

**District Council of Coober Pedy**  
**General Purpose Financial Reports**  
for the year ended 30 June 2018

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**District Council of Coober Pedy  
Annual Financial Statements  
for the year ended 30 June 2018**

**CERTIFICATION OF FINANCIAL STATEMENTS**

We are unable to certify the financial statements in their final form. We have arrived at this conclusion because neither of us were involved in the affairs of the Council at any time during the 2017/18 financial year and the auditors are unable to express an opinion on the financial statements. Accordingly, we offer no opinion as to whether:

- The accompanying financial statements comply with the *Local Government Act 1999, Local Government (Finance Management) Regulations 2011* and Australian Accounting Standards;
- The financial statements present a true and fair view of the Council's financial position as at 30 June 2018 and the results of its operations and cash flows for the financial year;
- Internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year; and

  
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Tim Jackson  
**ADMINISTRATOR**

  
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Dean Miller  
**CHIEF EXECUTIVE OFFICER**

Date: 26 May 2020

## District Council of Coober Pedy

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>INCOME</b>			
Rates	2	2,144	2,041
Statutory charges	2	24	20
User charges	2	5,731	5,884
Grants, subsidies and contributions	2	5,029	6,073
Investment income	2	11	4
Reimbursements	2	68	93
Other income	2	362	780
<b>Total Income</b>		<u>13,369</u>	<u>14,895</u>
<b>EXPENSES</b>			
Employee costs	3	4,687	4,989
Materials, contracts & other expenses	3	10,036	8,486
Depreciation, amortisation & impairment	3	1,131	1,119
Finance costs	3	217	355
<b>Total Expenses</b>		<u>16,071</u>	<u>14,949</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<u>(2,702)</u>	<u>(54)</u>
<b>NET SURPLUS / (DEFICIT)</b>		<u>(2,702)</u>	<u>(54)</u>
transferred to Equity Statement		(2,702)	(54)
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	2,425
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>2,425</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(2,702)</u>	<u>2,371</u>

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

## District Council of Coober Pedy

### STATEMENT OF FINANCIAL POSITION as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,693	770
Trade & other receivables	4	1,960	1,855
Inventories	4	<u>305</u>	<u>319</u>
<b>Total Current Assets</b>		<u><b>3,958</b></u>	<u><b>2,944</b></u>
<b>Non-current Assets</b>			
Financial assets	5	-	11
Infrastructure, property, plant & equipment	6	<u>29,479</u>	<u>30,091</u>
<b>Total Non-current Assets</b>		<u><b>29,479</b></u>	<u><b>30,102</b></u>
<b>Total Assets</b>		<u><b>33,437</b></u>	<u><b>33,046</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	7	4,705	1,650
Borrowings	7	257	211
Provisions	7	<u>86</u>	<u>86</u>
<b>Total Current Liabilities</b>		<u><b>5,048</b></u>	<u><b>1,947</b></u>
<b>Non-current Liabilities</b>			
Borrowings	7	6,725	6,733
Provisions	7	<u>158</u>	<u>158</u>
<b>Total Non-current Liabilities</b>		<u><b>6,883</b></u>	<u><b>6,891</b></u>
<b>Total Liabilities</b>		<u><b>11,931</b></u>	<u><b>8,838</b></u>
<b>NET ASSETS</b>		<u><b>21,506</b></u>	<u><b>24,208</b></u>
<b>EQUITY</b>			
Accumulated Surplus		6,097	8,799
Asset Revaluation Reserves	8	15,384	15,384
Other Reserves	8	<u>25</u>	<u>25</u>
<b>TOTAL EQUITY</b>		<u><b>21,506</b></u>	<u><b>24,208</b></u>

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

## District Council of Coober Pedy

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
<b>2018</b>	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		8,799	15,384	25	24,208
<b>Net Surplus / (Deficit) for Year</b>		<b>(2,702)</b>	-	-	<b>(2,702)</b>
<b>Balance at end of period</b>		<b>6,097</b>	<b>15,384</b>	<b>25</b>	<b>21,506</b>
<b>2017</b>					
Balance at end of previous reporting period		8,853	12,959	25	21,837
<b>Net Surplus / (Deficit) for Year</b>		<b>(54)</b>			<b>(54)</b>
<b>Other Comprehensive Income</b>					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	2,425	-	2,425
<b>Balance at end of period</b>		<b>8,799</b>	<b>15,384</b>	<b>25</b>	<b>24,208</b>

