

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

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

CERTIFICATION OF FINANCIAL STATEMENTS

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

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


.....
Desley Culpin
ACTING CHIEF EXECUTIVE
OFFICER


.....
Tijn Jackson
ADMINISTRATOR

Date: 21 December 2021

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

	Notes	2021 \$'000	2020 \$'000
INCOME			
Rates	2	2,431	2,395
Statutory charges	2	10	9
User charges	2	5,251	7,956
Grants, subsidies and contributions	2	5,862	8,411
Investment income	2	11	11
Reimbursements	2	301	69
Other income	2	40	322
Total Income		13,906	19,173
EXPENSES			
Employee costs	3	3,981	4,434
Materials, contracts & other expenses	3	4,451	6,670
Depreciation, amortisation & impairment	3	5,024	5,011
Finance costs	3	1,987	2,198
Total Expenses		15,443	18,313
OPERATING SURPLUS / (DEFICIT)		(1,537)	860
Asset disposal & fair value adjustments	4	-	(27)
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		(1,537)	833
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	8	3,924	-
Total Other Comprehensive Income		3,924	-
TOTAL COMPREHENSIVE INCOME		2,387	833

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 2021

ASSETS	Notes	2021	2020
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	1,291	618
Trade & other receivables	5	2,074	2,716
Inventories	5	189	179
Total Current Assets		3,554	3,513
Non-current Assets			
Infrastructure, property, plant & equipment	6	117,840	115,339
Total Non-current Assets		117,840	115,339
Total Assets		121,394	118,852
LIABILITIES			
Current Liabilities			
Trade & other payables	7	3,520	3,675
Borrowings	7	11,348	10,714
Provisions	7	45	51
Total Current Liabilities		14,913	14,440
Non-current Liabilities			
Borrowings	7	84,786	85,135
Provisions	7	160	129
Total Non-current Liabilities		84,946	85,264
Total Liabilities		99,859	99,704
NET ASSETS		21,535	19,148
EQUITY			
Accumulated Surplus		3,886	5,423
Asset Revaluation Reserves	8	17,624	13,700
Other Reserves	8	25	25
TOTAL EQUITY		21,535	19,148

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 2021

2021	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		5,423	13,700	25	19,148
Adjustment to give effect to changed accounting policies		-			-
Restated opening balance		5,423	13,700	25	19,148
Net Surplus / (Deficit) for Year		(1,537)			(1,537)
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment			3,924		3,924
Balance at end of period	8	3,886	17,624	25	21,535

2020	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		4,612	13,700	25	18,337
Adjustment to give effect to changed accounting policies		(22)			(22)
Restated opening balance		4,590	13,700	25	18,315
Net Surplus / (Deficit) for Year		833			833
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			-		-
Balance at end of period	8	5,423	13,700	25	19,148

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 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		2,388	2,354
Fees & other charges		10	9
User charges		5,487	7,966
Investment receipts		10	11
Grants utilised for operating purposes		6,196	9,482
Reimbursements		274	69
Other revenues		111	678
<i>Payments:</i>			
Employee costs		(3,949)	(4,792)
Materials, contracts & other expenses		(4,555)	(9,296)
Finance payments		(1,983)	(2,198)
Net Cash provided by (or used in) Operating Activities		3,989	4,283
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(279)	(1,712)
Net Cash provided by (or used in) Investing Activities		(279)	(1,712)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		7,800	-
<i>Payments:</i>			
Repayments of borrowings		(7,489)	(150)
Repayment of principal portion of lease liabilities		(3,348)	(2,950)
Net Cash provided by (or used in) Financing Activities		(3,037)	(3,100)
Net Increase (Decrease) in cash held		673	(529)
Cash & cash equivalents at beginning of period	10	618	1,147
Cash & cash equivalents at end of period	10	1,291	618

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 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest 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, current liabilities exceeding current assets and a history of operating deficits. The debt becomes due in the next 12 months and the Local Government Finance Authority (LGFA)—Councils principle lender—has communicated that it will not consider extending the facilities until they have reviewed Council's audited financial statements for the period ended 30 June 2021 and an updated Long-Term Financial Plan.

