributed Costs	<u>(6,308,614)</u>	<u>(5,315,758)</u>
Subtotal - Other Materials, Contracts & Expenses	<u>2,678,839</u>	<u>2,649,631</u>
	<u>2,766,530</u>	<u>2,748,600</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	567,411	203,652
Infrastructure		
Sealed	433,130	325,007
Unsealed	911,395	619,593
Kerbing & Guttering	56,684	38,289
Bridges	19,564	13,256
Culverts	2,249	2,167
Footpaths	55,753	50,345
CWMS	144,266	117,820
Plant, Machinery & Equipment	368,650	384,014
Office Equipment, Furniture & Fittings	5,892	5,892
Other Assets	-	196,940
	<u>2,564,994</u>	<u>1,956,975</u>
FINANCE COSTS		
Interest on Loans	22,486	25,132
	<u>22,486</u>	<u>25,132</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2024	2023
	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	57,000	77,727
Less: Carrying amount of assets sold	<u>9,458</u>	<u>36,653</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>47,542</u>	<u>41,074</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	219,923	(39,035)
Deposits at Call	<u>5,240,559</u>	<u>6,218,181</u>
	<u>5,460,482</u>	<u>6,179,146</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	209,052	222,069
Accrued Revenues	13,761	614,590
Debtors - general	11,543	7,977
Other levels of Government	2,964	3,584
GST Recoupment	30,200	142,809
Loans to community organisations	<u>45,635</u>	<u>33,512</u>
	<u>313,155</u>	<u>1,024,541</u>
INVENTORIES		
Stores & Materials	<u>15,199</u>	<u>8,842</u>
	<u>15,199</u>	<u>8,842</u>

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS		
Receivables		
Loans to community organisations	<u>105,048</u>	<u>109,028</u>
TOTAL FINANCIAL ASSETS	<u>105,048</u>	<u>109,028</u>
OTHER NON-CURRENT ASSETS		
Inventories		
Real Estate Developments	754,210	754,210
Capital Works-in-Progress	<u>-</u>	<u>1,051,323</u>
	<u>754,210</u>	<u>1,805,533</u>
Real Estate Developments - Current & Non-Current		
<i>(Valued at the lower of cost and net realisable value)</i>		
<i>Residential</i>	754,210	754,210
<i>Represented by:</i>		
<i>Development Costs</i>	<u>754,210</u>	<u>754,210</u>
Total Real Estate for Resale	<u>754,210</u>	<u>754,210</u>
Apportionment of Real Estate Developments		
<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 2024

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

	Fair Value Level	2023				2024			
		\$				\$			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	3,574,701	-	-	3,574,701	3,574,701	-	-	3,574,701
Buildings & Other Structures	3	13,681,991	742,189	(5,189,636)	9,234,543	26,433,499	3,253,548	(10,489,809)	19,197,238
Infrastructure									
Sealed	3	18,953,547	314,509	(6,004,088)	13,263,969	22,755,861	1,300,200	(7,477,833)	16,578,228
Unsealed	3	22,700,582	2,488,094	(14,536,825)	10,651,851	25,466,430	807,791	(11,387,077)	14,887,144
Kerbing & Guttering	3	3,495,791	205,321	(977,784)	2,723,329	4,534,698	34,234	(1,398,923)	3,170,009
Bridges	3	1,339,800	-	(925,452)	414,349	1,490,560	-	(1,451,432)	39,128
Culverts	3	119,094	17,323	(49,870)	86,546	179,900	-	(78,940)	100,960
Footpaths	3	2,890,226	212,064	(1,216,865)	1,885,425	3,735,297	-	(1,445,765)	2,289,532
CWMS	3	7,703,166	434,367	(2,817,932)	5,319,603	9,417,462	8,886	(2,806,173)	6,620,175
Plant, Machinery & Equipment		-	5,207,030	(2,694,084)	2,512,946	-	6,134,360	(2,923,590)	3,210,770
Office Equipment, Furniture & Fittings		68,538	169,512	(151,200)	86,850	-	249,338	(157,092)	92,246
Other Assets	3	3,486,559	1,955,663	(1,302,440)	4,139,782	-	-	-	-
Total IPP&E		78,013,995	11,746,072	(35,866,178)	53,893,890	97,588,408	11,788,357	(39,616,634)	69,760,131
Comparatives		72,692,239	11,691,684	(33,987,484)	50,396,440	78,013,995	11,746,072	(35,866,178)	53,893,890

