

# District Council of Coober Pedy

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

---



District Council  
of Coober Pedy

## General Purpose Financial Statements

for the year ended 30 June 2023

---

Contents	Page
<b>Council certificate</b>	<b>2</b>
<b>Principal Financial Statements</b>	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
<b>Notes to and forming part of the Financial Statements</b>	<b>7</b>
<b>Independent Auditor's Report – Financial Statements</b>	<b>45</b>
<b>Independent Auditor's Report – Internal Controls</b>	<b>47</b>
<b>Certificates of Audit Independence</b>	
Council Certificate of Audit Independence	49
Audit Certificate of Audit Independence	50

# District Council of Coober Pedy

## General Purpose Financial Statements

for the year ended 30 June 2023

### Council certificate

---

#### Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- with the exception of documentation around policies and procedures, contract registers and some system user controls, the 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.



---

**Mr Mark Austin**  
**Chief Executive Officer**

23 November 2023



---

**Mr Geoff Sheridan**  
**Principal Administrator**

23 November 2023

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	2,610	2,299
Statutory charges	2b	7	9
User charges	2c	6,550	6,056
Grants, subsidies and contributions - operating	2g	8,343	6,258
Investment income	2d	21	1
Reimbursements	2e	229	250
Other income	2f	78	71
<b>Total income</b>		<u>17,838</u>	<u>14,944</u>
<b>Expenses</b>			
Employee costs	3a	5,502	4,735
Materials, contracts and other expenses	3b	6,307	4,842
Depreciation, amortisation and impairment	3c	5,505	5,198
Finance costs	3d	2,094	2,013
<b>Total expenses</b>		<u>19,408</u>	<u>16,788</u>
<b>Operating surplus / (deficit)</b>		<u>(1,570)</u>	<u>(1,844)</u>
Amounts received specifically for new or upgraded assets	2g	332	–
<b>Net surplus / (deficit)</b>		<u>(1,238)</u>	<u>(1,844)</u>
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in revaluation surplus - I,PP&E	7a	–	(2,213)
<b>Total amounts which will not be reclassified subsequently to operating result</b>		–	(2,213)
<b>Total other comprehensive income</b>		–	(2,213)
<b>Total comprehensive income</b>		<u>(1,238)</u>	<u>(4,057)</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	4a	2,094	1,138
Trade and other receivables	4b	4,815	3,023
Inventories	4c	353	275
<b>Subtotal</b>		<b>7,262</b>	<b>4,436</b>
Non-current assets held for sale	17	–	9,437
<b>Total current assets</b>		<b>7,262</b>	<b>13,873</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	5	117,074	106,618
<b>Total non-current assets</b>		<b>117,074</b>	<b>106,618</b>
<b>TOTAL ASSETS</b>		<b>124,336</b>	<b>120,491</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6a	9,251	5,839
Borrowings	6b	11,827	11,607
Provisions	6c	183	147
<b>Total current liabilities</b>		<b>21,261</b>	<b>17,593</b>
<b>Non-current liabilities</b>			
Borrowings	6b	87,586	86,167
Provisions	6c	61	65
<b>Total non-current liabilities</b>		<b>87,647</b>	<b>86,232</b>
<b>TOTAL LIABILITIES</b>		<b>108,908</b>	<b>103,825</b>
<b>Net assets</b>		<b>15,428</b>	<b>16,666</b>
<b>EQUITY</b>			
Accumulated surplus		(8)	1,230
Asset revaluation reserves	7a	15,411	15,411
Other reserves	7b	25	25
<b>Total council equity</b>		<b>15,428</b>	<b>16,666</b>
<b>Total equity</b>		<b>15,428</b>	<b>16,666</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance as at 1 July		1,230	15,411	25	16,666
Net surplus / (deficit) for year		(1,238)	–	–	(1,238)
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	–	–	–	–
<b>Other comprehensive income</b>		–	–	–	–
<b>Total comprehensive income</b>		<b>(1,238)</b>	<b>–</b>	<b>–</b>	<b>(1,238)</b>
<b>Balance at the end of period</b>		<b>(8)</b>	<b>15,411</b>	<b>25</b>	<b>15,428</b>
<b>2022</b>					
Balance as at 1 July		3,885	17,624	25	21,534
Adjustments (correction of prior period errors)	20	(811)	–	–	(811)
Net surplus / (deficit) for year		(1,844)	–	–	(1,844)
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	–	(2,213)	–	(2,213)
<b>Other comprehensive income</b>		–	<b>(2,213)</b>	–	<b>(2,213)</b>
<b>Total comprehensive income</b>		<b>(1,844)</b>	<b>(2,213)</b>	<b>–</b>	<b>(4,057)</b>
<b>Balance at the end of period</b>		<b>1,230</b>	<b>15,411</b>	<b>25</b>	<b>16,666</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		2,723	2,612
Statutory charges		7	8
User charges		7,411	5,563
Grants, subsidies and contributions		9,400	5,906
Investment receipts		21	1
Reimbursements		231	277
Other receipts		263	169
<u>Payments</u>			
Payments to employees		(5,491)	(4,734)
Payments for materials, contracts and other expenses		(6,962)	(3,998)
Finance payments		(2,094)	(1,971)
<b>Net cash provided by (or used in) operating activities</b>	9b	<b>5,509</b>	<b>3,833</b>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts received specifically for new or upgraded assets		332	–
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(688)	(337)
Expenditure on new/upgraded assets		(507)	(8)
<b>Net cash provided (or used in) investing activities</b>		<b>(863)</b>	<b>(345)</b>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from loans		7,700	–
<u>Payments</u>			
Repayments of loans		(7,869)	(92)
Repayment of lease liabilities		(3,521)	(3,549)
<b>Net cash provided by (or used in) financing activities</b>		<b>(3,690)</b>	<b>(3,641)</b>
<b>Net increase (decrease) in cash held</b>		<b>956</b>	<b>(153)</b>
plus: cash & cash equivalents at beginning of period		1,138	1,291
<b>Cash and cash equivalents held at end of period</b>	9a	<b>2,094</b>	<b>1,138</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

