

Tatiara District Council

Audited Financial
Statements 2016/17

Adopted Council Meeting
10th October 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of the Tatiara District Council

Opinion

We have audited the accompanying financial report of the Tatiara District Council (the Council), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Tatiara District Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council 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 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.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility 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 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.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

20/10/2017

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Simon Smith FCPA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Tatiara District Council

Independent Assurance report on the Internal Controls of the Tatiara District Council

We have audited the compliance of the Tatiara District Council (the Council) with the requirements of 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 for the period 1 July 2016 to 30 June 2017 have been conducted properly and in accordance with law.

The Council's Responsibility for 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* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Auditor's 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 2015 to 30 June 2016. 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 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 controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

Limitation of 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 the 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 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 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 Tatiara District Council has 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 law for the period 1 July 2016 to 30 June 2017.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

20/16/2017

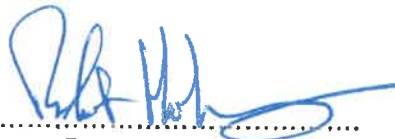
TATIARA DISTRICT COUNCIL

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 Tatiara District Council for the year ended 30 June 2017, the Council's Auditor, Galpins, Accountants, Auditors and Business Consultants, 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*.



Robert Harkness
CHIEF EXECUTIVE OFFICER



Ken McInerney
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 20-10-17

TATIARA DISTRICT COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Tatiara 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*.



Timothy Muhlhausler

Galpins, Accountants, Auditors & Business Consultants

Dated this 20th day of October 2017

TATIARA DISTRICT COUNCIL

General Purpose Financial Reports for the year ended 30 June 2017

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TATIARA DISTRICT COUNCIL


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2017 and the results of its operations and cash flows for the financial year.
- 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.


.....
Robert Harkness
CHIEF EXECUTIVE OFFICER


.....
Graham Excell
MAYOR

Date: 20-10-17

TATIARA DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|-----------------------|-----------------------|
| INCOME | | | |
| Rates | 2 | 9,668 | 9,298 |
| Statutory charges | 2 | 101 | 96 |
| User charges | 2 | 432 | 417 |
| Grants, subsidies and contributions | 2 | 5,953 | 2,656 |
| Investment income | 2 | 170 | 208 |
| Reimbursements | 2 | 227 | 217 |
| Other income | 2 | 467 | 545 |
| Total Income | | <u>17,018</u> | <u>13,437</u> |
| EXPENSES | | | |
| Employee costs | 3 | 4,205 | 4,079 |
| Materials, contracts & other expenses | 3 | 5,673 | 5,161 |
| Depreciation, amortisation & impairment | 3 | 4,940 | 5,063 |
| Finance costs | 3 | 111 | 138 |
| Total Expenses | | <u>14,929</u> | <u>14,441</u> |
| OPERATING SURPLUS / (DEFICIT) | | 2,089 | (1,004) |
| Asset disposal & fair value adjustments | 4 | (45) | (452) |
| Amounts received specifically for new or upgraded assets | 2 | 375 | 452 |
| NET SURPLUS / (DEFICIT) | | <u>2,419</u> | <u>(1,004)</u> |
| transferred to Equity Statement | | | |
| Other Comprehensive Income | | | |
| <i>Amounts which will not be reclassified subsequently to operating result</i> | | | |
| Changes in revaluation surplus - infrastructure, property, plant & equipment | 9 | (6,581) | 27,500 |
| Total Other Comprehensive Income | | <u>(6,581)</u> | <u>27,500</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>(4,162)</u> | <u>26,496</u> |