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 2024

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2023 \$	Carrying Amounts Movement During the Year \$								2024 \$
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Land	3,574,701	-	-	-	-	-	-	-	-	3,574,701
Buildings & Other Structures	9,234,544	3,253,548	52,499	-	(567,411)	-	4,139,782	-	3,084,276	19,197,238
Infrastructure										
Sealed	13,263,967	-	1,300,200	-	(433,130)	-	-	-	2,447,191	16,578,228
Unsealed	10,651,851	-	807,791	-	(911,395)	-	-	-	4,338,897	14,887,144
Kerbing & Guttering	2,723,328	-	34,234	-	(56,684)	-	-	-	469,131	3,170,009
Bridges	414,348	-	-	-	(19,564)	-	-	-	(355,656)	39,128
Culverts	86,547	-	-	-	(2,249)	-	-	-	16,662	100,960
Footpaths	1,885,424	-	-	-	(55,753)	-	-	-	459,861	2,289,532
CWMS	5,319,601	-	8,886	-	(144,266)	-	-	-	1,435,954	6,620,175
Plant, Machinery & Equipment	2,512,946	-	1,075,931	(9,458)	(368,649)	-	-	-	-	3,210,770
Office Equipment, Furniture & Fittings	86,850	-	11,288	-	(5,892)	-	-	-	-	92,246
Other Assets	4,139,782	-	-	-	-	-	-	(4,139,782)	-	-
Total IPP&E	53,893,889	3,253,548	3,290,829	(9,458)	(2,564,993)	-	4,139,782	(4,139,782)	11,896,316	69,760,131
<i>Comparatives</i>	<i>50,396,440</i>	<i>3,060,405</i>	<i>2,430,676</i>	<i>(36,653)</i>	<i>(1,956,975)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>53,893,890</i>

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 2024

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, current replacement cost is taken to be the fair value.

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.

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

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

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

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

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

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

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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	3,000
Road construction & reconstruction	10,000
Paving & footpaths, Kerb & Gutter	3,000
Drains & Culverts	5,000
Reticulation extensions	5,000
Sidelines & household connections	5,000
Artworks	5,000

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains & Culverts	80 to 100 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC Other	70 to 80 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite
Right-of-use assets (refer Note 17)	2 to 3 years

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

Buildings, Structures and Other Community Assets

- Date of valuation: 01/07/2023
- Valuer: Mitch Ekonomopoulos AAPI, and Nick Fein BENG (Mech) MIEAust, of AVR Consulting.
- Basis of valuation:
 - Market Value - for buildings where a market value can be reliably determined.
 - Current Replacement Cost - for buildings where there is no active market due to specialised nature of the assets and the service they provide.
- (if applicable) Council reviews unit rates annually in between revaluations, based on approaches followed in the local government sector.

Infrastructure

- Date of valuation: 01/07/2023
- Valuer: Mitch Ekonomopoulos AAPI, and Nick Fein BENG (Mech) MIEAust, of AVR Consulting.
- Basis of valuation: Current Replacement Cost - comprised by gross replacement cost (based on estimated unit costs for which a substitute asset with similar service potential, physical characteristics, dimensions, depth and environmental parameters could be constructed) and accumulated depreciation (estimated total and remaining useful lives informed by the condition assessment of the asset, and the planned asset management strategy applicable to the asset).
- (if applicable) Council reviews unit rates annually in between revaluations, based on approaches followed in the local government sector.