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

## District Council of Coober Pedy

### STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		2,050	1,988
Fees & other charges		26	22
User charges		5,510	6,484
Investment receipts		10	3
Grants utilised for operating purposes		5,406	6,528
Reimbursements		75	102
Other revenues		450	(57)
<u>Payments</u>			
Employee costs		(4,702)	(4,842)
Materials, contracts & other expenses		(7,204)	(9,030)
Finance payments		(217)	(355)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>1,404</b>	<b>843</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Payments</u>			
Expenditure on new/upgraded assets		(264)	(246)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(264)</b>	<b>(246)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Payments</u>			
Repayments of borrowings		(201)	(192)
Repayment of finance lease liabilities		(16)	(11)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(217)</b>	<b>(203)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>923</b>	<b>394</b>
Cash & cash equivalents at beginning of period	11	770	376
<b>Cash &amp; cash equivalents at end of period</b>	11	<b>1,693</b>	<b>770</b>

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

# DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

### **1 Basis of Preparation**

#### **1.1 Compliance with Australian Accounting Standards**

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

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

#### **1.2 Historical Cost Convention**

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

#### **1.3 Critical Accounting Estimates**

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

#### **1.4 Rounding**

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

#### **1.5 Going Concern Convention**

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

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

The Council has continued to operate through the 2018/19 financial year and beyond. During that period the State Government has suspended the Council and appointed an Administrator. The Administrator is addressing the financial challenges of Council through the following actions:

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

# DISTRICT COUNCIL OF COOBER PEDY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

### Note 1 - Significant Accounting Policies (cont)

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

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

### **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 Hutchison Street, Coober Pedy. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

### **3 Income recognition**

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	<b>Cash Payment Received</b>	<b>Annual Allocation</b>	<b>Difference</b>
2015/16	\$429,029	\$812,556	-\$383,527
2016/17	\$1,286,884	\$804,945	+\$481,939
2017/18	\$879,916	\$851,434	+\$28,242

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 and Net Liabilities Ratio disclosed in Note 13 have also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.



## DISTRICT COUNCIL OF COOBER PEDY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 1 - Significant Accounting Policies (cont)

##### **3.1 Construction Contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

##### **4 Cash, Cash Equivalents and other Financial Instruments**

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

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

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

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

##### **6 Infrastructure, Property, Plant & Equipment**

###### **6.1 Land under roads**

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

###### **6.2 Initial Recognition**

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

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

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

###### **6.3 Materiality**

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

## DISTRICT COUNCIL OF COOBER PEDY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 1 - Significant Accounting Policies (cont)

##### **6.4 Subsequent Recognition**

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

##### **6.5 Depreciation of Non-Current Assets**

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

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

##### **6.6 Impairment**

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

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

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

## **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.

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

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

## **8 Borrowings**

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

## DISTRICT COUNCIL OF COOBER PEDY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 1 - Significant Accounting Policies (cont)

##### **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 current costs (including payroll based on costs) and recognised in the Statement of Financial Position at current values.

Liabilities for employee benefits in relation to long service leave are recognised in the Statement of Financial Position for employees with more than five years of service at June 30, 2018 at current cost (including payroll based on costs).

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave

###### **9.2 Superannuation**

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

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

Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

##### **10 Leases**

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

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

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

##### **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 Pending Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

## DISTRICT COUNCIL OF COOBER PEDY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 1 - Significant Accounting Policies (cont)

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

Council is of the view that other than AASB 9, AASB 16 and AASB 1058, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2020/21 financial period, and it is not Council's intention to adopt this Standard early.