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

TATIARA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 10,684 | 7,384 |
| Trade & other receivables | 5 | 638 | 691 |
| Inventories | 5 | 786 | 880 |
| Total Current Assets | | 12,108 | 8,955 |
| Non-current Assets | | | |
| Financial assets | 6 | 113 | 141 |
| Infrastructure, property, plant & equipment | 7 | 179,187 | 186,357 |
| Total Non-current Assets | | 179,300 | 186,498 |
| Total Assets | | 191,408 | 195,453 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & other payables | 8 | 795 | 602 |
| Borrowings | 8 | 136 | 132 |
| Provisions | 8 | 1,010 | 921 |
| Total Current Liabilities | | 1,941 | 1,655 |
| Non-current Liabilities | | | |
| Borrowings | 8 | 1,208 | 1,343 |
| Provisions | 8 | 98 | 132 |
| Total Non-current Liabilities | | 1,306 | 1,475 |
| Total Liabilities | | 3,247 | 3,130 |
| NET ASSETS | | 188,161 | 192,323 |
| EQUITY | | | |
| Accumulated Surplus | | 1,555 | (2) |
| Asset Revaluation Reserves | 9 | 178,318 | 184,899 |
| Other Reserves | 9 | 8,288 | 7,426 |
| TOTAL EQUITY | | 188,161 | 192,323 |

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

TATIARA DISTRICT COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2017

| | | Accumulated Surplus | Asset Revaluation Reserve | Other Reserves | TOTAL EQUITY |
|--|-------|------------------------|---------------------------------|-------------------|-----------------|
| 2017 | Notes | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at end of previous reporting period | | (2) | 184,899 | 7,426 | 192,323 |
| Restated opening balance | | (2) | 184,899 | 7,426 | 192,323 |
| Net Surplus / (Deficit) for Year | | 2,419 | | | 2,419 |
| Other Comprehensive Income | | | | | |
| Gain on revaluation of infrastructure, property, plant & equipment | 9 | | (6,581) | | (6,581) |
| Transfers between reserves | 9 | (862) | | 862 | - |
| Balance at end of period | | 1,555 | 178,318 | 8,288 | 188,161 |
| 2016 | | | | | |
| Balance at end of previous reporting period | | 1,698 | 157,399 | 6,730 | 165,827 |
| Restated opening balance | | 1,698 | 157,399 | 6,730 | 165,827 |
| Net Surplus / (Deficit) for Year | | (1,004) | | | (1,004) |
| Other Comprehensive Income | | | | | |
| Changes in revaluation surplus - infrastructure, property, plant & equipment | 9 | | 27,500 | | 27,500 |
| Transfers between reserves | 9 | (696) | | 696 | - |
| Balance at end of period | | (2) | 184,899 | 7,426 | 192,323 |

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

TATIARA DISTRICT COUNCIL

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 | | 9,712 | 9,261 |
| Fees & other charges | | 109 | 104 |
| User charges | | 444 | 442 |
| Investment receipts | | 172 | 206 |
| Grants utilised for operating purposes | | 6,399 | 2,855 |
| Reimbursements | | 250 | 239 |
| Other revenues | | 2,143 | 664 |
| <u>Payments</u> | | | |
| Employee costs | | (4,087) | (4,090) |
| Materials, contracts & other expenses | | (7,612) | (6,130) |
| Finance payments | | (114) | (142) |
| Net Cash provided by (or used in) Operating Activities | | 7,416 | 3,409 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Amounts specifically for new or upgraded assets | | 375 | 452 |
| Sale of replaced assets | | 109 | 193 |
| Sale of surplus assets | | 218 | - |
| Repayments of loans by community groups | | 36 | 34 |
| <u>Payments</u> | | | |
| Expenditure on renewal/replacement of assets | | (3,161) | (3,663) |
| Expenditure on new/upgraded assets | | (1,562) | (1,692) |
| Net Cash provided by (or used in) Investing Activities | | (3,985) | (4,676) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <u>Payments</u> | | | |
| Repayments of borrowings | | (131) | (132) |
| Net Cash provided by (or used in) Financing Activities | | (131) | (132) |
| Net Increase (Decrease) in cash held | | 3,300 | (1,399) |
| Cash & cash equivalents at beginning of period | 10 | 7,384 | 8,783 |
| Cash & cash equivalents at end of period | 10 | 10,684 | 7,384 |

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

TATIARA DISTRICT COUNCIL

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 10th October 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 thousand dollars (\$'000).