Contents of the Notes accompanying the General Purpose Financial Statements

---

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Income	14
3	Expenses	16
4	Current assets	18
5	Infrastructure, property, plant & equipment and investment property	19
6	Liabilities	23
7	Reserves	24
8	Assets subject to restrictions	25
9	Reconciliation to Statement of Cash Flows	26
10(a)	Functions	27
10(b)	Components of functions	28
11	Financial instruments	28
12	Capital Expenditure Commitments	32
13	Financial indicators	33
14	Uniform presentation of finances	37
15	Leases	38
16	Superannuation	40
17	Non-current assets held for sale and discontinued operations	41
18	Contingencies and assets/liabilities not recognised in the balance sheet	41
19	Related party transactions	42
20	Equity – retained earnings and revaluation reserves adjustments	42



## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (1) Basis of preparation

##### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 23 November 2023

##### 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 twelve months and the Local Government Finance Authority (LGFA)-Councils principle lender-has now imposed reporting covenants as part of its lending conditions.

However, Council retains all the powers of a Municipal Council incorporated under the Local Government Act 1999 including the ability to levy rates and borrow funds.

During 2022/23 the State Government has continued to suspend the Council and employ an Administrator. In February 2023 the Minister appointed a team of three Administrators to take over from the previous Administrator. The Administrators 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,
- Continuing the work on 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,
- 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.

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 1.6 COVID-19

Covid-19, an infectious disease, was declared a world-wide pandemic by the WHO on 11 March 2020. The Covid-19 pandemic shows considerable signs of easing including the lifting of travel, lockdown and quarantine measures. Governments have also commenced curtailing provision of financial and non-financial assistance.

Lingering impacts have continued to be realised in the pricing and supply of goods and services sourced from overseas.

Covid-19 is not expected to have a significant impact on Council operations. The budget assumptions for 2023/24 continue to assume that no further restrictions are put in place by the government. However, Council has determined there is 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.

##### (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 Council 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
2020/21	\$835,161	\$862,237	- \$29,851
2021/22	\$1,203,406	\$878,986	+ \$324,420
2022/23	\$1,336,676	\$931,670	+ \$405,006

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

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

##### 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 sale. For any unsold credits held at year end Council will accrue income based on the market rate as close as possible to year end.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### **Construction contracts**

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

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

#### **(4) Cash, cash equivalents and other financial instruments**

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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 11.

#### **(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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### **(6) Infrastructure, property, plant and equipment**

##### **6.1 Initial recognition**

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

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

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

##### **6.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 5. No capitalisation threshold is applied to the acquisition of land or interests in land.

##### **6.3 Subsequent recognition**

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 5.

##### **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 5. 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 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

#### **(7) Payables**

##### **7.1 Goods & Services**

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

##### **7.2 Payments Received in Advance & Deposits**

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

#### **(8) Borrowings**

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

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 oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) 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 avg. discount rate 2.83% (2022, 2.93%)

Weighted avg. settlement period 5.8 years (2022, 5.7 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.

##### **9.2 Superannuation**

The Council made employer superannuation contributions in respect of its employees to the Hostplus. The Fund 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 16.

#### **(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.

##### **10.1 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

**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 10 years
Electricity assets	25 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

**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.

**iii) Short-term leases and leases of low-value assets**

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**(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) Comparative figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

**(13) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

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

## Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	1,716	1,649
Less: mandatory rebates	(13)	(15)
Less: discretionary rebates, remissions and write-offs	(27)	(26)
<b>Total general rates</b>	<b>1,676</b>	<b>1,608</b>
<b>Other rates (including service charges)</b>		
Water supply	494	483
Community wastewater management systems	277	194
Landscape Levy	107	106
<b>Total other rates (including service charges)</b>	<b>878</b>	<b>783</b>
<b>Other charges</b>		
Penalties for late payment	22	24
Legal and other costs recovered	50	35
<b>Total other charges</b>	<b>72</b>	<b>59</b>
<b>Less: discretionary rebates, remissions and write-offs</b>		
Less: discretionary rebates, remissions and write-offs	(16)	(151)
<b>Total less: discretionary rebates, remissions and write-offs</b>	<b>(16)</b>	<b>(151)</b>
<b>Total rates</b>	<b>2,610</b>	<b>2,299</b>
<b>(b) Statutory charges</b>		
Development Act fees	3	4
Animal registration fees and fines	4	5
<b>Total statutory charges</b>	<b>7</b>	<b>9</b>
<b>(c) User charges</b>		
Cemetery/crematoria fees	21	19
Electricity Sales	3,487	3,507
Water Sales	1,412	1,544
User Charges - Works	317	339
Childcare Fees	118	77
Commercial Bin Pickups	98	75
Swimming Pool Fees	18	17
Landing Fees	149	102
Other	930	376
<b>Total user charges</b>	<b>6,550</b>	<b>6,056</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 2. Income (continued)

\$ '000	2023	2022
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	21	1
<b><u>Total investment income</u></b>	<b><u>21</u></b>	<b><u>1</u></b>
<b>(e) Reimbursements</b>		
Personal Accident Claims	25	22
Other	204	228
<b><u>Total reimbursements</u></b>	<b><u>229</u></b>	<b><u>250</u></b>
<b>(f) Other income</b>		
Insurance and other recoupments - infrastructure, property, plant and equipment	7	4
Sundry	71	67
<b><u>Total other income</u></b>	<b><u>78</u></b>	<b><u>71</u></b>
<b>(g) Grants, subsidies and contributions</b>		
Amounts received specifically for new or upgraded assets	332	-
<b>Total</b>	<b><u>332</u></b>	<b><u>-</u></b>
<b>Other grants, subsidies and contributions</b>		
Untied - Financial Assistance Grant	1,337	1,203
Child Care	544	506
Breakaways	318	227
Fuel Excise	462	374
Energy SA Subsidy	5,526	3,834
Sundry	156	114
<b><u>Total grants, subsidies and contributions</u></b>	<b><u>8,675</u></b>	<b><u>6,258</u></b>
The functions to which these grants relate are shown in Note 10.		
<b>(i) Sources of grants</b>		
Commonwealth Government	2,600	2,083
State Government	6,075	4,175
<b>Total</b>	<b><u>8,675</u></b>	<b><u>6,258</u></b>



## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 3. Expenses

\$ '000	Notes	2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		4,163	3,671
Employee leave expense		733	536
Superannuation - defined contribution plan contributions	16	415	361
Superannuation - defined benefit plan contributions	16	13	19
Workers' compensation insurance		178	151
Less: capitalised and distributed costs		–	(3)
<b><u>Total operating employee costs</u></b>		<b><u>5,502</u></b>	<b><u>4,735</u></b>
Total number of employees (full time equivalent at end of reporting period)		37	44
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		38	38
Bad and doubtful debts		(96)	(232)
Lease expense - variable payments		1,893	1,202
<b><u>Subtotal - prescribed expenses</u></b>		<b><u>1,835</u></b>	<b><u>1,008</u></b>
<b>(ii) Other materials, contracts and expenses</b>			
Legal expenses		210	249
Levies paid to Government - NRM levy		108	102
Other		(91)	–
IT Expenses		274	237
Power Distribution Expenses		543	390
Water Production		522	474
Road Maintenance		47	29
Plant Expenditure		970	354
Materials, Contractors, Other		1,889	1,999
<b><u>Subtotal - Other material, contracts and expenses</u></b>		<b><u>4,472</u></b>	<b><u>3,834</u></b>
<b><u>Total materials, contracts and other expenses</u></b>		<b><u>6,307</u></b>	<b><u>4,842</u></b>

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

Note 3. Expenses (continued)

\$ '000	2023	2022
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
Buildings and other structures	143	145
Infrastructure		
- Stormwater drainage	5	5
Water	356	306
Waste Water	35	33
Electricity	258	258
Plant, Machinery & Equipment	99	97
Furniture and fittings	2	1
Transport Assets	165	184
Right of Use Assets - Plant	77	68
Right of Use Assets - Electricity	4,365	4,101
<b>Subtotal</b>	<b>5,505</b>	<b>5,198</b>
<b>Total depreciation, amortisation and impairment</b>	<b>5,505</b>	<b>5,198</b>
<b>(d) Finance costs</b>		
Interest on loans	225	200
Interest on leases	1,868	1,812
Interest on Security Deposits	1	1
<b>Total finance costs</b>	<b>2,094</b>	<b>2,013</b>

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

Note 4. Current assets

\$ '000	2023	2022
<b>(a) Cash and cash equivalent assets</b>		
Cash on Hand and at Bank	980	967
Deposits at call	1,114	171
<b><u>Total cash and cash equivalent assets</u></b>	<b><u>2,094</u></b>	<b><u>1,138</u></b>
<b>(b) Trade and other receivables</b>		
Rates - general and other	45	209
Accrued revenues	682	802
GST recoupment	37	127
Prepayments	17	135
Debtors - CWMS	18	36
Debtors - Electricity	991	1,161
Debtors - Water	580	911
Debtors - Sundry	3,203	512
<b>Subtotal</b>	<b><u>5,573</u></b>	<b><u>3,893</u></b>
Less: provision for expected credit losses	(758)	(870)
<b><u>Total trade and other receivables</u></b>	<b><u>4,815</u></b>	<b><u>3,023</u></b>
<b>(c) Inventories</b>		
Stores and materials	353	275
<b><u>Total inventories</u></b>	<b><u>353</u></b>	<b><u>275</u></b>

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.

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

Note 5. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/22				Asset movements during the reporting period						as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	–	–	–	–	507	104	–	68	–	–	679	–	679
Land	2	539	–	–	539	–	–	–	–	–	–	743	–	–	743
Land	3	405	–	–	405	–	–	–	–	204	–	405	–	–	405
Buildings and other structures	3	7,505	476	(3,294)	4,687	–	–	–	(143)	178	–	7,862	476	(3,616)	4,722
Infrastructure															
Transport Assets	3	8,969	1,728	(3,477)	7,220	–	–	–	(165)	–	–	8,969	1,727	(3,642)	7,054
- Stormwater drainage	3	299	–	(104)	195	–	–	–	(5)	–	–	299	–	(109)	190
Water	3	15,223	(15,223)	–	–	–	–	–	(356)	7,531	–	16,383	–	(9,208)	7,175
Waste Water	3	2,313	(2,313)	–	–	–	–	–	(35)	1,456	–	2,395	–	(973)	1,422
Electricity	3	9,745	–	(4,049)	5,696	–	–	–	(258)	–	–	9,745	–	(4,307)	5,438
Right of Use Assets - Plant		–	392	(244)	148	–	–	388	(77)	–	–	–	780	(321)	459
Right of Use Assets - Electricity		–	100,401	(13,096)	87,305	5,329	–	–	(4,365)	–	–	–	106,852	(18,583)	88,269
Plant, machinery and equipment	2	–	2,539	(2,126)	413	–	–	195	(99)	–	–	1	2,539	(2,225)	315
Furniture and fittings	3	–	476	(466)	10	–	–	–	(2)	–	–	–	671	(468)	203
<b>Total infrastructure, property, plant and equipment</b>		<b>44,998</b>	<b>88,476</b>	<b>(26,856)</b>	<b>106,618</b>	<b>5,329</b>	<b>507</b>	<b>687</b>	<b>(5,505)</b>	<b>9,437</b>	<b>–</b>	<b>46,802</b>	<b>113,724</b>	<b>(43,452)</b>	<b>117,074</b>
Comparatives		45,545	99,693	(27,398)	117,840	5,281	8	337	(5,198)	(9,437)	(2,213)	44,998	88,476	(26,856)	106,618

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 5. Infrastructure, property, plant & equipment and investment property (continued)

##### Valuation of infrastructure, property, plant & equipment and investment property

###### Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

*AASB 13 Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

###### Information on valuations

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 buildings, infrastructure and other assets. These assets 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.

