

District Council of Cleve
General Purpose Financial Reports
for the year ended 30 June 2023

District Council of Cleve
General Purpose Financial Reports
for the year ended 30 June 2023

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**District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2023**

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.

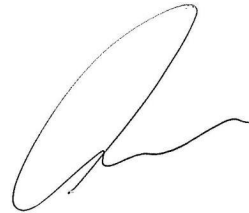
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.

- 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



.....
Phil Cameron
MAYOR

Date: 3 November 2023

District Council of Cleve
Statement of Comprehensive Income
for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
INCOME			
Rates	2	3,788,145	3,590,525
Statutory charges	2	27,491	29,701
User charges	2	93,455	224,510
Grants, subsidies and contributions - Capital	2	315,019	-
Grants, subsidies and contributions - Operating	2	3,021,600	2,588,028
Investment income	2	166,179	35,586
Reimbursements	2	116,343	321,240
Other income	2	64,463	176,334
Total Income		7,592,695	6,965,924
EXPENSES			
Employee costs	3	2,449,071	1,850,531
Materials, contracts & other expenses	3	2,748,600	2,487,975
Depreciation, amortisation & impairment	3	1,956,975	1,825,596
Finance costs	3	25,132	28,782
Total Expenses		7,179,778	6,192,885
OPERATING SURPLUS / (DEFICIT)		412,917	773,039
Asset disposal & fair value adjustments	4	41,074	(407,366)
Amounts received specifically for new or upgraded assets	2	2,634,249	926,787
NET SURPLUS / (DEFICIT) transferred to Equity Statement		3,088,240	1,292,460
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Impairment (expense) / recoupments offset to asset revaluation reserve	9	-	(71,362)
Total Other Comprehensive Income		-	(71,362)
TOTAL COMPREHENSIVE INCOME		3,088,240	1,221,098

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

District Council of Cleve
Statement of Financial Position
as at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,179,146	7,753,069
Trade & other receivables	5	1,024,541	831,385
Inventories	5	8,842	18,443
Total Current Assets		<u>7,212,529</u>	<u>8,602,897</u>
Non-current Assets			
Financial assets	6	109,028	202,540
Infrastructure, property, plant & equipment	7	53,893,892	50,396,440
Other non-current assets	6	1,805,533	1,655,076
Total Non-current Assets		<u>55,808,454</u>	<u>52,254,056</u>
Total Assets		<u>63,020,982</u>	<u>60,856,953</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	446,530	1,284,190
Borrowings	8	102,963	182,861
Provisions	8	312,962	275,897
Total Current Liabilities		<u>862,455</u>	<u>1,742,947</u>
Non-current Liabilities			
Borrowings	8	339,598	402,562
Provisions	8	48,882	29,637
Total Non-current Liabilities		<u>388,480</u>	<u>432,199</u>
Total Liabilities		<u>1,250,935</u>	<u>2,175,146</u>
NET ASSETS		<u>61,770,047</u>	<u>58,681,807</u>
EQUITY			
Accumulated surplus		31,660,978	28,560,879
Asset revaluation reserves	9	29,479,928	29,479,928
Other reserves	9	629,141	640,999
TOTAL EQUITY		<u>61,770,047</u>	<u>58,681,807</u>

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 2023

		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

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2022	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		27,363,597	29,551,290	545,822	57,460,709
Net Surplus / (Deficit) for Year		1,292,460	-	-	1,292,460
Other Comprehensive Income					
Impairment (expense) / recoupments offset to asset revaluation reserve		-	(71,362)	-	(71,362)
Transfers between reserves		(95,177)	-	95,177	-
Balance at end of period	9	28,560,879	29,479,928	640,999	58,681,807

