



GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Room to move room to play

Coorong District Council

General Purpose Financial Statements for the year ended 30 June 2017

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Coorong District Council

General Purpose 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,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Vincent Cammell
CHIEF EXECUTIVE OFFICER



Mayor Neville Jaensch
MAYOR

Date: 19/9/17.

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	2017	2016
Income			
Rates Revenues	2a	8,436	7,672
Statutory Charges	2b	141	196
User Charges	2c	241	267
Grants, Subsidies and Contributions	2g	6,956	5,748
Investment Income	2d	3	2
Reimbursements	2e	246	328
Other Income	2f	205	178
Net Gain - Equity Accounted Council Businesses	19	7	8
Total Income		16,235	14,399
Expenses			
Employee Costs	3a	4,317	4,326
Materials, Contracts & Other Expenses	3b	6,674	5,840
Depreciation, Amortisation & Impairment	3c	3,902	3,717
Finance Costs	3d	98	111
Total Expenses		14,991	13,994
Operating Surplus / (Deficit)		1,244	405
Asset Disposal & Fair Value Adjustments	4	70	(57)
Amounts Received Specifically for New or Upgraded Assets	2g	371	599
Net Surplus / (Deficit) ¹		1,685	947
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	2,894	41,147
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	-	(887)
Total Other Comprehensive Income		2,894	40,260
Total Comprehensive Income		4,579	41,207

¹ Transferred to Equity Statement

Coorong District Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,485	24
Trade & Other Receivables	5b	1,104	2,207
Inventories	5c	46	47
Total Current Assets		2,635	2,278
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	63	56
Infrastructure, Property, Plant & Equipment	7a	242,069	239,553
Other Non-Current Assets	6b	178	4
Total Non-Current Assets		242,310	239,613
TOTAL ASSETS		244,945	241,891
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	2,325	2,769
Borrowings	8b	150	1,281
Provisions	8c	935	885
Other Current Liabilities	8d	14	7
Total Current Liabilities		3,424	4,942
Non-Current Liabilities			
Borrowings	8b	1,049	1,077
Provisions	8c	292	271
Total Non-Current Liabilities		1,341	1,348
TOTAL LIABILITIES		4,765	6,290
Net Assets		240,180	235,601
EQUITY			
Accumulated Surplus		29,968	28,280
Asset Revaluation Reserves	9a	209,227	206,333
Other Reserves	9b	985	988
Total Council Equity		240,180	235,601

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2017					
Balance at the end of previous reporting period		28,280	206,333	988	235,601
a. Net Surplus / (Deficit) for Year		1,685	-	-	1,685
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	2,894	-	2,894
Other Comprehensive Income		-	2,894	-	2,894
Total Comprehensive Income		1,685	2,894	-	4,579
c. Transfers between Reserves		3	-	(3)	-
Balance at the end of period		29,968	209,227	985	240,180
2016					
Balance at the end of previous reporting period		27,337	166,073	984	194,394
a. Net Surplus / (Deficit) for Year		947	-	-	947
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	41,147	-	41,147
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(887)	-	(887)
Other Comprehensive Income		-	40,260	-	40,260
Total Comprehensive Income		947	40,260	-	41,207
c. Transfers between Reserves		(4)	-	4	-
Balance at the end of period		28,280	206,333	988	235,601

Coorong District Council

Statement of Cash Flows for the year ended 30 June 2017

\$ '000	Notes	2017	2016
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		17,439	12,599
Investment Receipts		3	2
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(11,575)	(9,716)
Finance Payments		(107)	(120)
Net Cash provided by (or used in) Operating Activities	11b	5,760	2,765
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		371	599
Sale of Replaced Assets		621	551
Sale of Surplus Assets		701	3
Repayments of Loans by Community Groups		41	14
Distributions Received from Equity Accounted Council Businesses		7	8
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,758)	(4,516)
Expenditure on New/Upgraded Assets		(1,013)	(56)
Loans Made to Community Groups		(65)	(31)
Capital Contributed to Equity Accounted Council Businesses		-	(9)
Net Cash provided by (or used in) Investing Activities		(3,095)	(3,437)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		30	43
<u>Payments</u>			
Repayments of Borrowings		(1,234)	(961)
Net Cash provided by (or used in) Financing Activities		(1,204)	(918)
Net Increase (Decrease) in Cash Held		1,461	(1,590)
plus: Cash & Cash Equivalents at beginning of period	11	24	1,614
Cash & Cash Equivalents at end of period	11	1,485	24

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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n/a - not applicable

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 19 September 2017.