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

###### Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to *AASB 1.D5* to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 5. Infrastructure, property, plant &amp; equipment and investment property (continued)

**Highest and best use**

All of Council's non financial assets are considered as being utilised for their highest and best use.

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.

**Transition to AASB 13 - Fair Value Measurement**

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

**Capitalisation Thresholds**

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

	\$
Plant, Furniture & Equipment	2,000
Buildings & Other Structures	10,000
<i>Transport Assets</i>	
Sealed Roads - Surface	10,000
Sealed Roads - Basecourse	10,000
Sealed Roads - Subbase	10,000
Unsealed Roads - Basecourse	10,000
Paving & Footpaths, Kerb & Gutter	5,000
Carparks	5,000
Culverts	5,000
Water Supply Assets	5,000
Electricity Assets	5,000
Stormwater	5,000
Wastewater Assets	5,000

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 5. Infrastructure, property, plant & equipment and investment property (continued)

##### 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
Buildings & Other Structures	20 to 100 years
<i>Transport Assets</i>	
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
Paving & Footpaths, Kerb & Gutter	25 to 80 years
Carparks	15 to 60 years
Culverts	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 Gaylor 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 and Electricity Distribution 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.

Water Assets and Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2022 by Mr David Hope, Principal Consultant, of Skilmar Systems Pty. Ltd.

##### Plant & Equipment

These assets are recognised on the cost basis.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 6. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(a) Trade and other payables</b>				
Goods and services	3,650	–	3,576	–
Accrued expenses - employee entitlements	408	–	411	–
Accrued expenses - other	1,498	–	975	–
Deposits, retentions and bonds	192	–	199	–
Income received in advance	3,503	–	678	–
<b>Total trade and other payables</b>	<b>9,251</b>	<b>–</b>	<b>5,839</b>	<b>–</b>

### (b) Borrowings

Loans	7,772	38	7,869	110
Lease liabilities	4,055	87,548	3,738	86,057
<b>Total Borrowings</b>	<b>11,827</b>	<b>87,586</b>	<b>11,607</b>	<b>86,167</b>

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

### (c) Provisions

Employee entitlements (including oncosts)	183	61	147	65
<b>Total provisions</b>	<b>183</b>	<b>61</b>	<b>147</b>	<b>65</b>

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date

### Movements in provisions

2023 (current and non-current) \$ '000	Insurance Losses 2023	Future Reinstatement 2023	Leave & Other Provisions 2023
<b>Opening balance</b>	–	–	212
Add: unwinding of present value discounts	–	–	1
(Less): payments	–	–	(77)
Add (less) remeasurement adjustments	–	–	108
<b>Closing balance</b>	<b>–</b>	<b>–</b>	<b>244</b>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 7. Reserves

\$ '000	as at 30/06/22	Increments (Decrements)	Transfers	Impairments	as at 30/06/23
	Opening Balance				Closing Balance
<b>(a) Asset revaluation reserve</b>					
Land	(1)	-	-	-	(1)
Buildings and other structures	284	-	-	-	284
Infrastructure					
- Stormwater drainage	81	-	-	-	81
- Water	75	-	-	-	75
- Waste Water	761	-	-	-	761
- Electricity	3,488	-	-	-	3,488
Transport Assets	(2,236)	-	-	-	(2,236)
Revaluations not allocated to class	12,959	-	-	-	12,959
<b>Total other assets</b>	<b>12,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,959</b>
<b>Total asset revaluation reserve</b>	<b>15,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,411</b>
Comparatives	17,624	(2,213)	-	-	15,411

\$ '000	as at 30/06/22	Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/23
	Opening Balance				Closing Balance
<b>(b) Other reserves</b>					
Breakaway Reserve	25	-	-	-	25
<b>Total other reserves</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>
Comparatives	25	-	-	-	25

**Purposes of reserves****Asset revaluation reserves**

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).

**Breakaways Reserve**

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

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

Note 8. Assets subject to restrictions

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<p>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.</p>		
<b>Cash and financial assets</b>		
Kanku - Breakaways Funds	513	450
<b>Total cash and financial assets</b>	<b>513</b>	<b>450</b>
<b><u>Total assets subject to externally imposed restrictions</u></b>	<b><u>513</u></b>	<b><u>450</u></b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 9. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
---------	-------	------	------

#### (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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	4	2,094	1,138
<b>Balances per Statement of Cash Flows</b>		<b>2,094</b>	<b>1,138</b>

#### (b) Reconciliation of change in net assets to cash from operating activities

<b>Net surplus/(deficit)</b>		(1,238)	(1,844)
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		5,505	5,198
Grants for capital acquisitions treated as investing activity		(332)	–
		<b>3,935</b>	<b>3,354</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(1,680)	(717)
Change in allowances for under-recovery of receivables		(112)	(232)
Net (increase)/decrease in inventories		(78)	(86)
Net increase/(decrease) in trade and other payables		3,412	1,520
Net increase/(decrease) in unpaid employee benefits		32	(6)
<b>Net cash provided by (or used in) operations</b>		<b>5,509</b>	<b>3,833</b>

#### (c) Financing arrangements

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

Corporate credit cards	25	25
------------------------	----	----

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

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

Note 10(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 10(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions/Activities</b>										
Governance	38	–	589	427	(551)	(427)	38	–	–	–
Administration	3,204	2,788	2,943	2,990	261	(202)	1,272	1,103	12,519	17,967
Community Services	1,296	1,118	1,774	1,961	(478)	(843)	894	787	79	–
Water Supply	1,855	2,071	2,117	1,563	(262)	508	57	66	8,025	911
Wastewater	283	174	147	130	136	44	–	–	1,440	36
Works	627	506	2,321	1,812	(1,694)	(1,306)	167	173	7,532	7,414
Electricity Supply	10,535	8,287	9,517	7,906	1,018	381	5,915	4,129	94,741	94,163
<b>Total Functions/Activities</b>	<b>17,838</b>	<b>14,944</b>	<b>19,408</b>	<b>16,789</b>	<b>(1,570)</b>	<b>(1,845)</b>	<b>8,343</b>	<b>6,258</b>	<b>124,336</b>	<b>120,491</b>

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 10(b). 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.

