

District Council of Coober Pedy
General Purpose Financial Reports
for the year ended 30 June 2020

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**District Council of Coober Pedy
Annual Financial Statements
for the year ended 30 June 2020**

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 2020 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.


.....
Dean Miller
CHIEF EXECUTIVE OFFICER


.....
Tim Jackson
ADMINISTRATOR

Date: 24 November 2020

District Council of Coober Pedy
Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
INCOME			
Rates	2	2,395	2,224
Statutory charges	2	9	18
User charges	2	7,956	5,468
Grants, subsidies and contributions	2	8,411	7,032
Investment income	2	11	14
Reimbursements	2	69	82
Other income	2	322	243
Total Income		19,173	15,081
EXPENSES			
Employee costs	3	4,434	4,637
Materials, contracts & other expenses	3	6,670	10,115
Depreciation, amortisation & impairment	3	5,011	1,173
Finance costs	3	2,198	277
Total Expenses		18,313	16,202
OPERATING SURPLUS / (DEFICIT)		860	(1,121)
Asset disposal & fair value adjustments	4	(27)	(808)
Amounts received specifically for new or upgraded assets	2	-	444
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		833	(1,485)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	8	-	(1,684)
Total Other Comprehensive Income		-	(1,684)
TOTAL COMPREHENSIVE INCOME		833	(3,169)

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

District Council of Coober Pedy
Statement of Financial Position
as at 30 June 2020

ASSETS	Notes	2020 \$'000	2019 \$'000
Current Assets			
Cash and cash equivalents	5	618	1,147
Trade & other receivables	5	2,716	3,796
Inventories	5	179	267
Total Current Assets		3,513	5,210
Non-current Assets			
Infrastructure, property, plant & equipment	6	115,339	27,998
Total Non-current Assets		115,339	27,998
Total Assets		118,852	33,208
LIABILITIES			
Current Liabilities			
Trade & other payables	7	3,675	6,289
Borrowings	7	10,714	212
Provisions	7	51	27
Total Current Liabilities		14,440	6,528
Non-current Liabilities			
Borrowings	7	85,135	8,048
Provisions	7	129	295
Total Non-current Liabilities		85,264	8,343
Total Liabilities		99,704	14,871
NET ASSETS		19,148	18,337
EQUITY			
Accumulated Surplus		5,423	4,612
Asset Revaluation Reserves	8	13,700	13,700
Other Reserves	8	25	25
TOTAL EQUITY		19,148	18,337

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

District Council of Coober Pedy
Statement of Changes in Equity
for the year ended 30 June 2020

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2020	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		4,612	13,700	25	18,337
Adjustment due to compliance with revised Accounting Standards	20	(22)			(22)
Restated opening balance		<u>4,590</u>	<u>13,700</u>	<u>25</u>	<u>18,315</u>
Net Surplus / (Deficit) for Year		833			833
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment			-		-
Balance at end of period	8	<u>5,423</u>	<u>13,700</u>	<u>25</u>	<u>19,148</u>

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2019	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		6,097	15,384	25	21,506
Adjustment due to compliance with revised Accounting Standards					-
Restated opening balance		<u>6,097</u>	<u>15,384</u>	<u>25</u>	<u>21,506</u>
Net Surplus / (Deficit) for Year		(1,485)			(1,485)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			(1,684)		(1,684)
Balance at end of period	8	<u>4,612</u>	<u>13,700</u>	<u>25</u>	<u>18,337</u>

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

District Council of Coober Pedy
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		2,354	2,163
Fees & other charges		9	18
User charges		7,966	3,903
Investment receipts		11	16
Grants utilised for operating purposes		9,482	7,032
Reimbursements		69	82
Other revenues		678	243
<i>Payments:</i>			
Employee costs		(4,792)	(4,502)
Materials, contracts & other expenses		(9,296)	(8,762)
Finance payments		(2,198)	(277)
Net Cash provided by (or used in) Operating Activities		4,283	(84)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		-	444
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(1,712)	(1,620)
Expenditure on new/upgraded assets		-	(429)
Net Cash provided by (or used in) Investing Activities		(1,712)	(1,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		-	1,400
<i>Payments:</i>			
Repayments of borrowings		(150)	(211)
Repayment of lease liabilities		(2,950)	(46)
Net Cash provided by (or used in) Financing Activities		(3,100)	1,143
Net Increase (Decrease) in cash held		(529)	(546)
Cash & cash equivalents at beginning of period	10	1,147	1,693
Cash & cash equivalents at end of period	10	618	1,147

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

District Council of Coober Pedy

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

1.5 Going Concern Convention

The Financial report has been prepared on the basis that the Council is a going concern.