CWMS

- Date of valuation: 01/07/2023
- Valuer: Mitch Ekonomopoulos AAPI, and Nick Fein BENG (Mech) MIEAust, of AVR Consulting.
- Basis of valuation: Current Replacement Cost - comprised by gross replacement cost (based on estimated unit costs for which a substitute asset with similar service potential, physical characteristics, dimensions, depth and environmental parameters could be constructed) and accumulated depreciation (estimated total and remaining useful lives informed by the condition assessment of the asset, and the planned asset management strategy applicable to the asset).
- (if applicable) Council reviews unit rates annually in between revaluations, based on approaches followed in the local government sector.

Plant, Furniture & Equipment

These assets are recognised at cost.

Office Equipment, Furniture & Fittings

These assets are recognised at cost.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 8 - LIABILITIES

		2024		2023	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		471,628	-	369,336	-
Payments received in advance		534,000	-	-	-
Accrued expenses - employee entitlements		30,708	-	39,733	-
Accrued expenses - other		4,519	-	4,726	-
GST Payable		3,100	-	1,243	-
Other		37,638	-	31,492	-
		<u>1,081,593</u>	<u>-</u>	<u>446,530</u>	<u>-</u>
BORROWINGS					
Loans		65,553	339,043	102,963	339,598
		<u>65,553</u>	<u>339,043</u>	<u>102,963</u>	<u>339,598</u>

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

PROVISIONS

LSL Employee entitlements (including oncosts)	97,534	33,294	97,106	48,882
AL Employee entitlements (including oncosts)	218,492	-	215,856	-
	<u>316,026</u>	<u>33,294</u>	<u>312,962</u>	<u>48,882</u>

Movements in Provisions - 2024 year only

(current & non-current)

<i>Opening Balance</i>	<i>361,844</i>
<i>(Less) Payments</i>	<i>(12,524)</i>
<i>Closing Balance</i>	<u><i>349,320</i></u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2023	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2024
Notes	\$	\$	\$	\$
Land	2,036,422	-	-	2,036,422
Buildings & Other Structures	6,798,374	3,084,276	1,771,879	11,654,529
Infrastructure	16,511,358	7,376,086	-	23,887,444
CWMS	2,361,895	1,435,954	-	3,797,849
Other Assets	1,771,879	-	(1,771,879)	-
TOTAL	29,479,928	11,896,316	-	41,376,244
Comparatives	29,479,928	-	-	29,479,928

OTHER RESERVES	1/7/2023	Transfers to Reserve	Transfers from Reserve	30/6/2024
CATV Re-Transmission	74,556	3,385	-	77,941
Cleve CWMS	444,512	20,182	-	464,694
Arno Bay CWMS Reserve	22,976	1,044	-	24,020
Arno Bay Boat Ramp Reserve	25,665	1,134	-	26,799
Arno Bay Harbour Mtc Reserve	61,432	2,790	-	64,222
TOTAL OTHER RESERVES	629,141	28,536	-	657,677
Comparatives	640,999	20,027	(31,885)	629,141

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).

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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	2024 \$	2023 \$
Total cash & equivalent assets	5	5,460,482	6,179,146
Balances per Cash Flow Statement		5,460,482	6,179,146

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

Net Surplus (Deficit)	906,353	3,088,240
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,564,993	1,956,975
Net increase (decrease) in unpaid employee benefits	(21,549)	52,031
Grants for capital acquisitions treated as Investing Activity	(3,071,815)	(2,310,165)
Net (Gain) Loss on Disposals	(47,542)	(41,074)
	330,440	2,746,008
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	725,368	(192,421)
Net (increase) decrease in inventories	(6,357)	9,601
Net increase (decrease) in trade & other payables	642,231	(824,115)
Net Cash provided by (or used in) operations	1,691,682	1,739,072

(c) Financing Arrangements

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

Corporate Credit Cards	25,000	21,000
LGFA Cash Advance Debenture facility	570,000	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 2024