2 The Local Government Reporting Entity

Tatiara District Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 43 Woolshed Street, Bordertown. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

Tatiara District Council

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

Note 1 - Significant Accounting Policies (cont)

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

| | Cash Payment Received | Annual Allocation | Difference | |
|---------|--------------------------|-------------------|------------|--------------|
| 2014/15 | \$5,049,970 | \$3,545,696 | + / - | \$1,504,274 |
| 2015/16 | \$1,815,496 | \$3,319,770 | + / - | -\$1,504,274 |
| 2016/17 | \$4,576,861 | \$2,958,799 | + / - | \$1,618,062 |

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 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 Land under roads

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

6.2 Initial Recognition

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

Tatiara District Council

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

Note 1 - Significant Accounting Policies (cont)

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

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 7. 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.

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.

Tatiara District Council

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

Note 1 - Significant Accounting Policies (cont)

8 Borrowings

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

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 average discount rate | 2.089% (2016, 1.714%) |
| Weighted average settlement period | 1 year (2016, d1year) |

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 GST Implications

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

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

11 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 |

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.)

Tatiara District Council

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

Note 1 - Significant Accounting Policies (cont)

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

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

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

TATIARA DISTRICT COUNCIL

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> | | 7,846 | 7,849 |
| Less: Mandatory rebates | | (125) | (136) |
| Less: Discretionary rebates, remissions & write offs | | (28) | (16) |
| | | <u>7,693</u> | <u>7,697</u> |
| <u>Other Rates</u> (including service charges) | | | |
| Natural Resource Management levy | | 512 | 159 |
| Waste collection | | 580 | 579 |
| Community wastewater management systems | | 829 | 804 |
| | | <u>1,921</u> | <u>1,542</u> |
| <u>Other Charges</u> | | | |
| Penalties for late payment | | 54 | 59 |
| | | <u>54</u> | <u>59</u> |
| | | <u>9,668</u> | <u>9,298</u> |
| STATUTORY CHARGES | | | |
| Development Act fees | | 48 | 43 |
| Health & Septic Tank Inspection fees | | 8 | 9 |
| Animal registration fees & fines | | 32 | 35 |
| Sundry | | 13 | 9 |
| | | <u>101</u> | <u>96</u> |
| USER CHARGES | | | |
| Cemetery/crematoria fees | | 81 | 63 |
| Visitor Information Centre | | 25 | 31 |
| Truck Wash Fees | | 74 | 61 |
| Sangarb Collection Fees | | 51 | 54 |
| Swimming Pool Revenue | | 100 | 101 |
| Ticket Sales | | 43 | 38 |
| Hall & equipment hire | | 34 | 34 |
| Sundry | | 24 | 35 |
| | | <u>432</u> | <u>417</u> |
| INVESTMENT INCOME | | | |
| Interest on investments | | | |
| Local Government Finance Authority | | 149 | 186 |
| Banks & other | | 9 | 11 |
| Loans to community groups | | 12 | 11 |
| | | <u>170</u> | <u>208</u> |
| REIMBURSEMENTS | | | |
| - for roadworks | | 2 | 44 |
| - for private works | | 51 | 14 |
| - other | | 174 | 159 |
| | | <u>227</u> | <u>217</u> |

TATIARA DISTRICT COUNCIL

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

NOTE 2 - INCOME (continued)

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| OTHER INCOME | | | |
| Insurance & other recoupments - infrastructure, property, plant & equipment | | 1 | 1 |
| Rebates received | | 91 | 101 |
| Sundry | | 375 | 443 |
| | | <u>467</u> | <u>545</u> |
| GRANTS, SUBSIDIES, CONTRIBUTIONS | | | |
| Amounts received specifically for new or upgraded assets | | 375 | 452 |
| Other grants, subsidies and contributions | | | |
| Untied - Financial Assistance Grant | | 4,578 | 1,454 |
| Roads to Recovery | | 1,316 | 1,144 |
| Library & Communications | | 20 | 26 |
| Sundry | | 39 | 32 |
| | | <u>5,953</u> | <u>2,656</u> |
| | | <u>6,328</u> | <u>3,108</u> |
| <i>The functions to which these grants relate are shown in Note 11.</i> | | | |
| Sources of grants | | | |
| Commonwealth government | | 1,316 | 1,143 |
| State government | | 5,012 | 1,965 |
| Other | | 0 | 0 |
| | | <u>6,328</u> | <u>3,108</u> |