Council is in a financially challenging position with a low level of financial reserves and a history of operating deficits. However, Council retains all the powers of a Municipal Council incorporated under the Local Government Act 1999 including an ability to levy rates and borrow funds.

During 2019/20 the State Government has continued to suspend the Council and employ an Administrator. The Administrator and chief executive officer are addressing the financial challenges of Council through the following actions:

- Seeking State Government assistance to restore the inequity in water charges in Coober Pedy;
- Increasing water prices to achieve compliance with the conditions of its water licence,
- Maintaining an open dialogue with the State Government with respect of Council's financial position,
- Maintaining a dialogue with Council's lender, the Local Government Finance Authority,
- Continuing to identify internal efficiencies,
- Drafting a Long-Term Financial Plan to assist Council in securing additional loan funds to enable it to restructure its short-term liabilities, and
- Instituting improved debt management practices.

Should the internal efficiencies and other actions not be sufficient to make Council's financial position sustainable then consideration will be given, in consultation with the community, to reducing Council services or increasing rates.

Given these actions and plans Council is confident that it will remain a going concern.

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

2 The Local Government Reporting Entity

The District Council of Coober Pedy is incorporated under the *SA Local Government Act 1999* and has its principal place of business at Hutchinson Street, Coober Pedy. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income recognition

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

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

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

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

	Cash Payment Received	Annual Allocation	Difference	
2017-18	\$879,916	\$851,434	+	\$28,242
2018-19	\$897,373	\$842,172	+	\$55,201
2019-20	\$902,882	\$862,237	+	\$40,643

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 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

3.1 Construction Contracts

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

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

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

3.2 Income from the sale of Environmental Credits

As part of the contract with Energy Generation Pty Ltd, Council receives environmental credits from the generation of renewable energy. These credits are then sold by the contractor on behalf of the Council. Any income from the environmental credits are recognised at the time of the sale, on the basis that they are offset by an equivalent reduction in funding from the Remote Areas Energy Supplies Scheme (RAES) in the current or subsequent years.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 6.

6.5 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 6. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not assessed for impairment.

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

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

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation.

Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

10 Leases

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

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

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

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

Accounting policy applicable from 01 July 2019:

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

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Council as a lessee

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

i) Right-of-use assets

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

- | | |
|-----------------------|--------------|
| • Plant and equipment | 5 to 7 years |
| • Electricity Assets | 25 years |

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 6.6 Impairment.

ii) Lease liabilities

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

11 GST Implications

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

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

12 New and amended standards and interpretations

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

The Council applied AASB 15 *Revenue from Contracts* and AASB 1058 *Income of Not-for-Profit Entities*, for the first time from 1 July 2019. AASB 1058 *Income of Not-for-Profit Entities* clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 *Revenue from Contracts*. These Standards supersede the NFP income recognition requirements previously in AASB 1004 *Contributions* (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). For the period 1 July 2019 to 30 June 2020 the Council had no liabilities in relation to the adoption of these standards.

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Adoption of AASB 16 Leases;

The Council applied AASB 16 *Leases* for the first time from 1 July 2019. AASB 16 *Leases* supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease* and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for items of plant and equipment. Before the adoption of AASB 16 *Leases*, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 *Leases* using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 *Leases* as at 1 July 2019 (increase/(decrease)) is, as follows:

\$'000

Assets	
Infrastructure, Property, Plant & Equipment	
- Right-of-use asset (Plant, Machinery & Equipment)	351
- Right-of-use asset (Electricity)	90,689
- Plant, Machinery & Equipment	(373)
Total assets	90,667
Liabilities	
Interest Bearing loans and borrowings	
- Lease Liability	90,689
Total Liabilities	90,689
Accumulated Surplus	(22)

