

District Council of Orroroo Carrieton



DISTRICT COUNCIL OF
ORROROO/CARRIETON
Southern Flinders Ranges • Established 1997

General Purpose Financial Reports

For year ended 30 June 2017

District Council of Orreroo Carrieton
General Purpose Financial Reports
for the year ended 30 June 2017

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DISTRICT COUNCIL OF ORROROO CARRIETON

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2017

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.


.....
Stephen Rufus
CHIEF EXECUTIVE OFFICER


.....
Kathie Bowman
CHAIRMAN/COUNCILLOR

Date: 29th NOVEMBER 2017

District Council of Orroroo Carrieton
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

		2017	2016
	Notes	\$'000	\$'000
INCOME			
Rates	2	1,032	936
Statutory charges	2	12	15
User charges	2	142	210
Grants, subsidies and contributions	2	2,281	1,215
Investment income	2	20	19
Reimbursements	2	167	218
Total Income		<u>3,654</u>	<u>2,613</u>
EXPENSES			
Employee costs	3	984	1,115
Materials, contracts & other expenses	3	1,138	1,098
Depreciation, amortisation & impairment	3	1,011	933
Finance costs	3	29	55
Total Expenses		<u>3,162</u>	<u>3,201</u>
OPERATING SURPLUS / (DEFICIT)		492	(588)
Asset disposal & fair value adjustments	4	<u>(121)</u>	<u>(113)</u>
NET SURPLUS / (DEFICIT)		371	(701)
transferred to Equity Statement			(701)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	3,349
Total Other Comprehensive Income		<u>-</u>	<u>3,349</u>
TOTAL COMPREHENSIVE INCOME		<u>371</u>	<u>2,648</u>

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

District Council of Orreroo Carrieton
STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,481	1,082
Trade & other receivables	5	221	109
Inventories	5	23	10
		<u>1,725</u>	<u>1,201</u>
Non-current Assets held for Sale	20	-	-
Total Current Assets		<u>1,725</u>	<u>1,201</u>
Non-current Assets			
Financial assets	6	30	38
Infrastructure, property, plant & equipment	7	31,505	31,853
Total Non-current Assets		<u>31,535</u>	<u>31,891</u>
Total Assets		<u>33,260</u>	<u>33,092</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	173	130
Borrowings	8	148	139
Provisions	8	518	635
		<u>839</u>	<u>904</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-
Total Current Liabilities		<u>839</u>	<u>904</u>
Non-current Liabilities			
Borrowings	8	292	440
Provisions	8	22	12
Total Non-current Liabilities		<u>314</u>	<u>452</u>
Total Liabilities		<u>1,153</u>	<u>1,356</u>
NET ASSETS		<u>32,107</u>	<u>31,736</u>
EQUITY			
Accumulated Surplus		1,705	1,334
Asset Revaluation Reserves	9	30,402	30,402
TOTAL EQUITY		<u>32,107</u>	<u>31,736</u>

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

District Council of Orroroo Carrieton
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

		Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		1,334	30,402	-	-	31,736
Net Surplus / (Deficit) for Year		371				371
Balance at end of period		1,705	30,402	-	-	32,107
2016						
Balance at end of previous reporting period		2,035	27,053		-	29,088
Net Surplus / (Deficit) for Year		(701)				(701)
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment			3,349			3,349
Balance at end of period		1,334	30,402	-	-	31,736

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

District Council of Orroroo Carrieton
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		1,023	986
Fees & other charges		13	16
User charges		81	253
Investment receipts		15	19
Grants utilised for operating purposes		2,452	1,306
Reimbursements		184	240
Other revenues		(1)	-
<u>Payments</u>			
Employee costs		(1,089)	(1,157)
Materials, contracts & other expenses		(1,333)	(1,283)
Finance payments		(31)	(64)
Net Cash provided by (or used in) Operating Activities		1,314	316
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		-	110
Repayments of loans by community groups		8	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(618)	(510)
Expenditure on new/upgraded assets		(166)	-
Net Cash provided by (or used in) Investing Activities		(776)	(400)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(139)	(220)
Net Cash provided by (or used in) Financing Activities		(139)	(220)
Net Increase (Decrease) in cash held		399	(304)
Cash & cash equivalents at beginning of period	10	1,082	1,386
Cash & cash equivalents at end of period	10	1,481	1,082

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

District Council of Orroroo Carrieton
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 29 November 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 this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

The District Council of Orroroo Carrieton is incorporated under the SA Local Government Act 1999 and has its principal place of business at 17 Second St Orroroo. 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.

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.

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.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 12.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

6.3 Subsequent Recognition

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

Major depreciation periods for each class of asset are shown 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.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. 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).

For 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, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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.

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 16.

10 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".