Accounting Standard AASB 1058 Income of Not-for-Profit Entities may have a material effect on the amounts disclosed in these reports, particularly in relation to the timing of revenues from grants & subsidies, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

#### Note 2 - INCOME

	2018 \$'000	2017 \$'000
<b>RATES REVENUES</b>		
<u>General Rates</u>	1,481	1,408
Less: Mandatory rebates	(4)	(1)
Less: Discretionary rebates, remissions & write offs	(10)	(23)
	1,467	1,384
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	96	94
Water supply	379	348
Community wastewater management systems	163	171
	638	613
<u>Other Charges</u>		
Penalties for late payment	29	31
Legal & other costs recovered	10	13
	39	44
	2,144	2,041
 <b>STATUTORY CHARGES</b>		
Development Act fees	11	12
Animal registration fees & fines	13	7
Parking fines / expiation fees	-	1
	24	20
 <b>USER CHARGES</b>		
Cemetery/crematoria fees	5	7
Electricity Sales	3,756	4,149
Water Sales	1,046	1,245
User Charges - Works	22	43
Childcare Fees	198	159
Commercial Bin Pickups	69	86
Swimming Pool Fees	19	18
Landing Fees	108	111
User Charges - Other	508	66
	5,731	5,884
 <b>INVESTMENT INCOME</b>		
Interest on investments		
Local Government Finance Authority	11	3
Banks & other	-	1
	11	4

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### NOTE 2 - INCOME (continued)

	Notes	2018 \$'000	2017 \$'000
<b>REIMBURSEMENTS</b>			
Workers Compensation Claims		-	37
Personal Accident Claims		<b>68</b>	56
		<u><b>68</b></u>	<u>93</u>
<b>OTHER INCOME</b>			
Rebates received		<b>5</b>	399
Other Income		<b>357</b>	381
		<u><b>362</b></u>	<u>780</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		<b>880</b>	1,287
Roads to Recovery		-	301
Child Care		<b>282</b>	237
Breakaways		<b>369</b>	244
Fuel Excise		<b>294</b>	1,284
Energy SA subsidy		<b>2,986</b>	2,396
Grants - Sundry		<b>218</b>	324
		<u><b>5,029</b></u>	<u>6,073</u>
<i>The functions to which these grants relate are shown in Note 10.</i>			
<b>Sources of grants</b>			
Commonwealth government		<b>576</b>	1,822
State government		<b>4,453</b>	4,251
		<u><b>5,029</b></u>	<u>6,073</u>

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 3 - EXPENSES

	Notes	2018 \$'000	2017 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		3,538	3,525
Employee leave expense		598	813
Superannuation - defined contribution plan contributions		358	452
Superannuation - defined benefit plan contributions	18	-	-
Workers' Compensation Insurance		193	243
Less: Capitalised and distributed costs		-	(44)
<b>Total Operating Employee Costs</b>		<b>4,687</b>	<b>4,989</b>
 <b>Total Number of Employees</b>		 <b>43</b>	 <b>51</b>
<i>(Full time equivalent at end of reporting period)</i>			
 <b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		13	23
Bad and Doubtful Debts		802	61
Elected members' expenses		54	49
Election expenses		-	10
Subtotal - Prescribed Expenses		<b>869</b>	<b>143</b>
 <u>Other Materials, Contracts &amp; Expenses</u>			
IT Expenses		189	148
PPA Operating Expenses		6,148	4,976
Legal Expenses		98	89
Distribution Expenses		351	192
Water Supply Production planned maintenance		342	159
Raw Water Expenses		182	227
Road Maintenance		103	79
Other		1,416	1,943
Levies paid to government - NRM levy		103	95
Sundry		235	435
Subtotal - Other Materials, Contracts & Expenses		<b>9,167</b>	<b>8,343</b>
		<b>10,036</b>	<b>8,486</b>

**District Council of Coober Pedy**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

**Note 3 - EXPENSES (cont)**

	Notes	2018 \$'000	2017 \$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		142	141
Transport Assets		197	193
Water		298	299
Electricity		224	224
Stormwater Drainage		4	4
Waste Water		31	30
Plant, Machinery & Equipment		<u>235</u>	<u>228</u>
		<u><b>1,131</b></u>	<u><b>1,119</b></u>
 <b>FINANCE COSTS</b>			
Interest on Loans		<u>213</u>	<u>353</u>
		<u><b>217</b></u>	<u><b>355</b></u>