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

Note 2 - INCOME

	Notes	2020 \$'000	2019 \$'000
RATES REVENUES			
<u>General Rates</u>		1,618	1,561
Less: Mandatory rebates		(46)	(44)
Less: Discretionary rebates, remissions & write offs		(2)	(33)
		<u>1,570</u>	<u>1,484</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		102	97
Water supply		429	423
Community wastewater management systems		190	187
		<u>721</u>	<u>707</u>
<u>Other Charges</u>			
Penalties for late payment		50	32
Legal & other costs recovered		54	1
		<u>104</u>	<u>33</u>
Less: Discretionary rebates, remissions & write offs			
		<u>2,395</u>	<u>2,224</u>
STATUTORY CHARGES			
Development Act fees		5	8
Animal registration fees & fines		4	10
		<u>9</u>	<u>18</u>
USER CHARGES			
Cemetery/crematoria fees		26	7
Electricity Sales		3,910	3,900
Water Sales		1,522	1,165
User charges - Works		1,410	5
Childcare Fees		86	140
Commercial bin pickups		80	66
Swimming pool fees		17	17
Landing Fees		102	105
User charges - other		803	63
		<u>7,956</u>	<u>5,468</u>

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

Note 2 - INCOME (con't)

	Notes	2020 \$'000	2019 \$'000
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		11	14
		<u>11</u>	<u>14</u>
REIMBURSEMENTS			
Personal Accident Claims		29	23
Workers Compensation Claims		-	59
Parental Leave		40	-
		<u>69</u>	<u>82</u>
OTHER INCOME			
Rebates received		10	-
Sundry		312	243
		<u>322</u>	<u>243</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		-	444
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		903	897
Flood Damage Restoration		2,880	1,406
Child care		526	558
Breakaways		-	329
Fuel excise		457	376
Energy SA Subsidy		3,373	3,140
CWMS		33	125
Sundry		239	201
		<u>8,411</u>	<u>7,032</u>
		<u>8,411</u>	<u>7,476</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		983	934
State government		7,395	6,417
Other		33	125
		<u>8,411</u>	<u>7,476</u>

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

Note 3 - EXPENSE

	Notes	2020 \$'000	2019 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,636	3,564
Employee leave expense		298	586
Superannuation - defined contribution plan contributions	17	391	345
Superannuation - defined benefit plan contributions	17	-	20
Workers' Compensation Insurance		109	122
Total Operating Employee Costs		4,434	4,637
Total Number of Employees		37	48
<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		39	25
Bad and Doubtful Debts		59	317
Elected members' expenses		24	55
Election expenses		14	14
Subtotal - Prescribed Expenses		136	411
<u>Other Materials, Contracts & Expenses</u>			
IT Expenses		311	265
PPA operating expenses		1,444	6,357
Legal Expenses		380	146
Distribution Expenses		357	260
Water Supply Production Planned Maintenance		295	157
Raw Water Expenses		224	289
Road Maintenance		1,332	49
Materials, contractors, other - Other		1,626	1,442
Levies paid to government - NRM Levy		125	127
Sundry		440	612
Subtotal - Other Materials, Contracts & Expenses		6,534	9,704
		6,670	10,115

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

Note 3 - EXPENSE con't

	2020	2019
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings and other structures	147	145
Transport Assets	194	197
Water	307	319
Electricity	227	225
Stormwater Drainage	4	4
Waste Water	30	31
Plant, Machinery & Equipment	91	252
Furniture & Fittings	-	-
Right of Use Assets - Plant	16 68	-
Right of Use Assets - Electricity	16 3,943	-
	5,011	1,173
FINANCE COSTS		
Interest on Loans	184	263
Interest on Leases	2,014	14
	2,198	277

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2020	2019
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	27	808
Gain (Loss) on disposal	(27)	(808)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(27)	(808)

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

Note 5 - CURRENT ASSETS

	Notes	2020 \$'000	2019 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		562	452
Deposits at Call		56	695
		<u>618</u>	<u>1,147</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		468	427
Rates postponed for State Seniors		11	11
Accrued Revenues		393	-
Debtors - CWMS		57	49
Debtors - Electricity		1,510	1,151
Debtors - Water		758	426
Debtors - Sundry		494	2,402
GST Recoupment		76	432
Prepayments		51	-
Total		<u>3,818</u>	<u>4,898</u>
Less: Allowance for Doubtful Debts		<u>1,102</u>	<u>1,102</u>
		<u>2,716</u>	<u>3,796</u>
INVENTORIES			
Stores & Materials		<u>179</u>	<u>267</u>
		<u>179</u>	<u>267</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