11 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- 12 Receivables and Creditors include GST receivable and payable.
- 13 Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- 14 Non-current assets and capital expenditures include GST net of any recoupment.
- 15 Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 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.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 Orroroo Carrieton
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>		894	794
Less: Mandatory rebates		(12)	(8)
Less: Discretionary rebates, remissions & write offs		(30)	(3)
		<u>852</u>	<u>783</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		32	26
Waste collection		132	124
Water supply		8	7
		<u>172</u>	<u>157</u>
<u>Other Charges</u>			
Penalties for late payment		8	6
		<u>8</u>	<u>6</u>
Less: Discretionary rebates, remissions & write offs		-	(10)
		<u>1,032</u>	<u>936</u>
STATUTORY CHARGES			
Development Act fees		8	11
Animal registration fees & fines		4	4
		<u>12</u>	<u>15</u>
USER CHARGES			
Cemetery/crematoria fees		16	9
Swimming pool fees		8	16
Cropping		20	20
Hall & equipment hire		5	4
Rental Charges		13	13
Sales - general		7	22
Sundry		73	126
		<u>142</u>	<u>210</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		20	19
		<u>20</u>	<u>19</u>

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 2 - INCOME (cont')

	Notes	2017 \$'000	2016 \$'000
REIMBURSEMENTS			
- for private works		167	218
		167	218
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions			
Financial Assistance Grants - General		1,464	492
Financial Assistance Grants - Local Roads		375	101
Roads to Recovery		421	604
Other grants, subsidies and contributions		21	18
		2,281	1,215
		2,281	1,215
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		2,260	603
State government		21	612
		2,281	1,215
Individually Significant Item			
Prepaid 2017-18 Financial assistance Grants		625	0

District Council of Orroroo Carrieton
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		841	924
Employee leave expense		95	148
Superannuation - defined contribution plan contributions	15	94	99
Workers' Compensation Insurance		47	56
Other		-	3
Less: Capitalised and distributed costs		(93)	(115)
Total Operating Employee Costs		984	1,115
 Total Number of Employees		 10	 11
<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		14	41
Elected members' expenses		61	63
Operating Lease Rentals - cancellable leases		24	35
Subtotal - Prescribed Expenses		99	139
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		306	396
Vehicle Repairs Maintenance		95	141
Freight		2	4
Legal Expenses		17	30
Other Contractual Services		-	25
Electricity		40	36
Minor Equipment - Expensed		15	50
Plant & Equipment - Capitalised		249	-
Other Amounts Capitalised		38	-
Computer Hardware / Software		43	45
Water & Sewerage & Gas		71	56
Uniforms Clothing/Protective Clothing		8	6
Office Consumables		16	13
General Maintenance Materials		92	200
Conferences/Seminars Training		29	17
Travel & Accommodation		1	4
Subsidies/Membership Fees		34	32
Telephone		21	20
Printing		-	15
Insurance		149	124
Vehicle Registration		20	22
Grants To Outside Bodies		16	23

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 3 - EXPENSES (cont')

	Notes	2017 \$'000	2016 \$'000
Other Expenses		34	70
NRM levy		32	25
Road Resheeting		402	
Less Amounts Capitalised		<u>(691)</u>	<u>(395)</u>
Subtotal – Other Materials, Contractors & Expenses		<u>1,039</u>	<u>959</u>
		<u>1,138</u>	<u>1,098</u>

DEPRECIATION, AMORTISATION & IMPAIRMENT

Depreciation

Land		-	-
Land		-	-
Buildings & Other Structures		207	135
Roads		662	657
Plant & Equipment		122	121
Other Assets		<u>20</u>	<u>20</u>
		<u>1,011</u>	<u>933</u>

Less: Capitalised and distributed costs

Less: transfer to non-current assets held for sale 20

Less: Impairment expense offset to asset revaluation reserve 9

	<u>1,011</u>	<u>933</u>
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FINANCE COSTS

Interest on Loans	<u>29</u>	<u>55</u>
	<u>29</u>	<u>55</u>

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2017	2016
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	-	.110
Less: Carrying amount of assets sold or disposed of	121	223
Gain (Loss) On Disposal	(121)	(113)
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(121)	(113)

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 5 - CURRENT ASSETS

	Notes	2017 \$'000	2016 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		(3)	153
Deposits at Call		1,484	929
Short Term Deposits & Bills, etc			
Bills of Exchange			
		1,481	1,082
TRADE & OTHER RECEIVABLES			
Rates - General & Other		137	128
Accrued Revenues		9	4
Debtors - general		112	37
GST Recoupment		23	
Total		281	169
Less: Allowance for Doubtful Debts		60	60
		221	109
INVENTORIES			
Stores & Materials		23	10
		23	10

Note 6 - NON-CURRENT ASSETS

	Notes	2017 \$'000	2016 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		30	38
TOTAL FINANCIAL ASSETS		30	38