**District Council of Coober Pedy**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

**Note 4 - CURRENT ASSETS**

	Notes	2018 \$'000	2017 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		762	225
Deposits at Call		931	545
		<u>1,693</u>	<u>770</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		366	272
Rates postponed for State Seniors		11	-
Accrued Revenues		2	1
Debtors - CWMS		32	41
Debtors - Electricity		941	854
Debtors - Water		356	229
Debtors - Sundry		1,134	545
GST Recoupment		21	45
Total		<u>2,863</u>	1,987
Less: Allowance for Doubtful Debts		<u>903</u>	<u>132</u>
		<u>1,960</u>	<u>1,855</u>

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

**INVENTORIES**

Stores & Materials		<u>305</u>	<u>319</u>
		<u>305</u>	<u>319</u>

*Amounts included in inventories that are not expected to be received within 12 months of reporting date.*

**Note 5 - NON-CURRENT ASSETS**

	Notes	2018 \$'000	2017 \$'000
<b>FINANCIAL ASSETS</b>			
<b>Receivables</b>			
Council Rates Postponement Scheme		-	11
<b>TOTAL FINANCIAL ASSETS</b>		<u>-</u>	<u>11</u>

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2017 \$'000				2018 \$'000			
Fair Value Level	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	
Land	2	663	486	-	1,149	<b>663</b>	<b>486</b>	-	<b>1,149</b>
Buildings & Other Structures	2	7,712	-	(2,664)	5,048	<b>7,712</b>	<b>11</b>	<b>(2,806)</b>	<b>4,917</b>
Transport Assets	3	9,821	197	(3,284)	6,734	<b>9,821</b>	<b>234</b>	<b>(3,481)</b>	<b>6,574</b>
Water	3	14,704	-	(5,980)	8,724	<b>14,704</b>	<b>205</b>	<b>(6,278)</b>	<b>8,631</b>
Electricity	3	8,658	-	(3,549)	5,109	<b>8,658</b>	<b>11</b>	<b>(3,773)</b>	<b>4,896</b>
Stormwater Drainage	3	249	-	(75)	174	<b>249</b>	-	<b>(79)</b>	<b>170</b>
Waste Water	3	2,098	-	(655)	1,443	<b>2,098</b>	-	<b>(686)</b>	<b>1,412</b>
Plant, Machinery & Equipment		-	3,228	(1,518)	1,710	-	<b>3,483</b>	<b>(1,753)</b>	<b>1,730</b>
Furniture & Fittings		-	465	(465)	-	-	<b>465</b>	<b>(465)</b>	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		43,905	4,376	(18,190)	30,091	<b>43,905</b>	<b>4,895</b>	<b>(19,321)</b>	<b>29,479</b>
<b>Comparatives</b>		<b>21,400</b>	<b>32,113</b>	<b>(24,973)</b>	<b>28,540</b>	<b>43,905</b>	<b>4,376</b>	<b>(18,190)</b>	<b>30,091</b>

*This Note continues on the following pages.*

**District Council of Coober Pedy**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

**Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2017	CARRYING AMOUNT MOVEMENTS DURING YEAR							2018	
	\$'000	\$'000							\$'000	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals	In				Out			
Land	1,149	-	-	-	-	-	-	-	-	1,149
Land	-	-	-	-	-	-	-	-	-	-
Buildings & Other Structures	5,048	11	-	-	(142)	-	-	-	-	4,917
Buildings & Other Structures	-	-	-	-	-	-	-	-	-	-
Transport Assets	6,734	37	-	-	(197)	-	-	-	-	6,574
Water	8,724	205	-	-	(298)	-	-	-	-	8,631
Electricity	5,109	11	-	-	(224)	-	-	-	-	4,896
Stormwater Drainage	174	-	-	-	(4)	-	-	-	-	170
Waste Water	1,443	-	-	-	(31)	-	-	-	-	1,412
Plant, Machinery & Equipment	1,710	255	-	-	(235)	-	-	-	-	1,730
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>30,091</b>	<b>519</b>	<b>-</b>	<b>-</b>	<b>(1,131)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,479</b>
<i>Comparatives</i>	<b>28,540</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>(1,119)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,425</b>	<b>30,091</b>

# DISTRICT COUNCIL OF COOBER PEDY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

### Note 6 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

##### General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

*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.