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 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		3,773,744	3,667,068
Fees & other charges		30,240	31,186
User charges		224,101	298,434
Investment receipts		151,175	235,340
Grants utilised for operating purposes		2,929,376	2,285,497
Reimbursements		127,977	337,302
Other revenues		662,270	(101,652)
<i>Payments:</i>			
Employee costs		(2,397,040)	(1,944,697)
Materials, contracts & other expenses		(3,737,064)	(2,107,975)
Finance payments		(25,706)	(29,786)
Net Cash provided by (or used in) Operating Activities	10	<u>1,739,072</u>	<u>2,670,716</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		1,979,395	926,787
Grants utilised for capital` purposes		330,770	-
Sale of replaced assets		77,727	68,636
Sale of surplus assets		-	600,000
Repayments of loans by community groups		83,512	10,017
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(2,430,676)	(2,253,074)
Expenditure on new/upgraded assets		(3,210,862)	(1,911,139)
Net Cash provided by (or used in) Investing Activities		<u>(3,170,134)</u>	<u>(2,558,773)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(142,861)	(116,273)
Net Cash provided by (or used in) Financing Activities		<u>(142,861)</u>	<u>(116,273)</u>
Net Increase (Decrease) in cash held		<u>(1,573,923)</u>	<u>(4,329)</u>
Cash & cash equivalents at beginning of period	10	<u>7,753,069</u>	<u>7,757,398</u>
Cash & cash equivalents at end of period	10	<u>6,179,146</u>	<u>7,753,069</u>

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 2023

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

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 2023

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	+	692,640
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

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

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

3.2 Construction Contracts

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

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

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

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

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

5 Inventories

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

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.

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.

District Council of Cleve

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

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).

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

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

11 GST Implications

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

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

12 New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. 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.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2 - INCOME

		2023	2022
	Notes	\$	\$
RATES REVENUES			
<u>General Rates</u>		3,166,476	3,002,498
Less: Mandatory rebates		(34,969)	(33,491)
Less: Discretionary rebates, remissions & write offs		(16,337)	(15,598)
		3,115,170	2,953,409
<u>Other Rates</u> (including service charges)			
Landscape levy		108,428	106,314
Waste collection		222,208	208,120
Community wastewater management systems		333,059	316,334
Separate and Special Rates		4,435	4,216
		668,130	634,984
<u>Other Charges</u>			
Penalties for late payment		19,515	15,455
Legal & other costs recovered		-	2,177
		19,515	17,632
Less: Discretionary rebates, remissions & write offs		(14,670)	(15,500)
		3,788,145	3,590,525
STATUTORY CHARGES			
Development Act fees		13,937	13,915
Town planning fees		4,933	7,183
Health & Septic Tank Inspection fees		1,383	1,235
Animal registration fees & fines		7,238	7,330
Other licences, fees, & fines		-	38
		27,491	29,701
USER CHARGES			
Cemetery/crematoria fees		10,695	9,782
Arno Bay Harbour fees		22,740	20,921
Sanitation & garbage fees		26,733	179,040
Council house rentals		5,250	5,571
Standpipe water		8,293	3,558
Hall & equipment hire		1,101	2,060
Sundry		18,643	3,577
		93,455	224,510

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2 - INCOME (con't)

	Notes	2023 \$	2022 \$
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		157,745	27,574
Loans to community groups		8,434	8,011
		166,179	35,586
REIMBURSEMENTS			
Private works		6,019	129,544
Other		110,324	191,696
		116,343	321,240
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		14,866	3,532
Accommodation unit income		-	118,778
Sundry		49,597	54,024
		64,463	176,334
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Amounts received specifically for new or upgraded assets</i>		2,634,249	926,787
 <i>Other grants, subsidies and contributions - Capital</i>			
Roads to Recovery		315,019	-
		315,019	-
 <i>Other grants, subsidies and contributions - Operating</i>			
Untied - Financial Assistance Grant		2,396,476	2,177,600
Roads to Recovery		-	401,192
Library & Communications		-	4,196
Disaster Recovery Fund		597,586	-
Sundry		27,538	5,040
		3,021,600	2,588,028
		5,970,868	3,514,815