TATIARA DISTRICT COUNCIL

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

Note 3 - EXPENSES

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| EMPLOYEE COSTS | | | |
| Salaries and Wages | | 3,901 | 3,683 |
| Employee leave expense | | 179 | 185 |
| Superannuation - defined contribution plan contributions | 16 | 239 | 229 |
| Superannuation - defined benefit plan contributions | 16 | 108 | 118 |
| Workers' Compensation Insurance | | 219 | 204 |
| Less: Capitalised and distributed costs | | (441) | (340) |
| Total Operating Employee Costs | | 4,205 | 4,079 |
| Total Number of Employees | | 55 | 56 |
| <i>(Full time equivalent at end of reporting period)</i> | | | |
| MATERIALS, CONTRACTS & OTHER EXPENSES | | | |
| <u>Prescribed Expenses</u> | | | |
| Auditor's Remuneration | | | |
| - Auditing the financial reports | | 23 | 23 |
| Elected members' expenses | | 212 | 212 |
| Election expenses | | 2 | 2 |
| Subtotal - Prescribed Expenses | | 237 | 237 |
| <u>Other Materials, Contracts & Expenses</u> | | | |
| Contractors | | 1,643 | 1,466 |
| Maintenance | | 2,857 | 2,333 |
| Legal Expenses | | 26 | 23 |
| Levies paid to government - NRM levy | | 531 | 158 |
| Minor Capital Purchases | | 37 | 158 |
| Fuel and Oil | | 319 | 270 |
| Sundry | | 23 | 516 |
| Subtotal - Other Materials, Contracts & Expenses | | 5,436 | 4,924 |
| | | 5,673 | 5,161 |
| DEPRECIATION, AMORTISATION & IMPAIRMENT | | | |
| Depreciation | | | |
| Buildings & Other Structures | | 598 | 594 |
| Roads | | 3,116 | 3,080 |
| Bridges | | 25 | 26 |
| Footways | | 113 | 100 |
| Swereage , Effluent Drainage | | 411 | 404 |
| Stormwater Drainage | | 54 | 52 |
| Other Structures | | 78 | 77 |
| Plant and Equipment | | 545 | 729 |
| Other Community Assets | | - | 1 |
| | | 4,940 | 5,063 |
| FINANCE COSTS | | | |
| Interest on Borrowings | | 111 | 138 |
| | | 111 | 138 |

TATIARA DISTRICT COUNCIL

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | | |
| <i>Assets renewed or directly replaced</i> | | | |
| Proceeds from disposal | | 109 | 193 |
| Less: Carrying amount of assets sold | | 285 | 278 |
| Gain (Loss) on disposal | | <u>(176)</u> | <u>(85)</u> |
| <i>Assets surplus to requirements</i> | | | |
| Proceeds from disposal | | 218 | - |
| Less: Carrying amount of assets sold | | 87 | - |
| Gain (Loss) on disposal | | <u>131</u> | <u>-</u> |
| FAIR VALUE ADJUSTMENTS | | | |
| Revaluation decrements expensed | | - | (367) |
| | | <u>-</u> | <u>(367)</u> |
| NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS | | <u>(45)</u> | <u>(452)</u> |