#### **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.

## **DISTRICT COUNCIL OF COOBER PEDY**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018**

#### **Note 6 – Property, Plant & Equipment (cont)**

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2010 at current replacement cost. Additions are recognised at cost.

#### **Buildings & Other Structures**

Buildings and other structures were revalued by Gayler Professional Engineering (GPE) as at 30 June 2017 at current replacement cost. Additions are recognised at cost.

#### **Infrastructure**

Transportation assets were valued by GPE as at 1 July 2016 at depreciated current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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

#### **Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

#### **All other assets**

These assets are recognised on the cost basis.

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 7 - LIABILITIES

	Notes	2018		2017	
		\$'000		\$'000	
<b>TRADE &amp; OTHER PAYABLES</b>		Current	Non-current	Current	Non-current
Goods & Services		3,456		741	-
Accrued expenses - employee entitlements		485		500	-
Accrued expenses - other		681		120	-
Deposits, Retentions & Bonds		19		16	-
Additional Creditors		64		107	-
Tax Liabilities		-		166	-
		<b>4,705</b>		<b>1,650</b>	<b>-</b>
<b>BORROWINGS</b>		Current	Non-current	Current	Non-current
Bank Overdraft					
Short term draw down facility					
Loans		214	6,507	202	6,720
Finance Leases		43	218	9	13
Other					
		<b>257</b>	<b>6,725</b>	<b>211</b>	<b>6,733</b>

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

#### **PROVISIONS**

Employee entitlements (including oncosts)	86	158	86	158
	<b>86</b>	<b>158</b>	<b>86</b>	<b>158</b>

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 8 - RESERVES

<b>ASSET REVALUATION RESERVE</b>	1/7/2017	Net Increments (Decrements)	Transfers, Impairments	30/6/2018
Notes	\$'000	\$'000	\$'000	\$'000
Prior Revaluations	12,959	-	-	<b>12,959</b>
Buildings & Other Structures	217	-	-	<b>217</b>
Transport Assets	(456)	-	-	(456)
Water	120	-	-	<b>120</b>
Electricity	1,913	-	-	<b>1,913</b>
Stormwater Drainage	39	-	-	<b>39</b>
Waste Water	592	-	-	<b>592</b>
<b>TOTAL</b>	<b>15,384</b>			<b>15,384</b>
<i>Comparatives</i>	<u>12,959</u>	<u>2,425</u>	<u>-</u>	<u>15,384</u>

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

<b>OTHER RESERVES</b>	1/7/2017	Transfers to Reserve	Transfers from Reserve	30/6/2018
Breakaway Reserve	25	-	-	<b>25</b>
<b>TOTAL OTHER RESERVES</b>	<b>25</b>			<b>25</b>
<i>Comparatives</i>	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>

#### **PURPOSES OF RESERVES**

##### **Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

##### **Breakaway Reserve**

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

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

	2018 \$'000	2017 \$'000
<b>(a) Reconciliation of Cash</b>		
Total cash & equivalent assets	1,693	770
Less: Short-term borrowings	-	-
Balances per Cash Flow Statement	1,693	770
<b>(b) Reconciliation of Change in Net Assets to Cash from Operating Activities</b>		
Net Surplus (Deficit)	(2,702)	(54)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,131	1,119
Net increase (decrease) in unpaid employee benefits	(15)	147
Change in allowances for under-recovery	771	62
	(815)	1,274
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(865)	(40)
Net (increase) decrease in inventories	14	192
Net (increase) decrease in other current assets	-	(583)
Net increase (decrease) in trade & other payables	3,070	-
<b>Net Cash provided by (or used in) operations</b>	1,404	843
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of assets by means of:		
- Finance Leases	255	-
	255	-
<b>(d) Financing Arrangements</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Corporate Credit Cards	7	-
LGFA Cash Advance Debenture facility	1,800	1,800