The functions to which these grants relate are shown in Note 11.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2 - INCOME (con't)

		2023	2022
Sources of grants	Notes	\$	\$
Commonwealth government		2,949,268	1,327,979
State government		3,021,600	2,186,836
Other		-	-
		5,970,868	3,514,815

Individually Significant Item

Financial Assistance Grant Paid in Advance		616,021	-
Financial Assistance Grant Paid in Advance		-	456,019

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:

Unexpended at the close of the previous reporting period		1,247,612	1,050,101
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
Roads Infrastructure (FAG's Paid in advance)		1,247,612	791,593
LRCIP - Phase 2		-	258,508
<i>Subtotal</i>		1,247,612	1,050,101
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure (FAG's Paid in advance)		1,780,455	1,247,612
Unexpended at the close of this reporting period		1,780,455	1,247,612
Net increase / (decrease) in assets subject to conditions in the current reporting period		532,843	197,511

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3 - EXPENSE

		2023	2022
	Notes	\$	\$
EMPLOYEE COSTS			
Salaries and Wages		2,181,392	1,772,722
Employee leave expense		189,366	82,843
Superannuation - defined contribution plan contributions	15	181,528	141,265
Superannuation - defined benefit plan contributions	15	19,324	21,457
Workers' Compensation Insurance		52,784	44,414
Less: Capitalised and distributed costs		<u>(175,323)</u>	<u>(212,169)</u>
Total Operating Employee Costs		<u>2,449,071</u>	<u>1,850,531</u>
Total Number of Employees		22	21
<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		13,572	13,000
Elected members' expenses		75,746	80,399
Election expenses		<u>9,651</u>	<u>543</u>
Subtotal - Prescribed Expenses		<u>98,969</u>	<u>93,942</u>
<u>Other Materials, Contracts & Expenses</u>			
Advertising & Printing		69,645	50,647
Contractors - Operating		722,289	534,617
Materials, Contracts & Other Capital		5,315,758	3,051,179
Energy		77,521	65,197
Freight		38,317	35,177
Insurance		210,498	204,942
Maintenance		14,938	39
Materials - Operating		378,583	364,876
Legal Expenses		166,492	120,216
Levies paid to government - Landscape levy		108,794	106,356
- Other Levies		57,235	61,293
Membership & Subscriptions		69,506	67,892
Parts, accessories & consumables		104,520	87,176
Professional Services		177,119	262,460
Registration		46,232	36,284
Telecommunication & Internet		19,952	15,397
Training		35,919	35,207
Travel		31,474	28,262
Sundry - Operating		251,137	243,715
Water		69,460	74,280
Less: Capitalised and Distributed Costs		<u>(5,315,758)</u>	<u>(3,051,179)</u>
Subtotal - Other Materials, Contracts & Expenses		<u>2,649,631</u>	<u>2,394,033</u>
		<u>2,748,600</u>	<u>2,487,975</u>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2023	2022
	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	77,727	68,636
Less: Carrying amount of assets sold	<u>36,653</u>	<u>312,212</u>
Gain (Loss) on disposal	<u>41,074</u>	<u>(243,575)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	-	600,000
Less: Carrying amount of assets sold	<u>-</u>	<u>763,791</u>
Gain (Loss) on disposal	<u>-</u>	<u>(163,791)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>41,074</u>	<u>(407,366)</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	(39,035)	31,629
Deposits at Call	<u>6,218,181</u>	<u>7,721,440</u>
	<u>6,179,146</u>	<u>7,753,069</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	222,069	207,668
Accrued Revenues	614,590	358,270
Debtors - general	7,977	129,277
Other levels of Government	3,584	1,595
GST Recoupment	142,809	101,427
Prepayments	-	9,636
Loans to community organisations	<u>33,512</u>	<u>23,512</u>
	<u>1,024,541</u>	<u>831,385</u>
INVENTORIES		
Stores & Materials	<u>8,842</u>	<u>18,443</u>