#### Note 11. Financial instruments

---

##### **Recognised financial instruments**

##### **Bank, deposits at call, short term deposits**

###### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

###### **Terms & Conditions:**

Deposits are returning fixed interest rates between 1.55% and 4.3% (2022: 0.3% and 1.05%).

###### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

##### **Receivables - rates and associated charges**

###### **Accounting Policy:**

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

###### **Terms & Conditions:**

Secured over the subject land, arrears attract interest of 2% (2022: 2%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

###### **Carrying Amount:**

Approximates fair value (after deduction of any allowance).

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 11. Financial instruments (continued)

---

##### **Receivables - fees and other charges**

###### **Accounting policy:**

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

###### **Terms and conditions:**

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

###### **Carrying amount:**

Approximates fair value (after deduction of any allowance).

##### **Receivables - other levels of government**

###### **Accounting policy:**

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

###### **Terms and conditions:**

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

###### **Carrying amount:**

Approximates fair value.

##### **Liabilities - creditors and accruals**

###### **Accounting policy:**

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

###### **Terms and conditions:**

Liabilities are normally settled on 30 day terms.

###### **Carrying amount:**

Approximates fair value.

##### **Liabilities - retirement home contributions**

###### **Accounting policy:**

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

###### **Terms and conditions:**

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

###### **Carrying amount:**

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

## District Council of Coober Pedy

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 11. Financial instruments (continued)

**Liabilities - interest bearing borrowings****Accounting Policy:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

**Terms & Conditions:**

Secured over future revenues, borrowings are in the following forms:

(1) credit foncier repayable by 6 monthly instalments of principle and interest; interest is charged at fixed rates between 5% and 5.05% (2022: 5.00% and 5.05%)

(2) cash advance debenture with interest and principle payable on cessation of the facility; interest is charged at fixed rates between 1.9% and 4.95% (2022: 1.3% and 1.9%) and variable rates between 0% and 0% (2022:1.30% and 2.05%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - leases****Accounting policy:**

Accounted for in accordance with AASB 16 as stated in Note 15.

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,094	–	–	2,094	2,094
Receivables	4,837	–	–	4,837	4,837
<b>Total financial assets</b>	<b>6,931</b>	<b>–</b>	<b>–</b>	<b>6,931</b>	<b>6,931</b>
<b>Financial liabilities</b>					
Payables	7,344	–	–	7,344	7,344
Current borrowings	7,883	–	–	7,883	7,772
Non-current borrowings	–	38	–	38	38
Lease liabilities	5,764	23,601	87,839	117,204	91,603
<b>Total financial liabilities</b>	<b>20,991</b>	<b>23,639</b>	<b>87,839</b>	<b>132,469</b>	<b>106,757</b>
<b>Total financial assets and liabilities</b>	<b>27,922</b>	<b>23,639</b>	<b>87,839</b>	<b>139,400</b>	<b>113,688</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,138	–	–	1,138	1,138
Receivables	2,829	–	–	2,829	2,829
<b>Total financial assets</b>	<b>3,967</b>	<b>–</b>	<b>–</b>	<b>3,967</b>	<b>3,967</b>
<b>Financial liabilities</b>					
Payables	4,453	–	–	4,453	4,453
Current borrowings	7,874	–	–	7,874	7,869
Non-current borrowings	–	115	–	115	110
Lease liabilities	5,568	22,118	88,136	115,822	89,795

continued on next page ...

## District Council of Coober Pedy

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 11. Financial instruments (continued)

Total financial liabilities	17,895	22,233	88,136	128,264	102,227
<u>Total financial assets and liabilities</u>	<u>21,862</u>	<u>22,233</u>	<u>88,136</u>	<u>132,231</u>	<u>106,194</u>

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	3.19%	7,810	2.00%	7,979
		<u>7,810</u>		<u>7,979</u>

**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 4 & 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.

**Expected credit losses (ECL)**

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

\$ '000	ECL Rate	Gross carrying amount	Expected Loss
<b>2023</b>			
Current (not past due)	0.4%	3,461	12
Past due 1-30 days	2.2%	269	6
Past due 31-60 days	35.4%	117	41
Past due 61-90 days	64.3%	232	149
Past due 91 days +	73.3%	751	550
		<u>4,830</u>	<u>758</u>

continued on next page ...



## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 11. Financial instruments (continued)

\$ '000	ECL Rate	Gross carrying amount	Expected Loss
<b>2022</b>			
Current (not past due)	1.0%	957	14
Past due 1-30 days	3.0%	419	13
Past due 31-60 days	40.0%	227	91
Past due 61-90 days	68.0%	57	39
Past due 91 days +	61.0%	1,169	710
		<b>2,829</b>	<b>867</b>

Set out below is the movement in the allowance for expected credit losses:

### Note 12. Capital Expenditure Commitments

\$ '000	2023	2022
<b>Capital commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Infrastructure	160	–
Plant and equipment	183	164
	<b>343</b>	<b>164</b>
<b>These expenditures are payable:</b>		
Not later than one year	343	164
	<b>343</b>	<b>164</b>

## District Council of Coober Pedy

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 13. Financial indicators

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022	Indicators 2021
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>				
<b>1. Operating Surplus Ratio</b>				
Operating surplus	(1,570)	(8.8)%	(12.3)%	(11.1)%
Total operating income	17,838			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
<b>2. Net Financial Liabilities Ratio</b>				
Net financial liabilities	101,999	572%	668%	694%
Total operating income	17,838			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>				
<b>Adjusted Operating Surplus Ratio</b>				
Operating surplus	(1,890)	(10.4)%	(10.3)%	(6.1)%
Total operating income	18,172			
<b>Adjustments to Ratios</b>				
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.</i>				
<i>The Council applies AASB16 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>				
<b>Adjusted Net Financial Liabilities Ratio</b>				
Net financial liabilities	10,850	60%	73%	65%
Total operating income	18,172			
<b>3. Asset Renewal Funding Ratio</b>				
Asset renewals	688	51%	26%	25%
Infrastructure and Asset Management Plan required expenditure	1,361			