**District Council of Coober Pedy**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

**Note 10 - FUNCTIONS**

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Governance	3	-	507	-	(504)	-	3	-	-	-
Administration	2,620	3,460	3,218	2,313	(598)	1,147	876	1,304	8,318	9,419
Community Services	1,205	1,038	1,487	1,521	(282)	(483)	849	738	-	-
Water Supply	1,490	1,579	1,371	1,711	119	(132)	38	28	8,987	8,953
Wastewater	163	187	145	184	18	3	-	-	1,444	1,484
Works	405	803	2,018	2,732	(1,613)	(1,929)	23	357	8,779	7,227
Electricity Supply	7,483	7,828	7,325	6,488	158	1,340	3,240	3,646	5,909	5,963
<b>TOTALS</b>	<b>13,369</b>	<b>14,895</b>	<b>16,071</b>	<b>14,949</b>	<b>(2,702)</b>	<b>(54)</b>	<b>5,029</b>	<b>6,073</b>	<b>33,437</b>	<b>33,046</b>

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, 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 2018

### Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Governance**

Governance, Elected members, Elections, Civic activities

#### **Administration**

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

#### **Community Services**

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

#### **Water Supply**

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

#### **Wastewater**

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

#### **Works**

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

#### **Electricity Supply**

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

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 11 - FINANCIAL INSTRUMENTS

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

##### Accounting Policies - Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.01% and 1.5% (2017: 1.5% and 1.75%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<p><b>Receivables - Rates &amp; Associated Charges</b> (including legals &amp; penalties for late payment)</p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 6.8% (2017: 11.28%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Receivables - Retirement Home Contributions</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Retirement Home Contributions</b>	<p><b>Accounting Policy:</b> To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p><b>Terms &amp; conditions:</b> 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.</p> <p><b>Carrying amount:</b> approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.0% and 6.8% (2017: 3.75% and 6.8%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 11 (cont) - FINANCIAL INSTRUMENTS

##### Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	1,693	-	-	1,693	1,693
Receivables	1,960	-	-	1,960	1,960
<b>Total</b>	<b>3,653</b>	<b>-</b>	<b>-</b>	<b>3,653</b>	<b>3,653</b>
<b>Financial Liabilities</b>					
Payables	3,539	-	-	3,539	3,539
Current Borrowings	306	-	-	306	257
Non-Current Borrowings	-	6,756	72	6,828	6,725
<b>Total</b>	<b>3,845</b>	<b>6,756</b>	<b>72</b>	<b>10,673</b>	<b>10,521</b>

  

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	769	-	-	769	770
Receivables	2,050	-	-	2,050	1,726
<b>Total</b>	<b>2,819</b>	<b>-</b>	<b>-</b>	<b>2,819</b>	<b>2,496</b>
<b>Financial Liabilities</b>					
Payables	1,511	-	-	1,511	1,030
Current Borrowings	259	-	-	259	211
Non-Current Borrowings	-	6,722	115	6,837	6,733
<b>Total</b>	<b>1,770</b>	<b>6,722</b>	<b>115</b>	<b>8,607</b>	<b>7,974</b>

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

	30 June 2018		30 June 2017	
	Weighted Average Interest Rate %	Carrying Value \$'000	Weighted Average Interest Rate %	Carrying Value \$'000
Overdraft	3.6	6,000	3.75	6,000
Fixed Interest Rates	5.36	982	5.43	944
		<b>6,982</b>		<b>6,944</b>

##### 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 allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

**District Council of Coober Pedy**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

**Note 12 - COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2018 \$'000	2017 \$'000
<b>Finance Lease Commitments</b>			
Council leases plant and equipment with a carrying amount of \$279,000 (2017 - \$22,122) under finance leases expiring within 1 to 5 years. Commitments under finance leases at the reporting date are as follows:			
Not later than one year		57	10
Later than one year and not later than 5 years		220	14
Later than 5 years		<u>34</u>	
Minimum lease payments		311	24
Less: future finance charges		<u>(50)</u>	<u>(2)</u>
Net Lease Liability		<u>261</u>	<u>22</u>
Representing lease liabilities:			
Current	7	43	9
Non-Current	7	<u>218</u>	<u>13</u>
		<u>261</u>	<u>22</u>