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 these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

Coorong District Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 93a Railway Terrace, Tailem Bend. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

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:

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2014/15	\$5,118,244	\$3,525,120	\$1,593,124
2015/16	\$1,489,158	\$3,082,282	(\$1,593,124)
2016/17	\$4,616,424	\$3,047,452	\$1,568,972

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

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 13.

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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

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.

6.2 Materiality

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

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$5,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
CWMS	\$5,000
Water Scheme	\$5,000
Water Assets	\$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are listed below. 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.

Plant, Furniture & Equipment

Office Equipment	4 years
Office Furniture	10 years
Vehicles and Road-making Equip	5 to 30 years
Other Plant & Equipment	5 to 20 years

Building & Other Structures

Buildings - Substructure	100 years
Buildings - Superstructure	100 years
Buildings - Roof	75 years
Buildings - Furniture & Fittings	30 years
Buildings - Floor Coverings	25 years
Buildings - Services (Hydraulics)	20 years
Buildings - Services (Fire)	20 years
Buildings - Services (Electrical)	20 years
Buildings - Services (Transport)	30 years
Buildings - Services (Security & Others)	10 years
Buildings - Site Services	30 years
Buildings - Site Externals	40 years

Infrastructure

Sealed Roads Surface - Spray Seal	25 years
Sealed Roads Surface - Asphalt	35 years
Sealed Roads Pavement	100 years
Unsealed roads Pavement	40 years
Sealed Roads Pavement Sub Base	200 years
Unsealed Roads Pavement Sub Base	200 years
Formation Earthworks	Indefinite
Kerbing	80 years
Footpath - Concrete	50 years
Footpath - Brick Pavers	40 years
Footpath - Asphalt	30 years
Footpath - Gravel	10 years
CWMS - Pipes	60-80 years
CWMS - Manholes	60 years
CWMS - Pump Stations (Civil)	45-60 years
CWMS - Pump Stations (Mechanical/Electrical)	25 years
CWMS - Lagoons (Civil)	150 years
CWMS - Lagoons (Internal Pipes)	100 years
CWMS - WWTP (Civil)	50 years
CWMS - WWTP (Mechanical/Electrical & Comms)	25 years
CWMS - Irrigation	40 years
CWMS - Other	20-25 years

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

Water Supply – Pipes	60-70 years
Water Supply – Other	15-30 years
Stormwater – Pipes	60 years
Stormwater – Other	20-100 years

Other Assets

Various Other Assets	15 years
Library Books	7 years

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

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

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

Borrowings 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 nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 1.74% (2016, 1.75%)

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

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 Statewide 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 18.

10 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

11 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.

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.

12 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".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

13 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

14 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

- 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.

15 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Coorong District Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

16 Comparative Figures

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

17 Disclaimer

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

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income

\$ '000	Notes	2017	2016
(a). Rates Revenues			
General Rates			
General Rates		6,319	6,108
Less: Mandatory Rebates		(82)	(48)
Less: Discretionary Rebates, Remissions & Write Offs		(41)	(75)
Total General Rates		6,196	5,985
Other Rates (Including Service Charges)			
Natural Resource Management Levy		338	111
Waste Collection		664	587
Water Supply		77	34
Community Wastewater Management Systems		1,083	880
Other		-	1
Total Other Rates		2,162	1,613
Other Charges			
Penalties for Late Payment		57	61
Legal & Other Costs Recovered		24	13
Total Other Charges		81	74
Less: Discretionary Rebates, Remissions & Write Offs		(3)	-
Total Rates Revenues		8,436	7,672
(b). Statutory Charges			
Development Act Fees		96	147
Health & Septic Tank Inspection Fees		10	13
Animal Registration Fees & Fines		31	30
Parking Fines / Expiation Fees		4	6
Total Statutory Charges		141	196
(c). User Charges			
Cemetery/Crematoria Fees		19	20
Commercial Activity Revenue		81	25
Hall & Equipment Hire		6	7
Sundry		60	119
Rent		29	40
Dump Fees		46	56
Total User Charges		241	267