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS		
Receivables		
Loans to community organisations	<u>109,028</u>	<u>202,540</u>
TOTAL FINANCIAL ASSETS	<u>109,028</u>	<u>202,540</u>
OTHER NON-CURRENT ASSETS		
Inventories		
Real Estate Developments	754,210	754,210
Capital Works-in-Progress	<u>1,051,323</u>	<u>900,866</u>
	<u>1,805,533</u>	<u>1,655,076</u>
Real Estate Developments - Current & Non-Current		
<i>(Valued at the lower of cost and net realisable value)</i>		
<i>Residential</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>
Apportionment of Real Estate Developments		
<i>Non-Current Assets</i>	<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 2023

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

		2022				2023			
		\$				\$			
	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	3,574,701	-	-	3,574,701
Buildings & Other Structures	3	10,516,917	742,189	(4,985,984)	6,273,122	13,681,991	742,189	(5,189,636)	9,234,543
Infrastructure	3								
Sealed		18,365,668	314,509	(5,679,081)	13,001,096	18,953,547	314,509	(6,004,088)	13,263,969
Unsealed		21,515,503	2,488,094	(13,917,233)	10,086,364	22,700,582	2,488,094	(14,536,825)	10,651,851
Kerbing & Guttering		3,493,829	205,321	(939,494)	2,759,656	3,495,791	205,321	(977,784)	2,723,329
Bridges		1,339,800	-	(912,195)	427,605	1,339,800	-	(925,452)	414,349
Culverts		84,910	17,323	(47,704)	54,529	119,094	17,323	(49,870)	86,546
Footpaths		2,846,306	212,064	(1,166,520)	1,891,851	2,890,226	212,064	(1,216,865)	1,885,425
CWMS	3	7,703,168	434,367	(2,700,112)	5,437,423	7,703,166	434,367	(2,817,932)	5,319,603
Plant, Machinery & Equipment	3	-	5,152,642	(2,388,352)	2,764,290	-	5,207,030	(2,694,084)	2,512,946
Office Equipment, Furniture & Fittings		48,237	169,512	(145,308)	72,441	68,538	169,512	(151,200)	86,850
Other Assets	3	3,465,001	1,955,663	(1,105,501)	4,315,163	3,486,559	1,955,663	(1,302,440)	4,139,782
Total IPP&E		72,692,239	11,691,684	(33,987,484)	50,396,440	78,013,995	11,746,072	(35,866,178)	53,893,892
	Comparatives	72,776,252	10,453,134	(33,123,333)	50,106,053	72,692,239	11,691,684	(33,987,484)	50,396,440

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 2023

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2022 \$	Carrying Amounts Movement During the Year \$				2023 \$
	Carrying Amount	Additions		Disposals	Dep'n	Carrying Amount
		New / Upgrade	Renewals			
Land	3,312,900	261,801	-	-	-	3,574,701
Buildings & Other Structures	6,273,122	2,798,603	366,470	-	(203,652)	9,234,543
Infrastructure						
Sealed	13,001,096	-	587,880	-	(325,007)	13,263,969
Unsealed	10,086,364	-	1,185,080	-	(619,593)	10,651,851
Kerbing & Guttering	2,759,656	-	1,962	-	(38,289)	2,723,329
Bridges	427,605	-	-	-	(13,256)	414,349
Culverts	54,529	-	34,184	-	(2,167)	86,546
Footpaths	1,891,851	-	43,919	-	(50,345)	1,885,425
CWMS	5,437,423	-	-	-	(117,820)	5,319,603
Plant, Machinery & Equipment	2,764,290	-	169,323	(36,653)	(384,014)	2,512,946
Office Equipment, Furniture & Fittings	72,441	-	20,300	-	(5,892)	86,850
Other Assets	4,315,163	-	21,559	-	(196,940)	4,139,782
Total IPP&E	50,396,440	3,060,405	2,430,676	(36,653)	(1,956,975)	53,893,892
<i>Comparatives</i>	<i>50,106,053</i>	<i>1,010,273</i>	<i>2,253,074</i>	<i>(1,076,003)</i>	<i>(1,825,596)</i>	<i>50,396,440</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 2023

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 Measure*: 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.