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 13 - FINANCIAL INDICATORS

	2018	2017	2016
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

#### Operating Surplus Ratio

<u>Operating Surplus</u>	(20%)	0%	(26%)
Total Operating Income			

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

#### Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	62%	42%	51%
Total Operating Income			

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

#### Adjustments to Ratios

*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.*

<b>Adjusted Operating Surplus Ratio</b>	(17%)	(3%)	(22%)
<b>Adjusted Net Financial Liabilities Ratio</b>	63%	40%	51%

#### Asset Sustainability Ratio

<u>Net Asset Renewals</u>	0%	0%	8%
Depreciation Expense			

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

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

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 14 - UNIFORM PRESENTATION OF FINANCES

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

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

	2018 \$'000	2017 \$'000
Income	13,369	14,895
Expenses	<u>(16,071)</u>	<u>(14,949)</u>
<b>Operating Surplus / (Deficit)</b>	<b>(2,702)</b>	<b>(54)</b>
 <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	1,131	1,119
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>-</u>
	<b>1,131</b>	<b>1,119</b>
 <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	(519)	(246)
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>-</u>
	<b>(519)</b>	<b>(246)</b>
 <b>Net Lending / (Borrowing) for Financial Year</b>	 <b><u>(2,090)</u></b>	 <b><u>819</u></b>

**District Council of Coober Pedy**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**Note 15 – SUPERANNUATION**

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

**Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017-18; 9.50% in 2016-17). 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 2016-17) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 2018

#### Note 16 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

**1. LAND UNDER ROADS**

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

**2. POTENTIAL INSURANCE LOSSES**

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

**3. BANK GUARANTEES**

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies.

Council does not expect to incur any loss arising from these guarantees.

**4. LEGAL EXPENSES**

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

**5. CONTINGENT LIABILITIES**

The contingent liabilities listed above comprise all those known to Council at the reporting date.

## District Council of Coober Pedy

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

#### Note 17 - RELATED PARTY DISCLOSURES

##### KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 15 persons were paid the following total compensation:

	<b>2018</b> \$'000	2017 \$'000
Salaries, allowances & other short term benefits	775	905
<b>TOTAL</b>	<b>775</b>	<b>905</b>

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

	<b>2018</b> \$'000	2017 \$'000
Rentals for Council property	8	7
<b>TOTAL</b>	<b>8</b>	<b>7</b>

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

### **Disclaimer of Opinion**

We were engaged to audit the accompanying financial report of the District Council Of Coober Pedy, which comprises the statement of financial position as at 30 June 2018, 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.

We do not express an opinion on the accompanying financial report. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report for the Council's financial position as at 30 June 2018 and its financial performance 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 Disclaimer of Opinion**

The certification of the financial statements' states that neither the Administrator or the Chief Executive Officer were involved in the affairs of the Council at any time during the 2017/18 financial year. They were unable to certify the financial statements in their true form and offer no opinion as to whether the financial statements present a true and fair view of the Council's financial position as at the 30 June 2018.

As a result of this matter, we do not form an opinion over the financial report.

### **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 responsibility is to conduct an audit of the entity's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial 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* (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.

### **BENTLEYS SA AUDIT PARTNERSHIP**



DAVID PAPA  
PARTNER

Dated at Adelaide this 28<sup>th</sup> day of May 2020

**Bentleys SA Audit Partnership**

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

### **Qualified Opinion**

We have audited the compliance of the District Council of Coober Pedy (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 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 2017 to 30 June 2018.

### **Basis of 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 2017 to 30 June 2018 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 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of 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 PAPA  
PARTNER

Dated at Adelaide this 28<sup>th</sup> day of May 2020

## District Council of Coober Pedy

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Coober Pedy for the year ended 30 June 2018, the Council's Auditor, Bentleys (SA) Pty Ltd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Dean Miller  
**CHIEF EXECUTIVE OFFICER**



Mark Booth  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date: 26 May 2020