TATIARA DISTRICT COUNCIL

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

Note 5 - CURRENT ASSETS

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| CASH & EQUIVALENT ASSETS | | |
| Cash on Hand and at Bank | 214 | 125 |
| Deposits at Call | <u>10,470</u> | <u>7,259</u> |
| | <u>10,684</u> | <u>7,384</u> |
| TRADE & OTHER RECEIVABLES | | |
| Rates - General & Other | 448 | 492 |
| Rates postponed for State Seniors | - | - |
| Accrued Revenues | 33 | 35 |
| Debtors - general | 99 | 68 |
| GST Recoupment | 39 | 67 |
| Loans to community organisations | <u>27</u> | <u>35</u> |
| Total | 646 | 697 |
| Less: Allowance for Doubtful Debts | <u>8</u> | <u>6</u> |
| | <u>638</u> | <u>691</u> |
| INVENTORIES | | |
| Stores & Materials | <u>786</u> | <u>880</u> |
| | <u>786</u> | <u>880</u> |

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

TATIARA DISTRICT COUNCIL

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

Note 6 - NON-CURRENT ASSETS

| FINANCIAL ASSETS | Notes | 2017 \$'000 | 2016 \$'000 |
|----------------------------------|--------------|------------------------|------------------------|
| Receivables | | | |
| Loans to community organisations | | <u>113</u> | <u>141</u> |
| TOTAL FINANCIAL ASSETS | | <u>113</u> | <u>141</u> |

TATIARA DISTRICT COUNCIL

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | Fair Value Level | 2016 \$'000 | | | | 2017 \$'000 | | | |
|---|------------------|----------------|---------|-------------|-----------------|----------------|---------|-------------|-----------------|
| | | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT |
| | | | | | | | | | |
| Land - Community | 3 | 7,611 | 277 | - | 7,888 | 7,040 | - | - | 7,040 |
| Land - Other | 2 | 3,669 | - | - | 3,669 | 4,435 | - | - | 4,435 |
| Buildings & Other Structures | 2 | 12,051 | 323 | (5,305) | 7,069 | 15,519 | - | (6,344) | 9,175 |
| Buildings & Other Structures | 3 | 20,421 | 379 | (10,260) | 10,540 | 4,823 | - | (3,728) | 1,095 |
| Roads | 3 | 179,673 | 2,873 | (48,725) | 133,821 | 184,747 | - | (50,984) | 133,763 |
| Bridges | 3 | 1,955 | 175 | (867) | 1,263 | 1,955 | 175 | (892) | 1,238 |
| Footways | 3 | 4,323 | 268 | (1,113) | 3,478 | 5,127 | - | (1,257) | 3,870 |
| Swereage , Effluent Drainage | 3 | 25,141 | 492 | (14,268) | 11,365 | 25,849 | - | (14,316) | 11,533 |
| Stormwater Drainage | 3 | 2,256 | 630 | (1,151) | 1,735 | 2,256 | 677 | (1,205) | 1,728 |
| Other Structures | 3 | 2,199 | 199 | (1,147) | 1,251 | 2,517 | 18 | (1,245) | 1,290 |
| Plant and Equipment | 2 | 6,755 | - | (2,493) | 4,262 | 6,755 | 177 | (2,928) | 4,004 |
| Other Community Assets | | - | 18 | (2) | 16 | - | 18 | (2) | 16 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | 266,054 | 5,634 | (85,331) | 186,357 | 261,023 | 1,065 | (82,901) | 179,187 |
| Comparatives | | 212,701 | 15,498 | (68,989) | 159,210 | 266,054 | 5,634 | (85,331) | 186,357 |

This Note continues on the following pages.