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 2023

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 90 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 90 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 90 years
Paving & Footpaths, Kerb & Gutter	80 to 90 years
Drains & Culverts	80 to 90 years
Flood Control Structures	80 to 90 years
Dams and Reservoirs	80 to 90 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

Land & Land Improvements

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 1 July 2018 at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Buildings and other structures 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.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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

Infrastructure

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

Stormwater drainage infrastructure was revalued as at 1 July 2017 by Gayler Professional Engineering Pty Ltd at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2023. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost 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, Furniture & Equipment

These assets are recognised on the cost basis.

All 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. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8 - LIABILITIES

	2023		2022	
	\$	\$	\$	\$
TRADE & OTHER PAYABLES	Current	Non-current	Current	Non-current
Goods & Services	369,336	-	540,116	-
Payments received in advance	-	-	654,854	-
Accrued expenses - employee entitlements	39,733	-	44,012	-
Accrued expenses - other	4,726	-	5,300	-
GST Payable	1,243	-	10,509	-
Other	31,492	-	29,399	-
	446,530	-	1,284,190	-
BORROWINGS				
Loans	102,963	339,598	182,861	402,562
	102,963	339,598	182,861	402,562

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

PROVISIONS

LSL Employee entitlements (including oncosts)	97,106	48,882	104,409	29,637
AL Employee entitlements (including oncosts)	215,856	-	171,488	-
	312,962	48,882	275,897	29,637

Movements in Provisions - 2023 year only
(current & non-current)

<i>Opening Balance</i>	<i>305,534</i>
<i>Additional amounts recognised</i>	<i>56,310</i>
<i>Closing Balance</i>	<i>361,844</i>

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2022	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2023
	\$	\$	\$	\$
Land	2,036,422	-	-	2,036,422
Buildings & Other Structures	6,798,374	-	-	6,798,374
Infrastructure	16,511,358	-	-	16,511,358
CWMS	2,361,895	-	-	2,361,895
Other Assets	1,771,879	-	-	1,771,879
TOTAL	29,479,928	-	-	29,479,928
Comparatives	29,551,290	-	(71,362)	29,479,928

OTHER RESERVES	1/7/2022	Transfers to Reserve	Transfers from Reserve	30/6/2023
CATV Re-Transmission	106,441	-	(31,885)	74,556
Cleve CWMS	431,240	13,272	-	444,512
Arno Bay CWMS Reserve	22,371	605	-	22,976
Arno Bay Boat Ramp Reserve	21,593	4,072	-	25,665
Arno Bay Harbour Mtc Reserve	59,354	2,078	-	61,432
TOTAL OTHER RESERVES	640,999	20,027	(31,885)	629,141
Comparatives	545,822	124,907	(29,730)	640,999

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 2023

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	2023 \$	2022 \$
Total cash & equivalent assets	5	6,179,146	7,753,069
Balances per Cash Flow Statement		<u>6,179,146</u>	<u>7,753,069</u>

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

Net Surplus (Deficit)		3,088,240	1,292,460
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,956,975	1,825,596
Net increase (decrease) in unpaid employee benefits		52,031	(94,165)
Grants for capital acquisitions treated as Investing Activity		(2,310,165)	(926,787)
Net (Gain) Loss on Disposals		(41,074)	407,366
		<u>2,746,008</u>	<u>2,504,470</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(192,421)	(270,707)
Net (increase) decrease in inventories		9,601	(13,825)
Net increase (decrease) in trade & other payables		(824,115)	450,778
Net Cash provided by (or used in) operations		<u>1,739,072</u>	<u>2,670,716</u>