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	Notes	2017	2016
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		3	2
Total Investment Income		3	2
(e). Reimbursements			
Private Works		5	-
Other		241	328
Total Reimbursements		246	328
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		70	-
Sundry		135	178
Total Other Income		205	178
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		371	599
Other Grants, Subsidies and Contributions		4,588	3,588
Home and Community Care Grant		256	-
Library and Communications		13	5
Local Road Grants		987	1,242
Landcare Grants		1,112	913
Total Grants, Subsidies, Contributions		7,327	6,347
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		5,854	5,037
State Government		1,125	1,310
Other		348	-
Total		7,327	6,347

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	Notes	2017	2016
(h). 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:			
Unexpended at the close of the previous reporting period		28	28
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Dept of Planning, Transport & Infrastructure		55	-
Subtotal		55	-
Unexpended at the close of this reporting period		83	28
Net increase (decrease) in assets subject to conditions in the current reporting period		55	-

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		3,288	3,321
Employee Leave Expense		759	747
Superannuation - Defined Contribution Plan Contributions	18	316	268
Superannuation - Defined Benefit Plan Contributions	18	46	110
Workers' Compensation Insurance		234	240
Less: Capitalised and Distributed Costs		(326)	(360)
Total Operating Employee Costs		4,317	4,326
Total Number of Employees (full time equivalent at end of reporting period)		58	58

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		28	12
Elected Members' Expenses		206	196
Election Expenses		1	1
Operating Lease Rentals - Cancellable Leases		121	120
Subtotal - Prescribed Expenses		356	329

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Contractors		2,711	2,253
Energy		5	6
Maintenance		331	288
Legal Expenses		124	163
Levies Paid to Government - NRM levy		330	110
Levies - Other		174	141
Parts, Accessories & Consumables		444	507
Professional Services		674	342
Sundry		367	375
Road Making Materials		2	-
Distillate		252	306
Electricity		229	233
Petrol		18	29
Water		108	85
Freight		89	176
Insurance		340	368
Licences		120	129
Subtotal - Other Material, Contracts & Expenses		6,318	5,511
Total Materials, Contracts and Other Expenses		6,674	5,840

(c). Depreciation, Amortisation and Impairment

(i) Depreciation and Amortisation			
Infrastructure		-	-
- Sealed Roads		892	855
- Unsealed Roads		1,101	1,087
- Stormwater Drainage		71	71
- CWMS		262	257
- Water Supply		20	20
- Kerb & Gutter		102	102
- Footpaths		51	51
Plant & Equipment		527	419
Minor Plant & Equipment		72	46
Office Equipment		86	73
Buildings		447	449
Structures		189	187
Other Assets		82	100
Subtotal		3,902	3,717

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
(c). Depreciation, Amortisation and Impairment (continued)			
(ii) Impairment			
Buildings		-	88
Unsealed Roads		-	775
Sealed Roads		-	11
Kerb & Gutter		-	13
Subtotal		-	887
Less: Impairment Expense Offset to Asset Revaluation Reserve	9	-	(887)
Total Depreciation, Amortisation and Impairment		3,902	3,717
(d). Finance Costs			
Interest on Loans		98	111
Total Finance Costs		98	111

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		621	551
Less: Carrying Amount of Assets Sold		(975)	(610)
Gain (Loss) on Disposal		(354)	(59)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		701	3
Less: Carrying Amount of Assets Sold		(277)	(1)
Gain (Loss) on Disposal		424	2
Net Gain (Loss) on Disposal or Revaluation of Assets		70	(57)

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 5. Current Assets

\$ '000	Notes	2017	2016
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		558	24
Short Term Deposits & Bills, etc.		927	-
Total Cash & Cash Equivalents		1,485	24
(b). Trade & Other Receivables			
Rates - General & Other		672	599
Accrued Revenues		9	-
Debtors - General		87	147
Other Levels of Government		-	1,125
GST Recoupment		221	268
Prepayments		6	10
Loans to Community Organisations		103	46
Infringement Debtors		10	12
Other		(4)	-
Total Trade & Other Receivables		1,104	2,207
(c). Inventories			
Stores & Materials		46	47
Total Inventories		46	47