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2016 \$'000				2017 \$'000			
FV Level		Fair Value	Cost	Acc' Depn	Carry Amt	Fair Value	Cost	Acc' Depn	Carry Amt
Land	2	465		-	465	465	-	-	465
Land	3	1,361			1,361	1,361	-	-	1,361
Buildings & Other Structures	3	9,014	28	(6,004)	3,038	9,014	46	(6,211)	2,849
Infrastructure (inc roads)	3	36,045	435	(10,481)	25,999	5,067	932	(10,286)	25,713
Plant & Equipment		-	3,243	(2,316)	927	-	3,492	(2,438)	1,054
Other Assets		-	623	(560)	63	-	642	(579)	63
TOTAL		46,885	4,329	(19,361)	31,853	45,907	5,112	(19,514)	31,505
Comparatives		34,063	11,384	(16,297)	29,150	46,885	4,329	(19,361)	31,853

		CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000							2017 \$'000		
2016 \$'000		Additions		Disposal	Depn	Impair	Transfers		Net Reval	2017 Carry Amt	
Carry Amt		New	Renewals				In	Out			
Land	465	-	-	-	-	-	-	-	-	465	
Land	1,361	-	-	-	-	-	-	-	-	1,361	
Buildings & Other Structures	3,038	-	18	-	(207)	-	-	-	-	2,849	
Infrastructure (inc roads)	25,999	-	497	(121)	(662)	-	-	-	-	25,713	
Plant & Equipment	927	166	83	-	(122)	-	-	-	-	1,054	
Other Assets	63	-	20	-	(20)	-	-	-	-	63	
TOTAL	31,853	166	618	(121)	(1,011)	-	-	-	-	31,505	
Comparatives		29,150	-	510	(223)	(933)	-	1,361	(1,361)	3,343	31,853

This Note continues on the following pages.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 7 (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 Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 7 (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

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

These assets were revalued as at as at 1 July 2015 by Malonies Field Services.

Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there are no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were revalued as at as at 1 July 2015 by Malonies Field Services.

Infrastructure

Transportation and other infrastructure assets were revalued by Tonkins Consulting at depreciated current replacement cost with the subsequent changes brought to account as at the 1 July 2015. All acquisitions made after the date of valuation are recorded at cost.

Plant & Equipment

These assets are recognised on the cost basis.

Furniture & Fittings

These assets are recognised on the cost basis.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 8 - LIABILITIES

	Notes	2017 \$'000		2016 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		130		93	
Accrued expenses - employee entitlements		20		31	
Accrued expenses - other		4		6	
Other		19		-	
		<u>173</u>	-	<u>130</u>	-
BORROWINGS					
Loans		148	292	139	440
		<u>148</u>	<u>292</u>	<u>139</u>	<u>440</u>

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

PROVISIONS

Employee entitlements (including oncosts)		163	22	267	12
Other		355		368	
		<u>518</u>	<u>22</u>	<u>635</u>	<u>12</u>

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017
Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2016	Net Increments (Decrements)	Transfers, Impairments	30/6/2017
	Notes	\$'000	\$'000	\$'000	\$'000
Land		1,185			1,185
Buildings & Other Structures		619			619
Roads		28,598			28,598
TOTAL		30,402			30,402
	Comparatives	27,053	3,349		30,042

**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).

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2017 \$'000	2016 \$'000
Total cash & equivalent assets	5	<u>1,481</u>	<u>1,082</u>
Balances per Cash Flow Statement		<u>1,481</u>	<u>1,082</u>

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

Net Surplus (Deficit)		371	(701)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,011	933
Net increase (decrease) in unpaid employee benefits		(105)	(37)
Change in allowances for under-recovery			
Grants for capital acquisitions treated as Investing Activity			
Net (Gain) Loss on Disposals		<u>121</u>	<u>113</u>
		1,398	308
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(112)	72
Net (increase) decrease in inventories		(13)	(4)
Net (increase) decrease in other current assets			-
Net increase (decrease) in trade & other payables		54	(47)
Net increase (decrease) in other provisions		<u>(13)</u>	<u>(13)</u>
Net Cash provided by (or used in) operations		<u>1,314</u>	<u>316</u>

(c) Financing Arrangements

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

Corporate Credit Cards	1	1
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District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2016	ACTUAL	2016	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Business Undertaking	754	539	-	-	754	539	-	-	166	165
Community Services	266	190	365	370	(99)	(179)	-	-	996	991
Culture	1	1	18	18	(17)	(17)	-	-	-	-
Economic Development	5	4	49	50	(44)	(46)	-	-	-	-
Environment	62	45	21	21	41	23	-	-	1,072	1,067
Recreation	18	13	197	199	(179)	(186)	34	18	466	464
Regulatory Services	14	10	34	35	(21)	(25)	-	-	-	-
Transport & Communication	1,542	1,103	1,013	1,025	529	78	1,324	705	27,190	27,052
Plant Hire & Depot/Indirect	420	301	252	255	168	45	-	-	-	-
Unclassified Activities	539	385	882	893	(343)	(508)	-	-	-	-
Council Administration	32	23	331	335	(299)	(312)	924	492	3,370	3,353
TOTALS	3,654	2,613	3,162	3,201	492	(588)	2,281	1,215	33,260	33,092

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

Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Abattoirs, Caravan Parks, Electricity Supply, Gravel Pits/Quarries, Development of Land for Resale, Marinas/Boat Havens, Markets/Saleyards, Off-street Car Parks – fee paying, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic, Town Bus Service, and Other.

