

District Council of Coober Pedy

General Purpose Financial Reports for the year ended 30 June 2017

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District Council of Coober Pedy

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

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 2017 and the results of its operations and cash flows for the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....
Colin Pittman
ACTING CHIEF EXECUTIVE OFFICER



.....
Paul Athanasiadis
ACTING MAYOR

Date: 17 September 2018

District Council of Coober Pedy

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
INCOME			
Rates	2	2,041	1,932
Statutory charges	2	20	26
User charges	2	5,884	5,780
Grants, subsidies and contributions	2	6,073	5,901
Investment income	2	4	13
Reimbursements	2	93	-
Other income	2	780	381
Total Income		<u>14,895</u>	<u>14,033</u>
EXPENSES			
Employee costs	3	4,989	5,305
Materials, contracts & other expenses	3	8,486	10,604
Depreciation, amortisation & impairment	3	1,119	1,478
Finance costs	3	355	259
Total Expenses		<u>14,949</u>	<u>17,646</u>
OPERATING SURPLUS / (DEFICIT)		(54)	(3,613)
Amounts received specifically for new or upgraded assets		-	-
NET SURPLUS / (DEFICIT)		<u>(54)</u>	<u>(3,613)</u>
transferred to Equity Statement		(54)	(3,613)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	8	2,425	-
Total Other Comprehensive Income		<u>2,425</u>	-
TOTAL COMPREHENSIVE INCOME		<u>2,371</u>	<u>(3,613)</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 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	769	375
Trade & other receivables	4	1,855	1,888
Inventories	4	319	511
Total Current Assets		<u>2,943</u>	<u>2,774</u>
Non-current Assets			
Financial assets	5	11	-
Infrastructure, property, plant & equipment	6	30,092	28,540
Total Non-current Assets		<u>30,103</u>	<u>28,540</u>
Total Assets		<u>33,046</u>	<u>31,314</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7	1,650	1,991
Borrowings	7	211	199
Provisions	7	86	172
Total Current Liabilities		<u>1,947</u>	<u>2,362</u>
Non-current Liabilities			
Borrowings	7	6,733	6,948
Provisions	7	158	167
Total Non-current Liabilities		<u>6,891</u>	<u>7,115</u>
Total Liabilities		<u>8,838</u>	<u>9,477</u>
NET ASSETS		<u>24,208</u>	<u>21,837</u>
EQUITY			
Accumulated Surplus		8,799	8,853
Asset Revaluation Reserves	8	15,384	12,959
Other Reserves	8	25	25
TOTAL EQUITY		<u>24,208</u>	<u>21,837</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 2017

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2017	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		8,853	12,959	25	21,837
Net Surplus / (Deficit) for Year		(54)			(54)
Other Comprehensive Income					
Loss on revaluation of infrastructure, property, plant & equipment			2,425		2,425
Balance at end of period		8,799	15,384	25	24,208
2016					
Balance at end of previous reporting period		12,466	12,959	25	25,450
Net Surplus / (Deficit) for Year		(3,613)			(3,613)
Balance at end of period		8,853	12,959	25	21,837

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 2017

	Notes	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		1,988	1,984
Fees & other charges		22	28
User charges		6,484	6,198
Investment receipts		3	21
Grants utilised for operating purposes		6,528	6,375
Reimbursements		102	125
Other revenues		(57)	107
<u>Payments</u>			
Employee costs		(4,842)	(5,400)
Materials, contracts & other expenses		(9,030)	(11,117)
Finance payments		(355)	(139)
Net Cash provided by (or used in) Operating Activities		843	(1,818)
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	(113)
Expenditure on new/upgraded assets		(246)	-
Net Cash provided by (or used in) Investing Activities		(246)	(113)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	2,461
<u>Payments</u>			
Repayments of borrowings		(192)	(189)
Repayment of finance lease liabilities		(11)	(10)
Net Cash provided by (or used in) Financing Activities		(203)	2,262
Net Increase (Decrease) in cash held		394	331
Cash & cash equivalents at beginning of period	9	375	44
Cash & cash equivalents at end of period	9	769	375

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 2017

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* dated (1.7.2013).

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).