Note 6. Non-Current Assets

(a). Equity Accounted Investments in Council Businesses			
Murray Mallee Community Transport Scheme	19	63	56
Total Equity Accounted Investments in Council Businesses		63	56
(b). Other Non-Current Assets			
Community Loans		178	4
Total Other Non-Current Assets		178	4

Coorong District Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7a (i). Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/6/2016					Asset Movements during the Reporting Period								as at 30/6/2017				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals									Dep'n	Impairment	
\$ '000																			
Capital Work in Progress	3	-	-	-	-	-	272	-	-	-	-	-	-	-	-	272	-	-	272
Land	3	11,486	-	-	-	11,486	54	-	(11)	-	-	-	-	-	11,475	54	-	-	11,529
Infrastructure																			
- Sealed Roads	3	62,264	429	6,952	-	55,741	687	278	(41)	(892)	-	1,036	-	-	63,269	1,394	7,854	-	56,809
- Unsealed Roads	3	144,209	2,216	15,830	-	130,595	-	1,236	(436)	(1,101)	-	(1,036)	-	-	142,473	3,452	16,667	-	129,258
- Stormwater Drainage	3	3,845	143	2,123	-	1,865	-	-	-	(71)	-	-	-	467	4,161	-	1,900	-	2,261
- CWMS	3	14,704	452	4,208	-	10,948	-	198	-	(262)	-	-	-	1,952	18,122	-	5,281	-	12,841
- Water Supply	3	856	49	534	-	371	-	-	-	(20)	-	-	-	475	1,371	-	545	-	826
- Kerb & Gutter	3	8,152	19	2,240	-	5,931	-	81	(25)	(102)	-	-	-	-	8,112	100	2,327	-	5,885
- Footpaths	3	2,465	39	613	-	1,891	-	62	-	(51)	-	-	-	-	2,465	102	665	-	1,902
Plant & Equipment		-	5,763	2,218	-	3,545	-	1,087	(719)	(527)	-	-	-	-	-	5,423	2,037	-	3,386
Minor Plant & Equipment		-	852	617	-	235	-	114	(20)	(72)	-	-	-	-	-	861	604	-	257
Office Equipment		-	1,074	742	-	332	-	39	-	(86)	-	-	-	-	-	1,082	798	-	284
Buildings	2	18,914	48	8,584	-	10,378	-	197	-	(447)	-	-	-	-	18,914	245	9,031	-	10,128
Structures	2	7,429	1,286	4,034	-	4,681	-	9	-	(189)	-	-	-	-	7,429	1,295	4,223	-	4,501
Other Assets	3	-	3,107	1,553	-	1,554	-	458	-	(82)	-	-	-	-	-	3,565	1,635	-	1,930
Total Infrastructure, Property, Plant & Equipment		274,324	15,477	50,248	-	239,553	1,013	3,759	(1,252)	(3,902)	-	-	-	2,894	277,791	17,845	53,567	-	242,069
Comparatives		231,714	12,546	45,211	-	199,049	56	4,518	(611)	(3,717)	(887)	-	(32,915)	74,062	274,324	15,477	50,248	-	239,553

Note 7a (ii). Investment Property

Nil

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on 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.

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.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Transition to AASB 13 - Fair Value Measurement

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

Land

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. Land is recognised at Fair Value. The last revaluation was undertaken by Maloney Field Services Property Consultants and Valuers as at the 1st July 2015 and pursuant to Council's election are disclosed at deemed cost. Additions are recognised on the cost basis.

Freehold land and or 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.