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 2020/21 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:

- Maintaining a dialogue with the LGFA, to extend the terms of its current debt facilities which are due to mature within the next 12 months and, in securing additional loan funds to enable it to restructure its short-term liabilities,
- Maintaining a dialogue with a major creditor to continue the current payment arrangements regarding previous outstanding balances,
- Initiating a process of the possible sale of Council's water assets to reduce its debts to a manageable and affordable level and to enable reinvestment in existing community infrastructure,

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

- Maintaining an open dialogue with the State Government with respect of Council's financial position,
- Continuing to identify internal efficiencies, 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 be able to pay its commitments as they fall due and remain a going concern.

1.6 Covid-19

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include the reduction of income from the sale of electricity and water and the reduction of airport landing fees with less visitors to the local government area.

COVID-19 is not expected to have a significant financial impact on Council operations. It is expected further financial impacts will flow into the 2021/22 financial year, but these have been largely taken into account during the development of the budget process for 2021/22 including, but not limited to those items listed above. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

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 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.

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

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.

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

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

	Cash Payment Received	Annual Allocation	Difference	
2018-19	\$897,373	\$842,172	+	\$55,201
2019-20	\$902,882	\$862,237	+	\$40,643
2020-21	\$835,161	\$864,742	-	\$29,851

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.

3.2 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.

3.3 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

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

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

5 Inventories

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

District Council of Coober Pedy
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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.

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 6.

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 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.

6.5 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.

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Provisions

9.1 Employee Benefits

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

Weighted average discount rate	0.68% (2020: 0.48%)
Weighted average settlement period	5.6 years (2020: 5.2 years)

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 17.

10 Leases

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

Council as a lessee:

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

i) Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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 6.5 - Impairment of non-financial assets above.

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

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

Amendments to AASB 101 Presentation of Financial Statements and AASB 108 Definition of Material:

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

Amendments to AASB 16 Covid-19 Related Rent Concessions:

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

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

Note 2 - INCOME

	Notes	2021	2020
		\$'000	\$'000
RATES REVENUES			
<u>General Rates</u>		1,628	1,618
Less: Mandatory rebates		(20)	(46)
Less: Discretionary rebates, remissions & write offs		(29)	(2)
		<hr/> 1,579	<hr/> 1,570
<u>Other Rates</u> (including service charges)			
Regional Landscape Levy		113	102
Water supply		477	429
Community wastewater management systems		194	190
		<hr/> 784	<hr/> 721
<u>Other Charges</u>			
Penalties for late payment		33	50
Legal & other costs recovered		59	54
		<hr/> 92	<hr/> 104
Less: Rebates, remissions & write offs		(24)	
		<hr/> 2,431	<hr/> 2,395
STATUTORY CHARGES			
Development Act fees		5	5
Animal registration fees & fines		5	4
		<hr/> 10	<hr/> 9
USER CHARGES			
Cemetery/crematoria fees		7	26
Electricity Sales		2,912	3,910
Water Sales		1,260	1,522
User charges - Works		452	1,410
Childcare Fees		57	86
Commercial bin pickups		72	80
Swimming pool fees		18	17
Landing Fees		76	102
User charges - other		397	803
		<hr/> 5,251	<hr/> 7,956

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

Note 2 - INCOME (con't)

	Notes	2021 \$'000	2020 \$'000
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		11	11
		<u>11</u>	<u>11</u>
REIMBURSEMENTS			
Personal Accident Claims		21	29
Workers Compensation Claims		26	-
Parental Leave		-	40
Other		254	-
		<u>301</u>	<u>69</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		9	
Rebates received		-	10
Sundry		31	312
		<u>40</u>	<u>322</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		-	-
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		835	903
Flood Damage Restoration		-	2,880
Child care		498	526
Breakaways		336	-
Fuel excise		400	457
Energy SA Subsidy		3,682	3,373
CWMS		-	33
Sundry		111	239
		<u>5,862</u>	<u>8,411</u>
		<u>5,862</u>	<u>8,411</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		898	983
State government		4,964	7,395
Other		-	33
		<u>5,862</u>	<u>8,411</u>