2 The Local Government Reporting Entity

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

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:

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

	<i>Cash Payment Received</i>	<i>Annual Allocation</i>	<i>Difference</i>
2014/15	\$1,298,172	\$817,540	-\$480,632
2015/16	\$429,029	\$812,556	\$383,527
2016/17	\$1,286,884	\$804,945	-\$481,939

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.

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

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 current cost of the assets at valuation date (24 June 2017).

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.

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

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.

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. The following asset classes were revalued as at July 1, 2016:

- Transport
- Water Supply
- Electricity Supply
- Wastewater

Building assets were revalued as at June 30, 2017.

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.

6.5 Impairment

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

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

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

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs".

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.

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

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".

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 oncosts) 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 four years service at June 30, 2017 at current cost (including payroll based oncosts).

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 the 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. 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.

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.

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.

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 17	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 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 2019/20 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 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 2017

Note 2 - INCOME

	Notes	2017 \$'000	2016 \$'000
RATES REVENUES			
<u>General Rates</u>		1,408	1,341
Less: Mandatory rebates		(1)	(5)
Less: Discretionary rebates, remissions & write offs		(23)	(40)
		1,384	1,296
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		94	92
Water supply		348	319
Community wastewater management systems		171	177
		613	588
<u>Other Charges</u>			
Penalties for late payment		31	22
Legal & other costs recovered		13	26
		44	48
		2,041	1,932
STATUTORY CHARGES			
Development Act fees		12	20
Animal registration fees & fines		7	6
Parking fines / expiation fees		1	-
		20	26
USER CHARGES			
Cemetery/crematoria fees		7	3
Electricity Sales		4,149	3,960
Water Sales		1,245	1,282
Works		43	133
Childcare Fees		159	143
Commercial Bin Pickups		86	69
Swimming Pool Fees		18	23
Landing Fees		111	97
Sundry		66	70
		5,884	5,780
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		3	13
Banks & other		1	
		4	13

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

NOTE 2 - INCOME (continued)

	Notes	2017 \$'000	2016 \$'000
REIMBURSEMENTS			
- for Workers Compensation Claims		37	-
- personal accident and sickness insurance		56	-
		93	0
 OTHER INCOME			
Rebates received		399	114
Sundry		381	267
		780	381
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Untied - Financial Assistance Grant		1,287	429
Roads to Recovery		301	
Child Care		237	261
Breakaways		244	237
Fuel Excise		1,284	1,246
Energy SA Subsidy		2,396	3,415
Sundry		324	313
		6,073	5,901
		6,073	5,901
<i>The functions to which these grants relate are shown in Note 10.</i>			
 Sources of grants			
Commonwealth government		1,822	261
State government		4,251	5,640
Other		0	0
		6,073	5,901

Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

<i>Unexpended at the close of the previous reporting period</i>	-	429
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	-	(429)
<i>Subtotal</i>		(429)
<i>Unexpended at the close of this reporting period</i>	-	-
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	-	(429)

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 3 - EXPENSES

	Notes	2017 \$'000	2016 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,525	4,423
Employee leave expense		813	445
Superannuation - defined contribution plan contributions	15	452	359
Superannuation - defined benefit plan contributions	15	-	51
Workers' Compensation Insurance		243	27
Less: Capitalised and distributed costs		(44)	
Total Operating Employee Costs		4,989	5,305
Total Number of Employees		51	45
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		23	23
Bad and Doubtful Debts		61	-
Elected members' expenses		49	44
Election expenses		10	-
Subtotal - Prescribed Expenses		143	67
<u>Other Materials, Contracts & Expenses</u>			
IT Expenses		148	201
PPA Operating Expenses		4,976	5,951
Legal Expenses		89	244
Distribution Expenses		192	458
Production Planned Maintenance		159	169
Raw Water Expenses		227	128
Road Maintenance		79	80
Other		1,943	2,749
Levies paid to government - NRM Levy		95	90
Sundry		435	467
Subtotal - Other Materials, Contracts & Expenses		8,343	10,537
		8,486	10,604
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings		141	179
Transport Assets		193	457
Water		299	340
Electricity		224	200
Stormwater Drainage		4	7
Waste Water		30	32
Plant & Equipment		228	224
Furniture		-	39
		1,119	1,478
		1,119	1,478
FINANCE COSTS			
Interest on Loans		353	256
Charges on Finance Leases		2	3
		355	259