(c) Financing Arrangements

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

Bank Overdrafts	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 2023

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	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	5,502,404	5,032,909	25,857	21,771	5,476,547	5,011,138	2,396,476	1,689,681	10,348,313	10,034,656
Public Order & Safety	11,646	10,769	202,404	170,422	(190,759)	(159,653)	-	-	185,772	180,142
Health	1,466	1,355	22,625	19,050	(21,159)	(17,695)	-	-	-	-
Housing & Community Services	174,519	161,388	1,031,149	1,088,649	(856,629)	(927,261)	2,634,249	321,923	6,060,956	5,877,249
Sport Recreation & Culture	134,278	124,174	769,881	648,231	(635,604)	(524,057)	-	-	5,632,848	5,462,116
Mining & Manufacture	11,407	10,549	92,370	77,775	(80,963)	(67,226)	-	-	-	-
Transport & Communication	1,516,264	1,402,178	2,958,491	2,491,016	(1,442,227)	(1,088,837)	912,605	1,503,212	37,013,840	35,638,086
Economic Affairs	26,262	24,286	142,747	120,191	(116,485)	(95,905)	-	-	521,992	506,171
Other Purposes	178,609	165,170	114,968	96,802	63,641	68,369	27,538	-	3,203,257	3,106,166
Governance	1,646	1,522	543,591	457,697	(541,945)	(456,175)	-	-	-	-
Support Services	34,194	31,621	1,251,001	980,489	(1,216,807)	(948,867)	-	-	54,004	52,368
Social Security & Welfare	-	-	24,694	20,792	(24,694)	(20,792)	-	-	-	-
TOTALS	7,592,695	6,965,924	7,179,778	6,192,885	412,917	773,039	5,970,868	3,514,815	63,020,982	60,856,953

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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

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

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 interest rates between 1.05% and 4.3% (2022: 0.75% and 1.25%).

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% (2022: 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.

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.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 12 - FINANCIAL INSTRUMENTS (con't)

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 5.5% (2022: 3.25% and 5.5%)

Carrying amount: approximates fair value.

Liquidity Analysis

2023	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
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

Financial Liabilities

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

2022	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	7,753,069	-	-	7,753,069	7,753,069
Receivables	831,385	202,540	-	1,033,926	1,024,289
Total	8,584,454	202,540	-	8,786,994	8,777,358

Financial Liabilities

Payables	1,284,190	-	-	1,284,190	1,234,878
Current Borrowings	261,721	-	-	261,721	182,861
Non-Current Borrowings	-	805,122	-	805,122	402,562
Total	1,545,911	805,122	-	2,351,033	1,820,301

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

	30 June 2023		30 June 2022	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	6.05	40,000	2.75	100,002
Fixed Interest Rates	3.99	402,560	3.55	485,421
		442,560		585,423

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 2023

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.

	2023	2022	2021
Operating Surplus Ratio			
<u>Operating Surplus</u>	5.4%	11.1%	6.9%
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>	-80%	-95%	-102%
Total Operating Income			

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

Asset Renewal Funding Ratio

<u>Outlays on Existing Assets</u>	60%	88%	79%
Asset Renewals - IAMP			

Net asset renewals expenditure is defined as net 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.

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	-1.7%	7.7%	7.1%
Adjusted Net Financial Liabilities Ratio	-61%	-80%	-90%
Adjusted Asset Renewal Funding Ratio	80%	na	na

An adjusted Asset Renewal Funding Ratio has been provided to reflect barriers encountered by Council in delivering its 2022-23 asset renewal program as well as some reclassifications of expenditure from capital to operating.

Due to supply chain issues the intended purchase of a grader and a prime mover could not take place in the 2022-23 financial year as they were not available to purchase.