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

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2019 \$'000				2020 \$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	539	-	-	539	539	-	-	539
Land	3	609	-	-	609	609	-	-	609
Buildings and other structures	2	7,847	440	(2,989)	5,298	7,847	440	(3,136)	5,151
Transport Assets	3	9,834	-	(3,736)	6,098	8,969	1,598	(3,092)	7,475
Water	3	14,704	242	(6,597)	8,349	14,704	274	(6,904)	8,074
Electricity	3	8,658	92	(3,997)	4,753	8,658	174	(4,224)	4,608
Stormwater Drainage	3	249	-	(83)	166	249	-	(87)	162
Waste Water	3	2,098	-	(717)	1,381	2,098	-	(747)	1,351
Plant, Machinery & Equipment	3	-	2,669	(1,864)	805	-	2,279	(1,938)	341
Furniture & Fittings	3	-	465	(465)	-	-	465	(465)	-
Right of Use Assets - Plant		-	-	-	-	-	392	(109)	283
Right of Use Assets - Electricity		-	-	-	-	-	90,689	(3,943)	86,746
Total IPP&E		44,538	3,908	(20,448)	27,998	43,673	96,311	(24,645)	115,339
	Comparatives	43,905	4,895	(19,321)	29,479	44,538	3,908	(20,448)	27,998

This Note continues on the following pages.

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

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2019	CARRYING AMOUNT MOVEMENTS DURING YEAR							2020	
	\$'000	\$'000							\$'000	
Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Land	539	-	-	-	-	-	-	-	-	539
Land	609	-	-	-	-	-	-	-	-	609
Buildings and other structures	5,298	-	-	-	(147)	-	-	-	-	5,151
Transport Assets	6,098	-	1,598	(27)	(194)	-	-	-	-	7,475
Water	8,349	-	32	-	(307)	-	-	-	-	8,074
Electricity	4,753	-	82	-	(227)	-	-	-	-	4,608
Stormwater Drainage	166	-	-	-	(4)	-	-	-	-	162
Waste Water	1,381	-	-	-	(30)	-	-	-	-	1,351
Plant, Machinery & Equipment	805	(373)	-	-	(91)	-	-	-	-	341
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Right of Use Assets - Plant	-	351	-	-	(68)	-	-	-	-	283
Right of Use Assets - Electricity	-	90,689	-	-	(3,943)	-	-	-	-	86,746
Reinstatement costs	-	-	-	-	-	-	-	-	-	-
Total IPP&E	27,998	90,667	-	1,712	(27)	(5,011)	-	-	-	115,339
<i>Comparatives</i>	29,479		429	1,755	(808)	(1,173)			(1,684)	27,998

This note continues on the following pages.

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

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

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

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Estimated Useful Lives:

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

Plant, Furniture & Equipment	8 to 15 years
Building & Other Structures	20 to 100 years
Transport Assets	
Sealed Roads – Surface	18 to 31 years
Sealed Roads – Basecourse	30 to 80 years
Sealed Roads – Subbase	75 to 200 years
Unsealed Roads – Basecourse	20 to 200 years
Culverts	60 years
Paving & Footpaths, Kerb & Gutter	25 to 80 years
Carparks	15 to 60 years
Water Supply Assets	10 to 100 years
Electricity Assets	15 to 80 years
Stormwater	60 years
Wastewater Assets	15 to 150 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

Land assets were revalued at 30 June 2019 by Alan Rushbrook based on valuations provided to the District Council of Coober Pedy by the Valuer General of South Australia. Additions are recognised at cost.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2017 by Gayler Professional Engineering (GPE). All additions made after the date of the valuation are recorded at a valuation at 30 June 2019 by Alan Rushbrook based on valuations provided to the District Council of Coober Pedy by the Valuer General of South Australia.