Buildings & Structures

Pursuant to Council's Election the building assets were valued by Assetic Pty Ltd – Property Consultants and Valuers at written down current replacement cost as at the 30th June 2014 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Pursuant to Council's Election other structures assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at written down current replacement cost as at the 1st July 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure

Pursuant to Council's Election the roads infrastructure assets were revalued by Assetic Strategic Asset Management at the 1st July 2015 for the purpose of accounting compliance (Fair Value) in accordance with the Australian Accounting Standard, and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Pursuant to Council's Election the stormwater drainage assets were valued by Gayler Professional Engineers, at written down current replacement cost during the reporting period ended 30th June 2017 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Pursuant to Council's Election the Community Wastewater Management Schemes were valued by Gayler Professional Engineers at written down current replacement cost during the reporting period ended 30th June 2017 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Infrastructure (continued)

Pursuant to Council's Election the Water Schemes were valued by Gayler Professional Engineers at written down current replacement cost during the reporting period ended 30th June 2017 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis.

Furniture & Fittings

Pursuant to Council's election, these assets are recognised on the cost basis.

All other Assets

Pursuant to Council's election, these assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

Note 8. Liabilities

\$ '000	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
(a). Trade and Other Payables					
Goods & Services		1,841	-	2,432	-
Payments Received in Advance		133	-	75	-
Accrued Expenses - Employee Entitlements		143	-	73	-
Accrued Expenses - Finance Costs		5	-	14	-
Murray Malle Community Transport Scheme		203	-	175	-
Total Trade and Other Payables		2,325	-	2,769	-
(b). Borrowings					
Loans		150	1,049	1,281	1,077
Total Borrowings		150	1,049	1,281	1,077

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

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 8. Liabilities (continued)

\$ '000	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
(c). Provisions					
Employee Entitlements (including oncosts)		935	147	885	126
Aged Homes Deposits		-	79	-	79
Other		-	66	-	66
Total Provisions		935	292	885	271

(d). Other Liabilities

Other Liabilities	14	-	7	-
Total Other Liabilities	14	-	7	-

Note 9. Reserves

\$ '000	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Land	8,531	-	-	-	8,531
Infrastructure					
- Sealed Roads	84,614	-	-	-	84,614
- Unsealed Roads	94,096	-	-	-	94,096
- Stormwater Drainage	1,489	467	-	-	1,956
- CWMS	7,821	1,952	-	-	9,773
- Water Supply	381	475	-	-	856
Buildings	6,036	-	-	-	6,036
Structures	3,293	-	-	-	3,293
Other Assets	72	-	-	-	72
Total Asset Revaluation Reserve	206,333	2,894	-	-	209,227
Comparatives	166,073	41,147	-	(887)	206,333

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 9. Reserves (continued)

\$ '000	1/7/2016	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2017
(b). Other Reserves					
Peake Special Purpose Reserve	17	-	(17)	-	-
Water Schemes Reserve	42	92	-	-	134
Meals on Wheels Replacement	8	-	-	-	8
Coonalpyn Downs Special Purpose	25	-	(25)	-	-
Tintinara Airfield	29	-	-	-	29
Open Space Trust Fund	42	2	-	-	44
Committed Funds Reserve	825	-	(55)	-	770
Total Other Reserves	988	94	(97)	-	985
Comparatives	984	4	-	-	988

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Peake Special Purpose Reserve

Contains the surplus funds from the sale of Sherlock House and the reserve will be used for future works in the Peake area.

Water Schemes Reserve

Contains the surplus funds from the various water schemes and the reserve is to be used on future infrastructure works.

Meals on Wheels Replacement Reserve

Contains funds that are to be utilised for health related issues.

Coonalpyn Downs Special Purpose Reserve

Contains the surplus funds from the sale of a Council House the reserve funds that are to be utilised for projects in the Coonalpyn Downs area.

Tintinara Airfield Reserve

Contains the surplus funds from the sale of land at the airport. The reserve funds are to be utilised for future Airport Infrastructure works.

Open Space Trust Fund Reserve

Contains the funds from the Open Space contributions from developers as per the development Act. The reserve is to be used for the establishment of a new open space reserve.

Committed Funds Reserve

Contains the unexpended funds from various projects that are to be spent in the following year.