In addition to this the disaster recovery program was estimated to incur a cost of \$900k in capital road construction. Much of this expenditure ended up being reported as road maintenance instead as required by the accounting standards. Accordingly the assets were replaced however the expenditure was reported in the Statement of Comprehensive Income instead of the Statement of Financial Position as initially budgeted.

The adjusted ratio reflects Councils true performance in relation to this indicator.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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, 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.

	2023	2022
	\$	\$
Income		
<i>Rates</i>	3,788,145	3,590,525
<i>Statutory charges</i>	27,491	29,701
<i>User charges</i>	93,455	224,510
<i>Grants, subsidies and contributions - Capital</i>	315,019	-
<i>Grants, subsidies and contributions` - Operating</i>	3,021,600	2,588,028
<i>Investment income</i>	166,179	35,586
<i>Reimbursements</i>	116,343	321,240
<i>Other income</i>	64,463	176,334
	7,592,695	6,965,924
Expenses		
<i>Employee costs</i>	(2,449,071)	(1,850,531)
<i>Materials, contracts and other expenses</i>	(2,748,600)	(2,487,975)
<i>Depreciation, amortisation and impairment</i>	(1,956,975)	(1,825,596)
<i>Finance costs</i>	(25,132)	(28,782)
	(7,179,778)	(6,192,885)
Operating Surplus / (Deficit)	412,917	773,039
<i>Timing adjustment for grant revenue</i>	(532,843)	(258,058)
Adjusted Operating Surplus / (Deficit)	(119,926)	514,981
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(2,430,676)	(2,253,074)
Add back Depreciation, Amortisation and Impairment	1,956,975	1,825,596
Proceeds from Sale of Replaced Assets	77,727	68,636
	(395,974)	(358,842)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(3,210,862)	(1,911,139)
Amounts received specifically for New and Upgraded Assets	1,979,395	926,787
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	600,000
	(1,231,467)	(384,352)
Annual Net Impact to Financing Activities	(1,747,367)	(228,212)

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 (10.5% in 2022-23; 10% in 2021-22). 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 2021-22) 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 2023. 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 2023

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 no notice appeals against planning decisions made prior to reporting date.

District Council of Cleve
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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, 7 persons were paid the following total compensation:

	2023	2022
	\$	\$
Salaries, allowances & other short term benefits	518,850	546,558
Termination benefits	146,447	-
TOTAL	665,297	546,558

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:

	2023	2022
	\$	\$
Contributions for fringe benefits tax purposes	35,063	-
Rentals for Council property	13,000	13,000
TOTAL	48,063	13,000

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, Quinns Overnight Freight, Cleve Golf Club, Lowe Design, Fishace totalled \$ 32,363.01

The following KMPs were part of the committees during the 2022-23 financial year: Cleve Field Days Committee - 1 KMP, Cleve Golf Club 1 KMP, Eastern Eyre CFS Group 1 KMP, Cleve SES Group 1 KMP, Eastern Ranges Netball Club Committee 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 2023.

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 2023 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 6 November 2023

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 2022 to 30 June 2023 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 2022 to 30 June 2023.

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 2022 to 30 June 2023. *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, 6 November 2023

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District Council of Cleve
Annual Financial Statements
for the year ended 30 June 2023

CERTIFICATION OF AUDITOR INDEPENDENCE

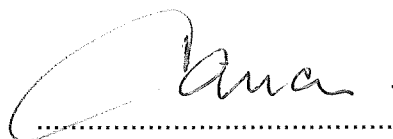
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The District Council of Cleve for the year ended 30 June 2023, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and 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



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Chris Tarran
PRESIDING MEMBER AUDIT COMMITTEE

Date: 31 October 2023

District Council of Cleve

Annual Financial Statement

For the year ended 30 June 2023

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 2023, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



Ian G McDonald FCA

Date: 6 September 2023