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

Economic Development

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment

Agricultural Services, Agricultural Water, Animal/Plant Boards, Land care, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Street scaping, Natural Resource Management Levy, and Other Environment.

Recreation

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Indoor, Swimming Centres – Outdoor, and Other Recreation.

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Aerodrome, Bridges, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

Plant Hire & Depot

Council Administration

Governance, Administration, Elected Members, 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.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between a% and b% (2016: c% and d%). Short term deposits have an average maturity of e days and an average interest rates of f% (2016: g days, h%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</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>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 j% (2016: k%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: 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>
Receivables - other levels of government	<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>
Receivables - Retirement Home Contributions	<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: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>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.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<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 (describe basis); interest is charged at fixed (or variable - describe) rates between l% and m% (2016: n% and p%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash & Equivalents	1,481	-	-	1,481	1,481
Receivables	174	-	-	174	174
Other Financial Assets		30	-	30	30
Total	1,665	30	-	1,685	1,685
Financial Liabilities					
Payables	149	-	-	149	149
Current Borrowings	170	-	-	170	148
Non-Current Borrowings		323	-	323	292
Total	319	323	-	642	589
2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash & Equivalents	1,082	-	-	1,082	1,082
Receivables	79	-	-	79	79
Other Financial Assets		-	-	-	-
Total	1,161	-	-	1,161	1,161
Financial Liabilities					
Payables	93	-	-	93	93
Current Borrowings	171	-	-	171	139
Non-Current Borrowings		494	-	494	440
Total	264	494	-	758	672

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 \$'000	Weighted Average Interest Rate %	Carrying Value \$'000
Fixed Interest Rates	5.55	440	5.55%	579
		440		579

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 12 (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 Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 13 - FINANCIAL INDICATORS

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. 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>	13.0%	(22.7%)	(3.7%)
Total operating revenue			

This ratio expresses the operating surplus as a percentage of Total Operating Revenue.

Adjusted Operating Surplus Ratio

	(4)%	2%	(22%)
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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 – (1)** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-16%	5%	2%
Total Operating Revenue			

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.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	68%	43%	51%
Depreciation			

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 Orroroo Carrieton
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	2016
	\$'000	\$'000
Income	3,654	2,613
<i>less Expenses</i>	<u>3,162</u>	<u>3,201</u>
Operating Surplus / (Deficit)	492	(588)
 <i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	618	510
Depreciation, Amortisation and Impairment	(1,011)	(933)
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>(110)</u>
	(393)	(533)
 <i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	166	
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>-</u>
	166	
 Net Lending / (Borrowing) for Financial Year	 <u>719</u>	 <u>(55)</u>

District Council of Orroroo Carrieton
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 the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.5% in 2016/2017). 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 Trustee based on advice from the appointed Actuary. The rate is currently 6.3% of "superannuation" salary.

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

The Salarylink Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, 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 Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. 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 Orroroo Carrieton
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, amounting to \$30k (2016: \$38k) at reporting date.

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 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

At the time of preparing these accounts there are no other known contingent liabilities to consider other than those raised above.

District Council of Orroroo Carrieton
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

NOTE 17 - RELATED PARTIES DISCLOSURE

Key Management Personnel

The Key Management Personnel of the Council include the Chairman, Councillors and the CEO. Further to this the partner of an elected member is a long term employee of Council and the partner of the CEO works on a casual basis at the swimming pool.

	2017
	\$
Salaries, allowances & other short term benefits	317
TOTAL	317

DISTRICT COUNCIL OF ORROROO CARRIETON

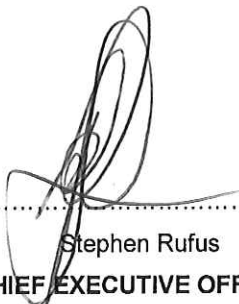
ANNUAL FINANCIAL STATEMENTS

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 District Council of Orroroo Carrieton for the year ended 30 June 2017, the Council's Auditor, Galpins, 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 the Act.

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



Stephen Rufus
CHIEF EXECUTIVE OFFICER



John Comrie
AUDIT COMMITTEE CHAIRMAN