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2017	2016
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	1,485	24
Less: Short-Term Borrowings	8	-	-
Balances per Statement of Cash Flows		1,485	24
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		1,685	947
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		3,902	3,717
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(7)	(8)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(371)	(599)
Net (Gain) Loss on Disposals		(70)	57
		5,139	4,114
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,160	(1,112)
Net (Increase)/Decrease in Inventories		1	(21)
Net (Increase)/Decrease in Other Current Assets		(174)	(4)
Net Increase/(Decrease) in Trade & Other Payables		(444)	(266)
Net Increase/(Decrease) in Unpaid Employee Benefits		71	57
Net Increase/(Decrease) in Other Liabilities		7	(3)
Net Cash provided by (or used in) operations		5,760	2,765

(c). Non-Cash Financing and Investing Activities

Nil

(d). Financing Arrangements

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

Corporate Credit Cards	50	50
LGFA Cash Advance Debenture Facility	4,158	4,123

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

Coorong District Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2017

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$ '000										
Governance & Strategy	-	-	1,669	3,095	(1,669)	(3,095)	-	-	32	32
Community & Corporate Services	12,164	10,386	2,922	2,271	9,242	8,115	2,783	-	4,592	4,555
Infrastructure & Asset Services	2,485	2,576	8,411	6,703	(5,926)	(4,127)	3,192	3,038	240,242	237,304
Sustainable Development	1,500	1,429	1,989	1,925	(489)	(496)	981	2,710	-	-
Total Functions/Activities	16,149	14,391	14,991	13,994	1,158	397	6,956	5,748	244,945	241,891

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

GOVERNANCE & STRATEGY

Governance, Administration, Elected Members, Tourism, and Other Economic Development.

COMMUNITY & CORPORATE SERVICES

Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates, Building Control, Town Planning, Health Inspection, Parking Control, Other Regulatory Services, Immunisation, Community Support, Youth Services, Home Assistance Scheme, Other Library Services, Landcare, Natural Resource Management Levy, and Other Environment.

INFRASTRUCTURE & ASSET SERVICES

Caravan Parks Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic, Jetties, Other Marine Facilities, Parks and Gardens, Other Fire Protection, Aerodrome, Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), Other Transport, Dog and Cat Control, Plant Hire & Depot, Public Conveniences, Car Parking – non-fee-paying, Cemeteries / Crematoria Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management Stormwater and Drainage, Street Cleaning, Street Lighting and Streetscaping.

SUSTAINABLE DEVELOPMENT

Parking, Other Social Services, Other Environmental Services, Sustainable Development Management, Agricultural Services, Coorong Health Links, By Laws, Fire Prevention, Development Assessment, Dog & Cat Control, Environmental Health, Community Centres, Landcare

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.5% and 1.75% (2016: 1.75%). Short term deposits have an average maturity of 1 days and an average interest rate of 1.75% (2016: 1 days and 1.75%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

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.

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.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.583% (2016: 0.583%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

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.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

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.

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

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.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

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

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.75% and 6.85% (2016: 5.70% and 6.85%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Financial Assets					
Cash & Equivalents	1,485	-	-	1,485	1,485
Receivables	432	-	-	432	432
Other Financial Assets	-	-	63	63	63
Total Financial Assets	1,917	-	63	1,980	1,980

Financial Liabilities					
Payables	2,182	-	-	2,182	2,182
Current Borrowings	150	-	-	150	150
Non-Current Borrowings	-	352	697	1,049	1,049
Total Financial Liabilities	2,332	352	697	3,381	3,381

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016					
Financial Assets					
Cash & Equivalents	24	-	-	24	24
Receivables	1,608	-	-	1,608	1,608
Other Financial Assets	-	-	56	56	56
Total Financial Assets	1,632	-	56	1,688	1,688

Financial Liabilities					
Payables	2,696	-	-	2,696	2,696
Current Borrowings	1,348	-	-	1,348	1,281
Non-Current Borrowings	-	631	875	1,506	1,077
Total Financial Liabilities	4,044	631	875	5,550	5,054

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

	30 June 2017		30 June 2016	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	3.75%	69	4.00%	1,141
Fixed Interest Rates	6.00%	1,130	5.74%	1,217
		1,199		2,358

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000

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.