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

Note 13. Financial indicators (continued)

---

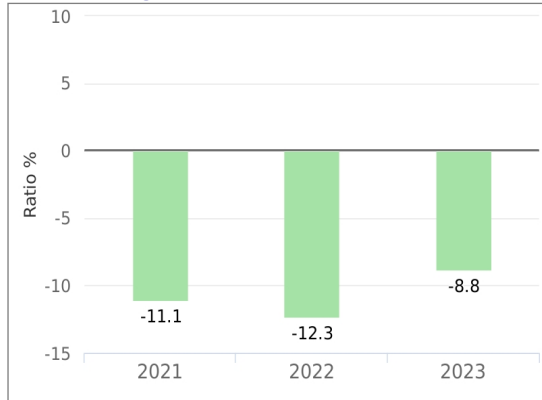
*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.*

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

Note 13. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



**Purpose of operating surplus ratio**

This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2022/23 result**

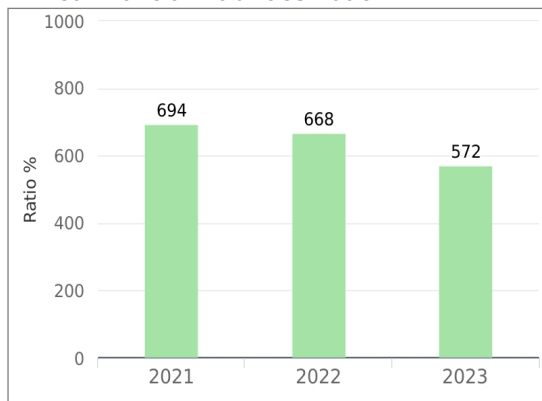
**2022/23 ratio (8.8)%**

Council achieved an improved operating result year-on-year of 6.5%. The overall result was a deficit for the third consecutive year.

Council's operating result is impacted by the accounting treatment of grants received and right of use asset lease costs.

Council is in the process of developing and adopting ratio targets. The industry generally accepted target for operating surplus ratio is between 0 and 10%.

2. Net Financial Liabilities Ratio



**Purpose of net financial liabilities ratio**

This indicator shows the significance of the net amount owed to others, compared to operating revenue

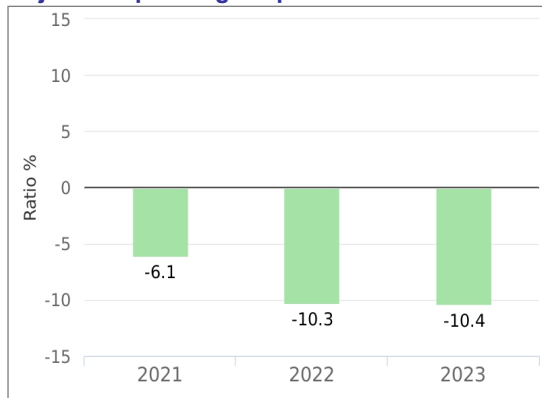
**Commentary on 2022/23 result**

**2022/23 ratio 572%**

Council's net financial liabilities ratio is strongly impacted by the accounting treatment of the Electricity contract long-term lease arrangement and its historical borrowings which have yet to be repaid and that Council is unable to pay. The current Long-term Financial Plan has outlined a plan to repay these funds and reduce this ratio.

Council is in the process of developing and adopting ratio targets. The industry generally accepted target for financial liabilities ratio is between 0 and 100%.

Adjusted Operating Surplus Ratio



**Purpose of adjusted operating surplus ratio**

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

**Commentary on 2022/23 result**

**2022/23 ratio (10.4)%**

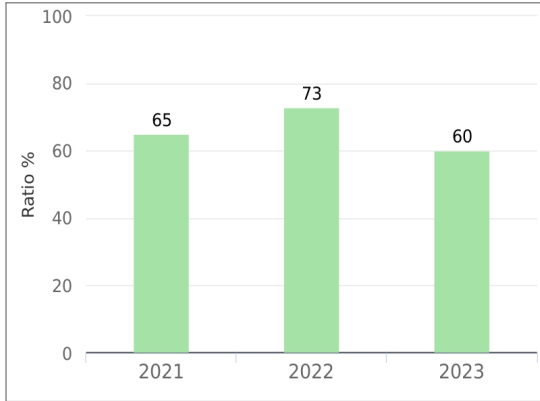
The adjusted operating surplus ratio has adjusted the operating result for untied grants received and Right of Use Asset Lease costs and operating revenue has been reduced by the impact of the accounting treatment of untied grants received.

Council is in the process of developing and adopting ratio targets. The industry generally accepted target for operating surplus ratio is between 0 and 10%.

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

Note 13. Financial indicators (continued)

**Adjusted Net Financial Liabilities Ratio**



**Purpose of adjusted net financial liabilities ratio**

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

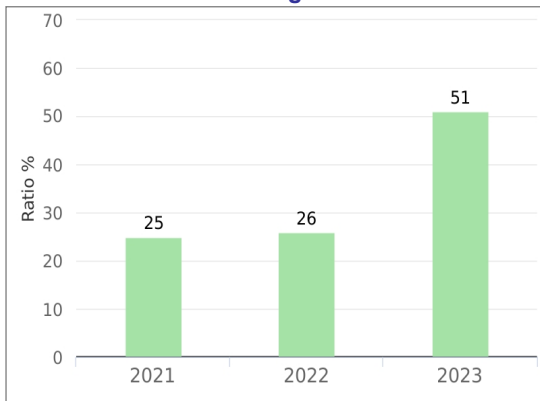
**Commentary on 2022/23 result**

**2022/23 ratio 60%**

The Adjusted net financial Liabilities ratio has removed the impact of the Electricity contract lease liability from total liabilities and the impact of the accounting treatment of untied grants received on the operating revenue.