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 4 - CURRENT ASSETS

	Notes	2017 \$'000	2016 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		224	274
Deposits at Call		<u>545</u>	<u>101</u>
		<u>769</u>	<u>375</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		272	230
Accrued Revenues		1	-
Debtors - CWMS		41	36
Debtors - Electricity		854	848
Debtors - Water		229	275
Debtors - Sundry		545	538
GST Recoupment		45	31
Total		1,987	1,958
 Less: Allowance for Doubtful Debts		 <u>132</u>	 <u>70</u>
		<u>1,855</u>	<u>1,888</u>
 INVENTORIES			
Stores & Materials		<u>319</u>	<u>511</u>
		<u>319</u>	<u>511</u>

Note 5 - NON-CURRENT ASSETS

FINANCIAL ASSETS			
Receivables			
Council Rates Postponement Scheme		<u>11</u>	<u>-</u>
TOTAL FINANCIAL ASSETS		<u>11</u>	<u>-</u>

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2016				2017				
		\$'000				\$'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	663	486	-	1,149
	Buildings	2	3,640	5,327	(3,995)	4,972	7,712	-	(2,664)	5,048
	Transport Assets	3	3,502	8,521	(4,838)	7,185	9,820	197	(3,284)	6,733
	Water	3	7,522	9,533	(8,152)	8,903	14,704	-	(5,980)	8,724
	Electricity	3	3,560	5,325	(5,464)	3,421	8,658	-	(3,548)	5,110
	Stormwater Drainage	3	165	71	(97)	139	249	-	(75)	174
	Waste Water	3	517	1,036	(672)	881	2,098	-	(655)	1,443
	Plant & Equipment	2	1,831	1,349	(1,290)	1,890	1,831	1,398	(1,518)	1,711
	Furniture	n/a	-	465	(465)	-	-	465	(465)	-
	TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		21,400	32,113	(24,973)	28,540	45,735	2,546	(18,189)	30,092
	<i>Comparatives</i>		21,400	32,001	(23,496)	29,905	21,400	32,113	(24,973)	28,540

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 2017

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2016 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000							2017 \$'000	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land	1,149	-	-	-	-	-	-	-	1,149	
Buildings	4,972	-	-	-	(141)	-	-	217	5,048	
Transport Assets	7,185	197	-	-	(193)	-	-	(456)	6,733	
Water	8,903	-	-	-	(299)	-	-	120	8,724	
Electricity	3,421	-	-	-	(224)	-	-	1,913	5,110	
Stormwater Drainage	139	-	-	-	(4)	-	-	39	174	
Waste Water	881	-	-	-	(30)	-	-	592	1,443	
Plant & Equipment	1,890	49	-	-	(228)	-	-	-	1,711	
Furniture	-	-	-	-	-	-	-	-	-	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	28,540	246	-	-	(1,119)	-	-	2,425	30,092	
<i>Comparatives</i>	29,905	-	112	-	(1,478)	-	-	-	28,540	

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 2017

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

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.

Transition to AASB 13:

The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013.

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.

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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

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.

Land & Land Improvements

Pursuant to Council's elections, freehold land and land over which council has control, but does not have title is recognised on the basis. No capitalisation threshold is applied to the acquisitions of land or interests in land.

Land improvements, includes 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.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Buildings and other structures assets were valued by Gayler Professional Engineering (GPE) at Straight line method as at 30 June 2017 and pursuant to Council's elections are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure, Water, Electricity & Storm Water

Transportation assets were valued by GPE at straight line method as at 1 July 2016 and Pursuant to Council's elections are disclosed at deemed cost. All acquisitions made after the respective dates of valuations are recorded at cost.

Stormwater drainage infrastructure assets were valued by GPE at straight line method as at 1 July 2016 and pursuant of Council's elections are disclosed at deemed cost. All acquisition made after the respective date of valuation are recorded at cost.

Electricity Distribution assets were valued by GPE at straight line method cost as at 1 July 2016 and pursuant of Council's elections are disclosed at deemed cost. All acquisition made after the respective date of valuation are recorded at cost.