Note 14. Commitments for Expenditure

\$ '000

Notes

2017

2016

(a) Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	63	12
Waste Management Services	942	1,674
Employee Remuneration Contracts	2,891	1,370
Information Technology Services	188	308
	4,084	3,364

These expenditures are payable:

Not later than one year	1,514	2,248
Later than one year and not later than 5 years	2,570	1,116
Later than 5 years	-	-
	4,084	3,364

(b). Finance Lease Commitments

Council has no Finance Leases.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2017	2017	2016	2015

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.

1. Operating Surplus Ratio

Operating Surplus	1,244	8%	3%	(4%)
Total Operating Revenue	16,235			

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

1a. Adjusted Operating Surplus Ratio

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.

(325)	(2%)	3%	(4%)
16,235			

2. Net Financial Liabilities Ratio

Net Financial Liabilities	2,176	13%	28%	36%
Total Operating Revenue	16,235			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

3. Asset Sustainability Ratio

Net Asset Renewals	3,137	82%	128%	64%
Infrastructure & Asset Management Plan required expenditure	3,843			

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 15. Financial Indicators - Graphs (continued)

<div><div>1. Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>-4%</div><div>3%</div><div>8%</div></div></div></div>	<div><div>Purpose of Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue varies from operating expenditure</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio8%</div></div><div><div>Council's Operating Surplus ratio of >(15%) and 0% for the year ending 30 June 2017. This ratio has been achieved, although the recognition of the Commonwealth Financial Assistance Grant distorts the final results.</div></div></div>
<div><div>1a. Adjusted Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>-4%</div><div>3%</div><div>-2%</div></div></div></div>	<div><div>Purpose of Adjusted Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio-2%</div></div><div><div>The adjusted Operating Surplus ratio for the impact of the Commonwealth Financial Assistance Grant of \$1.569m received in advanced for 17/18 financial year and recognised in June 2017.</div></div></div>
<div><div>2. Net Financial Liabilities Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>36%</div><div>28%</div><div>13%</div></div></div></div>	<div><div>Purpose of Net Financial Liabilities Ratio</div><div><div>This indicator shows the significance of the net amount owed to others, compared to operating revenue</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio13%</div></div><div><div>Council's Net Financial Liabilities ratio of >0% and <100%. Council is well within acceptable levels and has the ability to borrow in the future.</div></div></div>
<div><div>3. Asset Sustainability Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>64%</div><div>128%</div><div>82%</div></div></div></div>	<div><div>Purpose of Asset Sustainability Ratio</div><div><div>This indicator aims to determine if assets are being renewed and replaced in an optimal way</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio82%</div></div><div><div>Council's Asset Sustainability ratio of >85% and <110% as per the Asset Management Plans. However it is slightly skewed by the impact of a renewal project was not completed at year end.</div></div></div>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 16. Uniform Presentation of Finances

\$ '000	2017	2016
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	16,235	14,399
less Expenses	(14,991)	(13,994)
Operating Surplus / (Deficit)	1,244	405
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	3,758	4,516
less Depreciation, Amortisation and Impairment	(3,902)	(3,717)
less Proceeds from Sale of Replaced Assets	(621)	(551)
Subtotal	(765)	248
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	1,013	56
less Amounts Received Specifically for New and Upgraded Assets	(371)	(599)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(701)	(3)
Subtotal	(59)	(546)
Net Lending / (Borrowing) for Financial Year	2,068	703

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 17. Operating Leases

\$ '000

2017

2016

Leases Providing Revenue to the Council

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

Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	43	110
Later than one year and not later than 5 years	23	66
Later than 5 years	-	-
	<u>66</u>	<u>176</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 18. Superannuation

\$ '000

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.

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2017	2016	2017	2016
Joint Ventures	7	8	63	56
Total	7	8	63	56

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2017	2016
Murray Mallee Community Transport Scheme	Community Transport Services	63	56
Total Carrying Amounts - Joint Ventures & Associates		63	56

Murray Mallee Community Transport Scheme

The MMCTS is a Section 43 Regional Subsidiary of the following local government Councils: Coorong District Council, District Council of Karoonda East Murray and the Southern Mallee District Council.