Council is in the process of developing and adopting ratio targets. The industry generally accepted target for financial liabilities ratio is between 0 and 100%.

**3. Asset Renewal Funding Ratio**



**Purpose of asset renewal funding ratio**

This indicator aims to determine if assets are being renewed and replaced in an optimal way

**Commentary on 2022/23 result**

**2022/23 ratio 51%**

Council has developed and adopted Asset Management Plans which provide guidance of when and how much need to be spent to maintain Council's infrastructure. Council strongly utilised grant funding in FY23 to fund new and renewal assets.

Council is in the process of developing and adopting ratio targets. The industry generally accepted target for operating surplus ratio is between 90 and 110%.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 14. Uniform presentation of finances

\$ '000	2023	2022
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.		
<u>Income</u>		
Rates	2,610	2,299
Statutory charges	7	9
User charges	6,550	6,056
Grants, subsidies and contributions - operating	8,343	6,258
Investment income	21	1
Reimbursements	229	250
Other income	78	71
<b>Total Income</b>	<b>17,838</b>	<b>14,944</b>
<u>Expenses</u>		
Employee costs	5,502	4,735
Materials, contracts and other expenses	6,307	4,842
Depreciation, amortisation and impairment	5,505	5,198
Finance costs	2,094	2,013
<b>Total Expenses</b>	<b>19,408</b>	<b>16,788</b>
<b>Operating surplus / (deficit)</b>	<b>(1,570)</b>	<b>(1,844)</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>(1,570)</b>	<b>(1,844)</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(688)	(337)
Add back depreciation, amortisation and impairment	5,505	5,198
	<b>4,817</b>	<b>4,861</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(507)	(8)
Add back amounts received specifically for new and upgraded assets	332	-
	<b>(175)</b>	<b>(8)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>3,072</b>	<b>3,009</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 15. Leases

## (i) Council as a lessee

## Terms and conditions of leases

Council is in a lease arrangement with regard to the electricity generation and plant & equipment assets

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

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

## (a) Right of use assets

\$ '000	Plant	Electricity	Total
<b>2023</b>			
Opening balance	148	87,305	87,453
Additions to right-of-use assets	388	–	388
Net Revaluation	–	5,329	5,329
Depreciation charge	(77)	(4,365)	(4,442)
<b>Balance at 30 June</b>	<b>459</b>	<b>88,269</b>	<b>88,728</b>
<b>2022</b>			
Opening balance	216	86,125	86,341
Net Revaluation	–	5,281	5,281
Depreciation charge	(68)	(4,101)	(4,169)
<b>Balance at 30 June</b>	<b>148</b>	<b>87,305</b>	<b>87,453</b>

## (b) Lease liabilities

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

\$ '000	2023	2022
Balance at 1 July	89,795	88,063
Additions	388	–
Accretion of interest	1,868	1,812
Payments	(5,777)	(5,361)
Remeasurement adjustment	5,329	5,281
<b>Balance at 30 June</b>	<b>91,603</b>	<b>89,795</b>
<b>Classified as:</b>		
Current	4,055	3,738
Non-current	87,548	86,057

The maturity analysis of lease liabilities is included in Note 14.

The Group had total cash outflows for leases of \$5,629,723.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	4,442	4,169
Interest expense on lease liabilities	1,868	1,812

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 15. Leases (continued)

\$ '000	2023	2022
Variable lease payments	1,893	1,202
<b>Total amount recognised in profit or loss</b>	<b>8,203</b>	<b>7,183</b>

## (ii) Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

\$ '000	2023	2022
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	11,661	6,000
Later than one year and not later than 5 years	6,004	12,000
	<b>17,665</b>	<b>18,000</b>



## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 16. Superannuation

---

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

##### **Accumulation only members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

##### **Salarylink (Defined Benefit Fund) members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. 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 2023

#### Note 17. Non-current assets held for sale and discontinued operations

##### Details of assets and disposal groups

##### Sale of Water and CWMS Assets

Council's preference is to divest its water business. At the time of writing, Council is engaged with two parties who responded to a formal Request For Tender that closed on 30 August 2023. Further clarification questions have been posed to the respondents and are in the process of being answered. It is unclear yet whether an outcome will be delivered as a result.

The assets relating to these businesses was previously recognised as assets held for sale. Due to the uncertainty that exists as to the future of these assets Council has once again recognised these assets as non-current depreciable assets.

Financial information relating to the discontinued operation is shown below:

\$ '000	2023	2022
<b>(ii). Carrying amounts of assets and liabilities</b>		
<b>Assets</b>		
Infrastructure, property, plant and equipment	–	9,437
<b>Total assets</b>	<b>–</b>	<b>9,437</b>
<b>Net assets</b>	<b>–</b>	<b>9,437</b>

This disposal group was previously classified as part of water supply and waste water in Note 5.

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

#### Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

##### 1. Land under roads

As reported in the Financial 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 the 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.

## District Council of Coober Pedy

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

##### 3. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of 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.

#### Note 19. Related party transactions

##### Key management personnel

###### Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 10 (2022:10) persons were paid the following total compensation:

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	1,288	1,134
Termination benefits	51	56
<b>Total</b>	<b>1,339</b>	<b>1,190</b>

###### Receipts from key management personnel comprise:

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

Rentals for Council property	24	20
<b>Total</b>	<b>24</b>	<b>20</b>

###### Parties related to key management personnel

Four close family members of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

#### Note 20. Equity - retained earnings and revaluation reserves adjustments

##### Correction of errors relating to a previous reporting period

###### Nature of prior-period error

In the course of the year Council found that there was an outstanding obligation to lodge its FBT returns for the FBT years of 2008 to 2016 and 2018. Council engaged a specialist FBT Accounting firm to review prior years general ledger transactions and records and to complete the returns outstanding with the ATO. The estimate of the outstanding FBT liability is \$372,923 and the estimated general Interest charge by the ATO is \$438,283. The total estimated amount payable is \$811,206. These numbers are still subject to review and acceptance by the ATO.