Infrastructure

Transportation assets were valued by GPE as at 30 June 2019 at depreciated current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater, Electricity Distribution, Water and Waste Water assets were valued by GPE as at 1 July 2016 at depreciated current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

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

Note 7 - LIABILITIES

	Notes	2020		2019	
		Current	Non-current	Current	Non-current
		\$'000		\$'000	
TRADE & OTHER PAYABLES					
Goods & Services		2,925		5,037	
Accrued expenses - employee entitlements		401		542	
Accrued expenses - other		84		627	
Deposits, Retentions & Bonds		224		12	
Additional Creditors		41		71	
		<u>3,675</u>	-	<u>6,289</u>	-
BORROWINGS					
Loans		7,490	270	149	7,761
Leases Liabilities	16	3,224	84,865	63	287
		<u>10,714</u>	<u>85,135</u>	<u>212</u>	<u>8,048</u>
<i>All loan liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		51	129	27	295
		<u>51</u>	<u>129</u>	<u>27</u>	<u>295</u>

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

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/7/2019	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2020
Notes	\$'000	\$'000	\$'000	\$'000
Revaluations not allocated to class	12,959			12,959
Land	(1)			(1)
Buildings and other structures	314			314
Transport Assets	(2,236)			(2,236)
Water	120			120
Electricity	1,913			1,913
Stormwater Drainage	39			39
Waste Water	592			592
TOTAL	13,700	-	-	13,700
Comparatives	15,384	(1,684)		13,700

Due to Council's records not providing a breakdown of asset revaluations prior to 2017, the Transport component of the reserve show a negative balance on the assumption that it is offset against amounts held within prior revaluations.

OTHER RESERVES	1/7/2019	Transfers to Reserve	Transfers from Reserve	30/6/2020
Breakaway Reserve	25			25
TOTAL OTHER RESERVES	25	-	-	25
Comparatives	25			25

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).

Breakaway Reserve

Funds received by the Breakaways Conservation Park are applied back to the park.

Note 9 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

CASH & FINANCIAL ASSETS	Notes	2020 \$'000	2019 \$'000
Kanku - Breakaways Funds		148	148
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		148	148

In 2013 Council entered a Co-Management Agreement for the management of the Kanku-Breakaways Conservation Park. As part of that agreement Council holds funds on behalf of the Kanku-Breakaways Conservation Park Co-management Board which manages the use and application of these funds

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

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2020 \$'000	2019 \$'000
Total cash & equivalent assets	5	<u>618</u>	1,147
Balances per Cash Flow Statement		<u>618</u>	<u>1,147</u>

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

Net Surplus (Deficit)		833	(1,485)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		5,011	1,173
Net increase (decrease) in unpaid employee benefits		(283)	135
Change in allowances for under-recovery		-	199
Grants for capital acquisitions treated as Investing Activity		-	(444)
Net (Gain) Loss on Disposals		<u>27</u>	<u>808</u>
		<u>5,588</u>	386
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		1,080	(2,035)
Net (increase) decrease in inventories		88	38
Net increase (decrease) in trade & other payables		<u>(2,473)</u>	<u>1,527</u>
Net Cash provided by (or used in) operations		<u>4,283</u>	<u>(84)</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Leases		<u>-</u>	<u>135</u>
		<u>-</u>	<u>135</u>

(d) Financing Arrangements

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

Corporate Credit Cards		12	7
LGFA Cash Advance Debenture facility		397	397

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

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

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL			2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Governance	-	-	1,154	730	(1,154)	(730)	-	-	-	-
Administration	2,952	2,712	1,906	2,586	1,046	126	943	976	7,300	9,693
Community Services	944	1,366	1,558	1,642	(614)	(276)	713	1,087	-	-
Water Supply	2,068	1,638	1,857	1,502	211	136	87	25	8,832	8,776
Wastewater	189	187	167	177	22	10	-	-	1,408	1,430
Works	4,630	1,758	2,998	2,024	1,632	(266)	2,933	1,453	8,441	7,337
Electricity Supply	8,390	7,420	8,673	7,541	(283)	(121)	3,735	3,491	92,871	5,972
TOTALS	19,173	15,081	18,313	16,202	860	(1,121)	8,411	7,032	118,852	33,208

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

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Governance

Governance, Elected members, Elections, Civic activities.

Administration

Organisational support services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information technology, Communication, Rates Administration, Records, Occupancy, Contracts Management, Customers services, other support services, Revenue, LGGC-General Purpose and Separate and Special rates.

Community Services

Provides services to community such as swimming pool, library, economic developments, tourism services, childcare services and youth services.

Water Supply

Provides the water supply to the township of Coober Pedy through a reverse osmosis reticulation system.

Wastewater

Processing sewerage through the current sewerage scheme and providing processes water to the town and school ovals.

Works

Provides services such as road and infrastructure maintenance, dog control, aerodrome maintenance, parks & gardens maintenance and town drainage.