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

Note 3 - EXPENSE

	Notes	2021 \$'000	2020 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,112	3,636
Employee leave expense		499	298
Superannuation - defined contribution plan contributions	17	318	391
Workers' Compensation Insurance		141	109
Less: Capitalised and distributed costs		(89)	
Total Operating Employee Costs		3,981	4,434
 Total Number of Employees		41	37
<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		29	39
Bad and Doubtful Debts		35	59
Elected members' expenses		-	24
Election expenses		-	14
Lease Expenses - variable payments*	16	844	1,444
Subtotal - Prescribed Expenses		908	1,580
<u>Other Materials, Contracts & Expenses</u>			
IT Expenses		259	311
Legal Expenses		402	380
Power Distribution Expenses		451	357
Water Production and distribution [#]		405	519
Road Maintenance		70	1,332
Materials, contractors, other - Other		1,852	2,066
Levies paid to government - NRM Levy		104	125
Subtotal - Other Materials, Contracts & Expenses		3,543	5,090
		4,451	6,670

* For the year ending 30 June 2021 variable payments relating to Councils Power Purchase agreement have been classified as "Lease Expenses - variable payments" consistent with AASB 16 Leases. Amounts relating to the previous year have been reclassified for purposes of comparability.

[#]For the year ending 30 June 2021 all material, contracts and other expenses related to the production and distribution of water have been combined. Amounts relating to the previous year have been reclassified for purposes of comparability.

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

Note 3 - EXPENSE con't

		2021	2020
	Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings and other structures		147	147
Transport Assets		201	194
Water		311	307
Electricity		229	227
Stormwater Drainage		4	4
Waste Water		31	30
Plant, Machinery & Equipment		91	91
Furniture & Fittings		-	-
Right of Use Assets - Plant	16	67	68
Right of Use Assets - Electricity	16	3,943	3,943
		<u>5,024</u>	<u>5,011</u>
FINANCE COSTS			
Interest on security deposits		1	-
Interest on Loans		154	184
Interest on Leases		1,832	2,014
		<u>1,987</u>	<u>2,198</u>

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

		2021	2020
	Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		-	27
Gain (Loss) on disposal		<u>-</u>	<u>(27)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>-</u>	<u>(27)</u>

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

Note 5 - CURRENT ASSETS

	Notes	2021 \$'000	2020 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		500	562
Deposits at Call		791	56
		<u>1,291</u>	<u>618</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		522	468
Rates postponed for State Seniors		-	11
Accrued Revenues		35	393
Debtors - CWMS		49	57
Debtors - Electricity		1,155	1,510
Debtors - Water		815	758
Debtors - Sundry		554	494
GST Recoupment		-	76
Prepayments		46	51
Total		3,176	3,818
Less: Allowance for Doubtful Debts		<u>(1,102)</u>	<u>(1,102)</u>
		<u>2,074</u>	<u>2,716</u>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

INVENTORIES

Stores & Materials		<u>189</u>	<u>179</u>
		<u>189</u>	<u>179</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 2021

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

		2020				2021			
		\$'000				\$'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	(3,136)	5,151	7,848	476	(3,284)	5,040
Transport Assets	3	8,969	1,598	(3,092)	7,475	8,969	1,699	(3,293)	7,375
Water	3	14,704	274	(6,904)	8,074	15,223	-	(5,238)	9,985
Electricity	3	8,658	174	(4,224)	4,608	9,745	-	(3,791)	5,954
Stormwater Drainage	3	249	-	(87)	162	299	-	(99)	200
Waste Water	3	2,098	-	(747)	1,351	2,313	-	(821)	1,492
Plant, Machinery & Equipment	3	-	2,279	(1,938)	341	-	2,331	(2,029)	302
Furniture & Fittings	3	-	465	(465)	-	-	468	(465)	3
Right of Use Assets - Plant		-	392	(109)	283	-	392	(176)	216
Right of Use Assets - Electricity		-	90,689	(3,943)	86,746	-	94,327	(8,202)	86,125
Total IPP&E		43,673	96,311	(24,645)	115,339	45,545	99,693	(27,398)	117,840
	Comparatives	44,538	3,908	(20,448)	27,998	43,673	96,311	(24,645)	115,339