As this adjustment represents a material change to prior periods the following statements have been prepared for comparative purposes.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 20. Equity - retained earnings and revaluation reserves adjustments (continued)

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

## Changes to the opening Statement of Financial Position at 1 July 2021

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Cash & Cash Equivalents	1,291	–	1,291
Trade & Other Receivables	2,074	–	2,074
Inventories	189	–	189
<b>Total Current Assets</b>	<b>3,554</b>	<b>–</b>	<b>3,554</b>
Infrastructure, property, plant & equipment	117,840	–	117,840
<b>Total Non-current Assets</b>	<b>117,840</b>	<b>–</b>	<b>117,840</b>
<b>Total assets</b>	<b>121,394</b>	<b>–</b>	<b>121,394</b>
Trade & other payables	3,520	811	4,331
Borrowings	11,348	–	11,348
Provisions	45	–	45
<b>Total Current Liabilities</b>	<b>14,913</b>	<b>–</b>	<b>14,913</b>
Borrowings	84,786	–	84,786
Provisions	160	–	160
<b>Total Non-current Liabilities</b>	<b>84,946</b>	<b>–</b>	<b>84,946</b>
<b>Total liabilities</b>	<b>99,859</b>	<b>811</b>	<b>100,670</b>
Accumulated Surplus	3,886	(811)	3,075
Asset Revaluation Reserves	17,624	–	17,624
Other Reserves	25	–	25
<b>Total equity</b>	<b>21,535</b>	<b>(811)</b>	<b>20,724</b>

## Adjustments to the comparative figures for the year ended 30 June 2022

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Cash & cash equivalents	1,138	–	1,138
Trade & other receivables	3,023	–	3,023
Inventories	275	–	275
Non-current Assets held for Sale	9,437	–	9,437
<b>Total Current Assets</b>	<b>13,873</b>	<b>–</b>	<b>13,873</b>
Infrastructure, property, plant & equipment	106,618	–	106,618
<b>Total Non-current Assets</b>	<b>106,618</b>	<b>–</b>	<b>106,618</b>
<b>Total assets</b>	<b>120,491</b>	<b>–</b>	<b>120,491</b>
Trade & other payables	5,028	811	5,839
Borrowings	11,607	–	11,607

continued on next page ...

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

Note 20. Equity - retained earnings and revaluation reserves adjustments (continued)

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Provisions	147	–	147
<b>Total Current Liabilities</b>	<b>16,782</b>	<b>–</b>	<b>16,782</b>
Borrowings	86,167	–	86,167
Provisions	65	–	65
<b>Total Non-current Liabilities</b>	<b>86,232</b>	<b>–</b>	<b>86,232</b>
<b>Total liabilities</b>	<b>103,014</b>	<b>811</b>	<b>103,825</b>
Accumulated Surplus	2,041	(811)	1,230
Asset Revaluation Reserve	15,411	–	15,411
Breakaways Reserve	25	–	25
<b>Total equity</b>	<b>17,477</b>	<b>(811)</b>	<b>16,666</b>

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Rates	2,299	–	2,299
Statutory Charges	9	–	9
User Charges	6,056	–	6,056
Grants, subsidies and contributions	6,258	–	6,258
Investment income	1	–	1
Reimbursements	250	–	250
Other income	71	–	71
<b>Total income from continuing operations</b>	<b>14,944</b>	<b>–</b>	<b>14,944</b>
Employee Costs	4,735	–	4,735
Materials, contracts & other expenses	4,842	–	4,842
Depreciation, amortisation & impairment	5,198	–	5,198
Finance costs	2,013	–	2,013
<b>Total expenses from continuing operations</b>	<b>16,788</b>	<b>–</b>	<b>16,788</b>
<b>Net operating result for the year</b>	<b>(1,844)</b>	<b>–</b>	<b>(1,844)</b>

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
<b>Net operating result for the year</b>	<b>(1,844)</b>	<b>–</b>	<b>(1,844)</b>
Changes in revaluation surplus - infrastructure, property, plant & equipment	(2,213)	–	(2,213)
<b>Other comprehensive income</b>	<b>(2,213)</b>	<b>–</b>	<b>(2,213)</b>
<b>Total comprehensive income for the year</b>	<b>(4,057)</b>	<b>–</b>	<b>(4,057)</b>

**Bentleys SA Audit Partnership**

Level 5  
63 Pirie Street  
Adelaide SA 5000

GPO Box 939  
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au  
bentleys.com.au

## **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 2023, 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 2023, 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 1.5, "Going Concern Convention" in the financial report. The conditions disclosed in Note 1.5 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**

A handwritten signature in blue ink, appearing to read 'David Francis', is positioned above the printed name and title.

DAVID FRANCIS  
PARTNER

Dated at Adelaide this 24<sup>th</sup> day of November 2023

**Bentleys SA Audit Partnership**

Level 5  
63 Pirie Street  
Adelaide SA 5000

GPO Box 939  
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au  
bentleys.com.au

## **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 2022 to 30 June 2023 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 2022 to 30 June 2023.

### **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 2022 to 30 June 2023 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 2022 to 30 June 2023. 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 24<sup>th</sup> day of November 2023

## District Council of Coober Pedy

### General Purpose Financial Statements

for the year ended 30 June 2023

---

#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Coober Pedy for the year ended 30 June 2023, the Council's Auditor, David Francis of Bentley's 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*.



---

**Mr Mark Austin**  
Chief Executive Officer



---

**Mr Mark Booth**  
Presiding Member, Audit and Risk Committee

**Date: 23 November 2023**

**Bentleys SA Audit Partnership**

Level 5  
63 Pirie Street  
Adelaide SA 5000

GPO Box 939  
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au  
bentleys.com.au

**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 2023, 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 3<sup>rd</sup> day of November 2023**