Electricity Supply

Provide retail billing, distribution and generation of electricity to the township of Coober Pedy.

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020
Note 12 - FINANCIAL INSTRUMENTS

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between .01% and .45% (2019: .01% and 1.25%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 6.35% (2019: 6.6%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, credit foncier debentures borrowings are repayable by 6 monthly instalments of principle and interest; interest is charged at fixed rates between 5% and 5.05% (2019: 5% and 6.8%) and cash advance debentures monthly payments of interest only ; interest is charged at variable rates of 2.2% (2019: 3.35%) and fixed rates of 1.8% (2019:-).</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 <i>Leases</i> as stated in Note 16.</p>

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2020	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	618			618	618
Receivables	2,665			2,665	2,665
Total	3,283	-	-	3,283	3,283
Financial Liabilities					
Payables	3,675			3,675	3,675
Current Borrowings	7,507			7,507	7,490
Lease Liabilities	5,171	20,593	86,227	111,991	88,089
Non-Current Borrowings		296		296	270
Total	16,353	20,889	86,227	123,469	99,524
2019					
Financial Assets	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	1,147			1,147	1,147
Receivables	3,796			3,796	3,796
Other Financial Assets					
Total	4,943	-	-	4,943	4,943
Financial Liabilities					
Payables	5,120			5,120	5,120
Current Borrowings	256			256	212
Non-Current Borrowings		8,122		8,122	8,048
Total	5,376	8,122	-	13,498	13,380

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

	30 June 2020		30 June 2019	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	2.2	357	3.35	7,403
Other Variable Rates				
Fixed Interest Rates	2.3	7,403	5.59	857
		<u>7,760</u>		<u>8,260</u>

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

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 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.

Note 13 - COMMITMENTS FOR EXPENDITURE

Notes	2020 \$'000	2019 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Roads & Footpaths	-	2,775
	-	2,775
These expenditures are payable:		
Not later than one year	-	2,775
	-	2,775

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

Note 14 - FINANCIAL INDICATORS

	2020	2019	2018
Operating Surplus Ratio			
<u>Operating Surplus</u>	4.5%	-7.4%	-20.0%
Total Operating Income			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	502.6%	65.8%	62.0%
Total Operating Income			

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

Adjustments to Ratios

The following adjusted ratios correct for distortion in key ratios for each year and provide a more accurate basis for comparison. They have been adjusted for the following items:

- 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.
- The Council applied AASB 16 Leases for the time from 1 July 2019, requiring it to recognise a lease liability for a high value long-term contract related to the generation of electricity. As the provision of electricity is subsidised by the Remote Areas Electricity Scheme, the Council believes any future liability will be funded by this subsidy and customer revenue.

Adjusted Operating Surplus Ratio	10.0%	-7.6%	-17.0%
Adjusted Net Financial Liabilities Ratio	47.1%	66.3%	63.0%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	56.8%	149.6%	0.0%
Net Asset Renewals - IAMP			

The District Council of Coober Pedy has adopted an asset management plan that details future renewal and replacement expenditure for the 2019/20 financial year onwards. For the year ended 30 June 2019 and 30 June 2018 the value of the councils depreciation expense has been used as an estimate of net asset renewals expenditure.

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

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

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2020	2019
	\$'000	\$'000
Income	19,173	15,081
Expenses	(18,313)	(16,202)
Operating Surplus / (Deficit)	860	(1,121)
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(1,712)	(1,755)
Add back Depreciation, Amortisation and Impairment	5,011	1,173
	3,299	(582)
 Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	(429)
Amounts received specifically for New and Upgraded Assets	-	444
	-	15
Net Lending / (Borrowing) for Financial Year	4,159	(1,688)

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

Note 16 - LEASES

Council as a Lessee

Right of Use Asset

Set out below are the carrying amounts (written down value) of right of use assets recognised within Infrastructure Property, Plant & Equipment

Carrying Value	Electricity	Plant & Equipment	Total
	\$'000	\$'000	\$'000
At 1 July 2019	90,689	351	91,040
Additions			-
Disposals			-
Depreciation Charge	(3,943)	(68)	(4,011)
Impairment			-
Net Revaluation			-
At 30 June 2020	<u>86,746</u>	<u>283</u>	<u>87,029</u>

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	2020
	\$'000
At 1 July 2019	91,039
Additions	-
Accretion of Interest	2,014
Payments	(4,964)
At 30 June 2020	<u>88,089</u>
Current	3,224
Non Current	84,865

The maturity analysis of lease liabilities is included in note 12.