Water and Sewage assets were valued by GPE at straight line method as at 1 July 2016 and pursuant of Council's elections are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

All other assets

Pursuant to Council's elections, 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 2017

Note 7 - LIABILITIES

	Notes	2017		2016	
		\$'000		\$'000	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		741		1,249	
Accrued expenses - employee entitlements		500	-	258	-
Accrued expenses - other		120	-	120	-
Deposits, Retentions and Bonds		16	-	-	-
Additional Creditors		107	-	89	-
Tax Liabilities		166	-	275	-
		<u>1,650</u>	<u>-</u>	<u>1,991</u>	<u>-</u>
BORROWINGS		Current	Non-current	Current	Non-current
Loans		202	6,720	191	6,923
Finance Leases	12	9	13	8	25
		<u>211</u>	<u>6,733</u>	<u>199</u>	<u>6,948</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS		Current	Non-current	Current	Non-current
Employee entitlements (including oncosts)		86	158	172	167
		<u>86</u>	<u>158</u>	<u>172</u>	<u>167</u>

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/7/2016	Net Increments (Decrements)	Transfers, Impairments	30/6/2017
Notes	\$'000	\$'000	\$'000	\$'000
Prior Revaluations	12,959			12,959
Buildings	-	217	-	217
Transport Assets	-	(456)	-	(456)
Water	-	120	-	120
Electricity	-	1,913	-	1,913
Stormwater Drainage	-	39	-	39
Waste Water	-	592	-	592
TOTAL	12,959	2,425	-	15,384
<i>Comparatives</i>	<i>12,959</i>	<i>-</i>	<i>-</i>	<i>12,959</i>

OTHER RESERVES	1/7/2016	Transfers to Reserve	Transfers from Reserve	30/6/2017
Breakaway Reserve	25	-	-	25
TOTAL OTHER RESERVES	25	-	-	25
<i>Comparatives</i>	<i>25</i>	<i>-</i>	<i>-</i>	<i>25</i>

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 2017

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2017	2016
		\$'000	\$'000
Total cash & equivalent assets	4	<u>769</u>	<u>375</u>
Balances per Cash Flow Statement		<u>769</u>	<u>375</u>

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

Net Surplus (Deficit)		(54)	(3,613)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,119	1,478
Net increase (decrease) in unpaid employee benefits		147	(95)
Change in allowances for under-recovery		<u>62</u>	
		1,274	<u>(2,190)</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(40)	236
Net (increase) decrease in inventories		192	1,170
Net increase (decrease) in trade & other payables		<u>(583)</u>	
Net Cash provided by (or used in) operations		<u>843</u>	<u>(1,818)</u>

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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	2017	2016	2017	2016	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Administration	3,460	3,554	2,313	2,536	1,147	1,018	1,304	1,370	9,418	12,851
Community Services	1,038	782	1,521	1,979	(483)	(1,197)	738	654	-	-
Water Supply	1,579	1,584	1,711	1,514	(132)	70	28	-	8,953	8,903
Sewerage	187	243	184	218	3	25	-	-	1,484	881
Works	803	389	2,732	4,061	(1,929)	(3,672)	357	-	7,227	5,258
Electricity	7,828	7,481	6,488	7,338	1,340	143	3,646	3,877	5,964	3,421
TOTALS	14,895	14,033	14,949	17,646	(54)	(3,613)	6,073	5,901	33,046	31,314

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 2017

Note 10 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Electricity Supply

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

Water Supply

Provides the water supply to the township of Coober Pedy through a Reverse Osmosis reticulation system

Waste Water

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.

Administration

Governance, administration, Elected members, 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.

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 11 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realiseable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.5% and 1.75% (2016: 1% and 1.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: 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>Terms & conditions: Secured over the subject land, arrears attract interest of 11.28% (2016: 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>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: 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>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - other levels of government</p>	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable bi-annually; interest is charged at fixed (or variable - describe) rates between 3.75% and 6.8% (2016: 4% and 6.8%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: 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 2017

Note 11 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	769			769	769
Receivables	2,050			2,050	1,726
Other Financial Assets				-	-
Total	2,819	-	-	2,819	2,495
Financial Liabilities					
Payables	1,511			1,511	1,030
Current Borrowings	259			259	211
Non-Current Borrowings		6,722	115	6,837	6,733
Total	1,770	6,722	115	8,607	7,974
2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	375			375	375
Receivables	1,728			1,728	1,728
Other Financial Assets				-	-
Total	2,103	-	-	2,103	2,103
Financial Liabilities					
Payables	1,613			1,613	1,613
Current Borrowings	257			257	199
Non-Current Borrowings		6,801	296	7,097	6,948
Total	1,870	6,801	296	8,967	8,760