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 2021

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020 \$'000								2021 \$'000	
Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Adjust't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Land	539	-	-	-	-	-	-	-	-	539
Land	609	-	-	-	-	-	-	-	-	609
Buildings and other structures	5,151	-	36	-	(147)	-	-	-	-	5,040
Transport Assets	7,475	-	101	-	(201)	-	-	-	-	7,375
Water	8,074	-	87	-	(311)	-	-	-	2,135	9,985
Electricity	4,608	-	-	-	(229)	-	-	-	1,575	5,954
Stormwater Drainage	162	-	-	-	(4)	-	-	-	42	200
Waste Water	1,351	-	-	-	(31)	-	-	-	172	1,492
Plant, Machinery & Equipment	341	-	52	-	(91)	-	-	-	-	302
Furniture & Fittings	-	-	3	-	-	-	-	-	-	3
Right of Use Assets - Plant	283	-	-	-	(67)	-	-	-	-	216
Right of Use Assets - Electricity	86,746	3,322	-	-	(3,943)	-	-	-	-	86,125
Total IPP&E	115,339	3,322	-	279	-	(5,024)	-	-	3,924	117,840
<i>Comparatives</i>	27,998	90,667	-	1,712	(27)	(5,011)	-	-	-	115,339

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 2021

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. Accordingly, formal sensitivity analysis does not provide useful information.

District Council of Coober Pedy

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

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 20 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 30 June 2021 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 2021

Note 7 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
		\$'000		\$'000	
TRADE & OTHER PAYABLES					
Goods & Services		2,691		2,925	
Accrued expenses - employee entitlements		423		401	
Accrued expenses - other		208		84	
Deposits, Retentions & Bonds		198		224	
Additional Creditors		-		41	
		<u>3,520</u>	-	<u>3,675</u>	-
BORROWINGS					
Loans		7,892	179	7,490	270
Leases Liabilities	16	3,456	84,607	3,224	84,865
		<u>11,348</u>	<u>84,786</u>	<u>10,714</u>	<u>85,135</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		45	160	51	129
		<u>45</u>	<u>160</u>	<u>51</u>	<u>129</u>

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

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
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	2,135		2,255
Electricity	1,913	1,575		3,488
Stormwater Drainage	39	42		81
Waste Water	592	172		764
TOTAL	13,700	3,924	-	17,624
Comparatives	13,700	-	-	13,700

OTHER RESERVES	1/7/2020	Transfers to Reserve	Transfers from Reserve	30/6/2021
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

CASH & FINANCIAL ASSETS	Notes	2021 \$'000	2020 \$'000
Kanku - Breakaways Funds		148	148
		148	148

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

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	5	1,291	618
Balances per Cash Flow Statement		<u>1,291</u>	<u>618</u>

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

Net Surplus (Deficit)		(1,537)	833
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		5,024	5,011
Net increase (decrease) in unpaid employee benefits		47	(283)
Net (Gain) Loss on Disposals		-	27
		<u>3,534</u>	<u>5,588</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		642	1,080
Net (increase) decrease in inventories		(10)	88
Net increase (decrease) in trade & other payables		(177)	(2,473)
Net Cash provided by (or used in) operations		<u>3,989</u>	<u>4,283</u>

(c) Financing Arrangements

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

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

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

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Governance	-	-	397	1,154	(397)	(1,154)	-	-	-	-
Administration	2,632	2,952	2,542	1,906	90	1,046	841	943	8,244	7,300
Community Services	1,108	944	1,824	1,558	(716)	(614)	886	713	-	-
Water Supply	1,668	2,068	1,585	1,857	83	211	75	87	10,801	8,832
Wastewater	210	189	84	167	126	22	-	-	1,541	1,408
Works	579	4,630	1,597	2,998	(1,018)	1,632	120	2,933	7,574	8,441
Electricity Supply	7,709	8,390	7,414	8,673	295	(283)	3,940	3,735	93,234	92,871
<u>TOTALS</u>	13,906	19,173	15,443	18,313	(1,537)	860	5,862	8,411	121,394	118,852