Council and its associated entities (the group) had total cash outflows for leases of **\$4,964,000**

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	4,011
Interest expense on lease liabilities	2,014
Total amount recognised in profit and loss	<u>6,025</u>

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

Note 17 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 9.50% in 2018-19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018-19) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

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

Contributions to Other Superannuation Schemes

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

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

Note 18 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet 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 no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

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

Note 19 - 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, 8 people were paid the following total compensation:

	2020	2019
	\$	\$
Salaries, allowances & other short term benefits	924	857
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
TOTAL	924	857

In 2020 there were no further related party transactions. In 2019 other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

	2020	2019
	\$	\$
Contributions for fringe benefits tax purposes	-	-
Planning and building applications fees	-	-
Rentals for Council property	-	1
TOTAL	-	1

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

Note 20 - Equity - Accumulated Surplus Adjustments

**CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS -
NOT RETROSPECTIVE**

AASB 16 LEASES

Council as lessee

Under AASB 117 *Leases*, council assessed whether leases were operating or finance leases, based on its assessment of whether significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16 *Leases*, there is no differentiation between finance and operating leases for the lessee and therefore all leases meet the definition of a lease recognised on the Statement of Financial Position (except for short-term leases and leases of low value assets).

On transition Council

- reassessed contracts which had previously been assessed as not containing leases under AASB 117 on transition to AASB 16.
- discounted lease liabilities using the interest rate implicit in the lease or when not known the Councils incremental borrowing rate at 1 July 2019.
- measured right-of-use-assets at 1 July 2019 at an amount equal to the lease liability adjusted by and prepaid or accrued lease payments.
- determined the lease term of a contract by considering any options to extend or terminate a contract and the probability of Council taking up that option.

Financial Statement impact of adoption of AASB 16 Leases

At 1 July Council has recognised right-of-use assets of \$90.689m with a corresponding lease liability for contract that was not previously classified as a lease. At the same time it recognised a right-of-use asset of \$.351m (previously classified as Plant, Machinery and Equipment) for a previously recognised finance lease.

The incremental borrowing rate applied to lease liabilities as at 1 July 2019 was 2.2%.

Adjustments to current year figures for the year ended 30 June 2020

	Original Balance 1 July 2020	Impact Increase/ (Decrease)	Restated Balance 1 July 2020
Assets			
Infrastructure, Property, Plant & Equipment			
- Right-of-use asset (Plant, Machinery & Equipment)	-	351	351
- Right-of-use asset (Electricity)	-	90,689	90,689
- Plant, Machinery & Equipment	805	(373)	432
Total Assets	33,208	90,667	123,875
Liabilities			
Interest Bearing loans and borrowings			
- Lease Liability	-	90,689	90,689
Total Liabilities	14,871	90,689	105,560
Total Equity	18,337	(22)	18,315

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF COOBER PEDY

Opinion

We have audited the accompanying financial report of the District Council Of Coober Pedy, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the District Council Of Coober Pedy as of 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 27th day of November 2020

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE DISTRICT COUNCIL OF COOBER PEDY

Qualified Opinion

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

In our opinion, the Council has not 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 legislative provisions for the period 1 July 2019 to 30 June 2020.

Qualification

The council has significant deficiencies in their internal controls to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 were in accordance with legislative provisions. These deficiencies were due to an absence of policies, procedures and robust internal controls.

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 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.

Limitations of Controls

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

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

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

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 are in accordance with legislative provisions.

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

Our procedures included obtaining an understanding of internal 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 internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 27th day of November 2020

District Council of Coober Pedy
Annual Financial Statements
for the year ended 30 June 2020

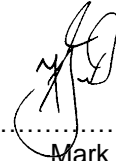
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Coalface SA Council for the year ended 30 June 2020, the Council's Auditor, David Francis of Bentleys SA Audit Partnership, 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*.



.....
Dean Miller
CHIEF EXECUTIVE OFFICER



.....
Mark Booth
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 19 November 2020

Bentleys SA Audit Partnership

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Certification of Auditor Independence

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

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

Bentleys SA Audit Partnership



David Francis
Partner

Dated at Adelaide this 13th day of November 2020