Note 11 - FUNCTIONS

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

	Operating Income		Operating Expenses		Operating Surplus/ (Deficit)		Grants Included in Operating Income		Total Assets Held (Current & Non-Current)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	4,924,335	5,502,404	28,186	25,857	4,896,149	5,476,547	78,747	2,396,476	12,546,555	10,348,313
Public Order & Safety	10,422	11,646	220,633	202,404	(210,211)	(190,759)	-	-	225,235	185,772
Health	1,312	1,466	24,663	22,625	(23,351)	(21,159)	-	-	-	-
Housing & Community Services	156,185	174,519	1,124,018	1,031,149	(967,834)	(856,629)	464,517	2,634,249	7,348,456	6,060,956
Sport Recreation & Culture	120,171	134,278	839,220	769,881	(719,049)	(635,604)	-	-	6,829,406	5,632,848
Mining & Manufacture	10,209	11,407	100,690	92,370	(90,481)	(80,963)	-	-	-	-
Transport & Communication	1,356,969	1,516,264	3,224,946	2,958,491	(1,867,977)	(1,442,227)	1,559,320	912,605	44,876,511	37,013,840
Economic Affairs	23,503	26,262	155,604	142,747	(132,100)	(116,485)	-	-	632,877	521,992
Other Purposes	159,845	178,609	125,323	114,968	34,522	63,641	10,000	27,538	3,883,709	3,203,257
Governance	1,473	1,646	592,549	543,591	(591,076)	(541,945)	-	-	-	-
Support Services	30,602	34,194	1,363,671	1,251,001	(1,333,070)	(1,216,807)	-	-	65,476	54,004
Social Security & Welfare	-	-	26,918	24,694	(26,918)	(24,694)	-	-	-	-
TOTALS	6,795,025	7,592,695	7,826,421	7,179,778	(1,031,396)	412,917	2,112,584	5,970,868	76,408,225	63,020,982

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

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

Community Services

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

Culture

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

Economic Development

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

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot

Unclassified Activities

Council Administration

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

Governance

Audit & Assurance, Planning and Performance, Legal Services and Major Projects. Equity accounted Council businesses Net Gain equity accounting Council businesses Net Loss equity accounting Council businesses

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

**Bank, Deposits at Call, Short
Term Deposits**

Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

Terms & conditions: Deposits are returning fixed interest rates between 4.3% and 4.65% (2023: 1.05% and 4.3%).

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

Receivables - Rates & Associated

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

Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2023: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

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

**Receivables - Fees & other
charges**

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

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

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

**Receivables - other levels of
government**

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

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

Carrying amount: approximates fair value.

District Council of Cleve

Notes to and forming part of the Financial Statements

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liabilities - Creditors and Accruals

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

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

Carrying amount: approximates fair value.

Liabilities - Interest Bearing Borrowings

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

Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 2.15% and 6.15% (2023: 2.15% and 5.5%)

Carrying amount: approximates fair value.

Liquidity Analysis

2024	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	5,460,482	-	-	5,460,482	5,460,482
Receivables	418,203	-	-	418,203	418,203
Total	5,878,685	-	-	5,878,685	5,878,685
<u>Financial Liabilities</u>					
Payables	1,046,366	-	-	1,046,366	1,046,366
Current Borrowings	78,391	-	-	78,391	65,553
Non-Current Borrowings	-	358,825	-	358,825	339,043
Total	1,124,757	358,825	-	1,483,582	1,450,962

2023	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	6,218,182	-	-	6,218,182	6,179,146
Receivables	376,439	142,540	-	518,979	1,133,569
Other Financial Assets	-	-	-	-	-
Total	6,594,621	142,540	-	6,737,161	7,312,715
<u>Financial Liabilities</u>					
Payables	1,064,628	-	-	1,064,628	402,071
Current Borrowings	-	-	-	-	102,963
Non-Current Borrowings	118,389	339,598	-	457,987	339,598
Total	1,183,017	339,598	-	1,522,615	844,632

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 12 - FINANCIAL INSTRUMENTS (con't)

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

	30 June 2024		30 June 2023	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	6.2%	65,000	6.05	40,000
Fixed Interest Rates	4.1%	339,596	3.99	402,560
		<u>404,596</u>		<u>442,560</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13 - FINANCIAL INDICATORS

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

	2024	2023	2022
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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.

Adjusted Operating Surplus Ratio	8.7%	-1.7%	7.7%
Adjusted Net Financial Liabilities Ratio	-47%	-61%	-80%

Asset Renewal Funding Ratio

<u>Outlays on Existing Assets</u>	90%	60%	88%
Asset Renewals - IAMP			

Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.