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

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 the 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 sewerage scheme and providing processed 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 2021

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.01% and .45% (2020: 0.01% and 0.45%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 5.2% (2020: 6.35%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are in the following forms:</p> <p>(1) credit foncier repayable by 6 monthly instalments of principle and interest; interest is charged at fixed rates between 5.00% and 5.05 (2020: 5.00% and 5.05)</p> <p>(2) cash advance debenture with interest payable 3 monthly and the principle payable on cessation of the facility; interest is charged at fixed rates between 1.30% and 1.8% (2020: 1.8%) and variable rates between 2.05% and 2.20% (2020: 3.35%).</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 16</p>

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	1,291			1,291	1,291
Receivables	2,028	-	-	2,028	2,028
Total	3,319	-	-	3,319	3,319
<u>Financial Liabilities</u>					
Payables	2,889			2,889	2,889
Current Borrowings	7,904			7,904	7,892
Lease Liabilities	5,269	20,930	88,224	114,423	88,063
Non-Current Borrowings		192		192	179
Total	16,062	21,122	88,224	125,408	99,023
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	618	-	-	618	618
Receivables	2,665	-	-	2,665	2,665
Total	3,283	-	-	3,283	3,283
<u>Financial Liabilities</u>					
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

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	1.5	1,997	2.2	357
Fixed Interest Rates	1.5	6,073	2.3	7,403
		8,070		7,760

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

Note 12 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 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

	2021	2020
Notes	\$'000	\$'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 2021

Note 14 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	-11.1%	4.5%	-7.4%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	694%	503%	66%
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 applies AASB 16 Leases, 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.

<i>Adjusted Operating Surplus Ratio</i>	-6.1%	10.0%	-7.6%
<i>Adjusted Net Financial Liabilities Ratio</i>	65%	47%	66%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	25%	57%	150%
Net Asset Renewals - IAMP			

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

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

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

	2021 \$'000	2020 \$'000
Income	13,906	19,173
Expenses	<u>(15,443)</u>	<u>(18,313)</u>
Operating Surplus / (Deficit)	(1,537)	860
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(279)	(1,712)
Add back Depreciation, Amortisation and Impairment	<u>5,024</u>	<u>5,011</u>
	4,745	3,299
 Net Lending / (Borrowing) for Financial Year	 <u>3,208</u>	 <u>4,159</u>

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

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 2020	86,746	283	87,029
Additions			
Disposals			
Depreciation Charge	(3,943)	(67)	(4,010)
Impairment			
Remeasurement Adjustment	3,322		3,322
At 30 June 2021	86,125	216	86,341

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

	2021
	\$'000
Opening Balance 1 July 2020	88,089
Additions	
Accretion of Interest	1,816
Payments	(5,164)
Remeasurement Adjustment	3,322
Closing Balance 30 June 2021	88,063
Current	3,456
Non Current	84,607

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 **\$5,164,000**.

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	3,943
Interest expense on lease liabilities	1,832
Variable lease payments	844
Total amount recognised in profit and loss	6,619

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

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 2020-21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (2020: 6.3%) 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 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 2021

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 2021

Note 19 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Administrator, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 7 (2020:8) persons were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	581	924
Post-employment benefits		
Long term benefits		
Termination benefits		
TOTAL	581	924

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no other amounts.

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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 2021, 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 2021, 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.

Emphasis of Matter – Material Uncertainty related to Going Concern

We draw attention to Note 1, "Going Concern" in the financial report. The conditions disclosed in Note 1 indicate a material uncertainty exists that may cast significant doubt on the Council's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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 21st day of December 2021

Bentleys SA Audit Partnership

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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 2020 to 30 June 2021 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 2021 to 30 June 2021.

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 2020 to 30 June 2021 were 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 2020 to 30 June 2021. 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 21st day of December 2021


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

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Coober Pedy for the year ended 30 June 2021, 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*.


.....
Desley Culpin
ACTING CHIEF EXECUTIVE OFFICER


.....
Mark Booth
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 21/12/21

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 2021, 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 25th day of November 2021