The purpose of the regional subsidiary is to provide community transport to residents in the three district areas.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2017	2016	2017	2016	2017	2016
Murray Mallee Community Transport Scheme	33%	33%	33%	33%	10%	10%

(c) Movement in Investment in Joint Venture or Associate

	Murray Mallee Community Transport Scheme	
	2017	2016
Opening Balance	56	48
Share in Operating Result	7	8
Council's Equity Share in the Joint Venture or Associate	63	56

Coorong District Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

	Murray Mallee Community Transport Scheme	
	2017	2016
Cash and Cash Equivalents	203	176
Other Current Assets	41	33
Total Assets	244	209
Current Trade and Other Payables	28	14
Current Provisions	28	25
Total Liabilities	56	39
Net Assets	188	170

Statement of Comprehensive Income

	Murray Mallee Community Transport Scheme	
	2017	2016
Other Income	152	176
Contributions from Constituent Councils	38	38
Interest Income	3	3
Total Income	193	217
Employee Costs	130	133
Materials, Contracts & Other Expenses	40	48
Depreciation, Amortisation and Impairment	8	7
Total Expenses	177	188
Operating Result	16	29

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 21. 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 & is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

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

At reporting date, Council controlled 1884 km of roads of average width 10 metres.

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 deductible "insurance excesses", 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, amounting to \$281,119 (2016: \$50,400) at reporting date.

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

4. LEGAL MATTERS

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 2 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd/mm/yy.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999.

Key Management Personnel (KMP) and relatives of KMP whom are members of the management committees of community organisations or sporting groups where either donations or loans were supplied. These donations or loans for each of the individual groups did not exceeded \$100,000 during the year.

One close family members of KMP is employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with Section 105 of the Local Government Act 1999.

Bentleys SA Audit Partnership

Level 2

139 Frome Street

Adelaide SA 5000

GPO Box 939

Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au

bentleys.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COORONG DISTRICT COUNCIL

Opinion

We have audited the accompanying financial report of the Coorong District Council, 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report gives a true and fair view of the financial position of the Coorong District Council as of 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Qualified Opinion

We were unable to satisfy ourselves by appropriate means concerning opening balances disclosed in the detailed statements of financial position and cash flows and the detailed statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2017, the impact of opening balances on the current period financial position and cash flows prevents us from forming an opinion on the financial report taken as a whole.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 2nd day of November 2017

Bentleys SA Audit Partnership

Level 2

139 Frome Street

Adelaide SA 5000

GPO Box 939

Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au

bentleys.com.au

**INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS
OF THE COORONG DISTRICT COUNCIL**

We have audited the compliance of the Coorong District Council (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.

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.

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.

Opinion

In our opinion, the Coorong District Council (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.

Qualifications

Prior to December 2016 reconciliations were not sufficiently conducted for the main bank account and accounts receivables reconciliations, and as a result had unidentified variances. There are no formal policies and procedures for the performance of general ledger reconciliations. Council has since reconciled the accounts as at 30 June 2017 but formal policies and procedures are yet to be implemented.

The finance manager reviews all reports including Masterfile change reports, however, this role also has access to both general ledger administration and banking, causing a lack of segregation between access and reviewer. Changes to this process were not implemented as at 30 June 2017.

A review of general ledger access has shown that there are several employees who have incompatible access, such as having banking authorisation access and general ledger access. This has been attributed to recent staff changes and limited resourcing throughout the year. The council is in the process of addressing this matter.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 2nd day of November 2017

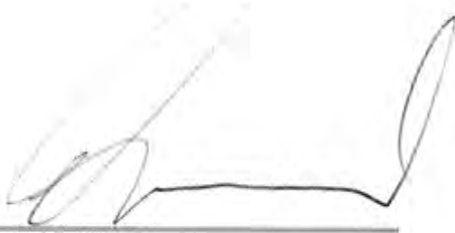
Coorong District Council

General Purpose 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 Coorong District Council 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*.



Vincent Cammell
CHIEF EXECUTIVE OFFICER



Rex Mooney
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 3/10/17.

Bentleys SA Audit Partnership

Level 2
139 Frome Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au
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Certification of Auditor Independence

I confirm that, for the audit of the financial statements of Coorong District Council 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.



David Papa
Partner
Bentleys SA Audit Partnership

Dated at Adelaide this 25th day of October 2017