Operating Surplus Ratio

<u>Operating Surplus</u>	-15.2%	5.4%	11.1%
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>	-60%	-80%	-95%
Total Operating Income			

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

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 14 - UNIFORM PRESENTATION OF FINANCES

The following is a detailed summary of both operating and capital investment activities of the Council prepared on a modified Uniform Presentation Framework basis, adjusted for timing differences associated with prepaid Federal assistance Grants required to be recognised as revenue on receipt in accordance with Australian Accounting Standards.

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.

	2024	2023
	\$	\$
Income		
<i>Rates</i>	4,146,508	3,788,145
<i>Statutory charges</i>	51,981	27,491
<i>User charges</i>	96,153	93,455
<i>Grants, subsidies and contributions - Capital</i>	584,022	315,019
<i>Grants, subsidies and contributions - Operating</i>	1,528,562	3,021,600
<i>Investment income</i>	188,855	166,179
<i>Reimbursements</i>	85,102	116,343
<i>Other income</i>	113,842	64,463
	<u>6,795,025</u>	<u>7,592,695</u>
Expenses		
<i>Employee costs</i>	(2,472,412)	(2,449,071)
<i>Materials, contracts and other expenses</i>	(2,766,529)	(2,748,600)
<i>Depreciation, amortisation and impairment</i>	(2,564,994)	(1,956,975)
<i>Finance costs</i>	(22,486)	(25,132)
	<u>(7,826,421)</u>	<u>(7,179,778)</u>
Operating Surplus / (Deficit)	<u>(1,031,396)</u>	412,917
Net Timing Adjustment for General Purpose Funding	1,780,455	(532,843)
Less: Grants, Subsidies & Contributions - Capital	<u>(584,022)</u>	<u>(315,019)</u>
Adjusted Operating Surplus / (Deficit)	<u>165,037</u>	<u>(434,945)</u>
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(3,290,828)	(2,430,676)
Add back Depreciation, Amortisation and Impairment	2,564,993	1,956,975
Grants Subsidies and Contributions - Capital Renewal	584,022	315,019
Proceeds from Sale of Replaced Assets	57,000	77,727
	<u>(84,813)</u>	<u>(80,955)</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(2,202,225)	(3,210,862)
Amounts received specifically for New and Upgraded Assets	1,890,207	1,979,395
	<u>(312,018)</u>	<u>(1,231,467)</u>
Adjusted Annual Net Impact to Financing Activities surplus/ (deficit)	<u>(231,794)</u>	<u>(1,747,367)</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 15 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11% in 2023-24; 10.5% in 2022-23). 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 2022-23) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2024. 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 2024

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.

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 xx 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 2024

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:

	2024	2023
	\$	\$
Salaries, allowances & other short term benefits	618,063	518,850
Termination benefits	-	146,447
TOTAL	618,063	665,297

Allowances / benefits incurred in the ordinary course of performing the KMPs role, and amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

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

	2024	2023
	\$	\$
Contributions for fringe benefits tax purposes	44,043	35,063
Rentals for Council property	24,200	13,000
TOTAL	68,243	48,063

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 Butcher Shop, Cleve Hardware, and G Fennell total \$171,797.

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 2024.

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 2024 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 12 November 2024

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 2023 to 30 June 2024 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 2023 to 30 June 2024.

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

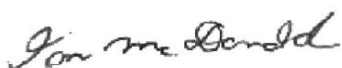
The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, 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 2023 to 30 June 2024. *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, 12 November 2024

District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2024
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 2024, 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*.



.....
David Penfold
CHIEF EXECUTIVE OFFICER



.....
Chris Tarran
PRESIDING MEMBER AUDIT COMMITTEE

Date: 6 November 2024

Date: 6 November 2024

District Council of Cleve

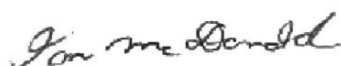
Annual Financial Statement

For the year ended 30 June 2024

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 2024, 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: 11 September 2024