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

	30 June 2017		30 June 2016	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft				
Other Variable Rates	3.75	6,000	4.00	6,000
Fixed Interest Rates	5.43	944	5.38	1,147
		6,944		7,147

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 11 (cont) - FINANCIAL INSTRUMENTS

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 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 12 - COMMITMENTS FOR EXPENDITURE

	2017	2016
<u>Notes</u>	\$'000	\$'000
Finance Lease Commitments		
Council leases various plant and equipment with a carrying amount of \$22,122 (2016 - \$33,471) under finance leases expiring within 1 to 4 years. At expiry, Council may re-lease, or return or acquire the leased assets.		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	10	8
Later than one year and not later than 5 years	14	25
Later than 5 years		
Minimum lease payments	<u>24</u>	<u>33</u>
Less: future finance charges	<u>(2)</u>	<u></u>
Net Lease Liability	<u>22</u>	<u>33</u>
Representing lease liabilities:		
Current	7 9	8
Non-Current	7 <u>13</u>	<u>25</u>
	<u>22</u>	<u>33</u>

District Council of Coober Pedy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 13 - FINANCIAL INDICATORS

	2017	2016	2015
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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>	0.0%	(26.0%)	(15.0%)
Total Operating Revenue			

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

Adjusted Operating Surplus Ratio

	(3.0%)	(22.0%)	(18.0%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	42%	51%	41%
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	0%	8%	80%
Infrastructure & Asset Management Plan required 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 2017

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

	2017 \$'000	2016 \$'000
Income	14,895	14,033
less Expenses	<u>14,949</u>	<u>17,646</u>
Operating Surplus / (Deficit)	(54)	(3,613)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	113
Depreciation, Amortisation and Impairment	(1,119)	(1,478)
	(1,119)	(1,365)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	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>246</u>	<u>-</u>
Net Lending / (Borrowing) for Financial Year	<u>819</u>	<u>(2,248)</u>

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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 2016/17; 9.50% in 2015/16). 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 2015/16) 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, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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 2017

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, 18 persons were paid the following total compensation:

	2017 \$
Salaries, allowances & other short term benefits	904,502

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

	2017 \$
Rentals for Council property	6,600

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 2017, 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 2017 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

We were unable to obtain sufficient appropriate audit evidence for the valuation, existence and completeness of Property, Plant & Equipment which is stated in the Statement of Financial Position at a carrying value of \$23,557,219 as at 30 June 2017.

We were unable to obtain sufficient appropriate audit evidence for the accuracy and completeness of Depreciation which is stated in the Statement of Comprehensive Income at a value of \$401,025 as at 30 June 2017, due to the qualification over the Property, Plant & Equipment balance.

We were unable to obtain sufficient appropriate audit evidence relating to the existence and valuation of Inventory stated in the Statement of Financial Position at a carrying value of \$318,927 as at 30 June 2017. Additionally, due to the qualification of the balance as at 30 June 2016, we were unable to verify the inventory expensed throughout the year.

We were unable to obtain sufficient appropriate audit evidence for the recoverability of the electricity debtors stated in Note 4 at a carrying value of \$854,000 as at 30 June 2017.

We were unable to obtain sufficient appropriate audit evidence for the completeness and accuracy of the tax liability which is stated in Note 7 for \$166,000 as at 30 June 2017.

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 17th day of September 2018

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

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 2016 to 30 June 2017 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 2016 to 30 June 2017.

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 2016 to 30 June 2017 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 2016 to 30 June 2017. 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 17th day of September 2018

District Council of Coober Pedy

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017**

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 2017, 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*.



.....
Colin Pittman
ACTING CHIEF EXECUTIVE OFFICER



.....
Neville Hall
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

17 September 2018

Bentleys SA Audit Partnership

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Certification of Auditor Independence

I confirm that, for the audit of the financial statements of District Council of Coober Pedy for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Bentleys SA Audit Partnership



David Papa
Partner

Dated at Adelaide this 17th day of September 2018.