TATIARA DISTRICT COUNCIL

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | 2016 | CARRYING AMOUNT MOVEMENTS DURING YEAR | | | | | | | 2017 |
|---|--------------------|---------------------------------------|-------|-----------|--------------|-----------|-------|--------------------|--------------------|
| | \$'000 | \$'000 | | | | | | | \$'000 |
| | CARRYING AMOUNT | Additions | | Disposals | Depreciation | Transfers | | Net Revaluation | CARRYING AMOUNT |
| | New/Upgrade | Renewals | In | | | Out | | | |
| Land – Community | 7,888 | - | - | (87) | - | - | (757) | (4) | 7,040 |
| Land – Other | 3,669 | 9 | - | - | - | 757 | - | - | 4,435 |
| Buildings & Other Structures | 7,069 | 28 | 84 | - | (276) | - | - | 2,270 | 9,175 |
| Buildings & Other Structures | 10,540 | - | 29 | - | (322) | - | - | (9,152) | 1,095 |
| Roads | 133,821 | 828 | 2,357 | (111) | (3,116) | - | - | (16) | 133,763 |
| Bridges | 1,263 | - | - | - | (25) | - | - | - | 1,238 |
| Footways | 3,478 | 285 | 48 | - | (113) | - | - | 172 | 3,870 |
| Swereage , Effluent Drainage | 11,365 | 136 | 322 | (50) | (411) | - | - | 171 | 11,533 |
| Stormwater Drainage | 1,735 | - | 47 | - | (54) | - | - | - | 1,728 |
| Other Structures | 1,251 | 101 | 38 | - | (78) | - | - | (22) | 1,290 |
| Plant and Equipment | 4,262 | 175 | 236 | (124) | (545) | - | - | - | 4,004 |
| Other Community Assets | 16 | - | - | - | - | - | - | - | 16 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | 186,357 | 1,562 | 3,161 | (372) | (4,940) | 757 | (757) | (6,581) | 179,187 |
| Comparatives | 159,210 | 1,692 | 3,663 | (278) | (5,063) | (835) | (367) | 28,335 | 186,357 |

This Note continues on the following pages.

TATIARA DISTRICT COUNCIL

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

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

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

| | |
|---|----------|
| Buildings - new construction/extensions | \$5,000 |
| Park & Playground Furniture & Equipment | \$5,000 |
| Road construction & reconstruction | \$10,000 |
| Paving & footpaths, Kerb & Gutter | \$5,000 |
| Drains & Culverts | \$5,000 |
| Reticulation extensions | \$5,000 |

TATIARA DISTRICT COUNCIL

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

Note 7 – Property, Plant & Equipment (cont)

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

| | |
|--------------------------------------|-----------------|
| Plant, Furniture & Equipment | |
| Vehicles and Road-making Equip | 2 to 50 years |
| Other Plant & Equipment | 5 to 15 years |
| Building & Other Structures | |
| Buildings – masonry | 50 to 100 years |
| Buildings – other construction | 20 to 40 years |
| Park Structures – masonry | 50 to 100 years |
| Park Structures – other construction | 10 to 100 years |
| Playground equipment | 5 to 20 years |
| Benches, seats, etc | 10 to 20 years |
| Infrastructure | |
| Sealed Roads – Surface | 17 to 25 years |
| Sealed Roads – Structure | 63 to 50 years |
| Unsealed Roads | 19 to 20 years |
| Bridges – Concrete | 80 to 100 years |
| Paving & Footpaths, Kerb & Gutter | 15 to 40 years |
| Drains | 25 to 65 years |
| Culverts | 80 to 100 years |
| Flood Control Structures | 50 to 75 years |
| Bores | 20 to 40 years |
| Reticulation Pipes – PVC | 60 to 100 years |
| Reticulation Pipes – other | 25 to 75 years |
| Pumps & Telemetry | 15 to 25 years |

Land & Land Improvements

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

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

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2017 by Peta Mantzarapis FAPA and Mitch Ekonomoploulos AAPI of Maloney Field Services.

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2017, based on actual costs incurred during the reporting periods ended 30 June 2015 and 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney Field Services, Property Consultants and Valuers as at 30 June 2004 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2004. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2017 based on actual costs incurred during the reporting periods ending 30 June 2015 and 30 June 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets were revalued as at 30 June 2016 by Council officers with a valuation basis of modern equivalent.

All other assets

These assets are recognised on the cost basis.

TATIARA DISTRICT COUNCIL

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

Note 8 - LIABILITIES

| | | 2017 \$'000 | | 2016 \$'000 | |
|--|-------|----------------|--------------|----------------|--------------|
| | Notes | Current | Non-current | Current | Non-current |
| TRADE & OTHER PAYABLES | | | | | |
| Goods & Services | | 533 | | 401 | |
| Accrued expenses - employee entitlements | | 198 | - | 135 | - |
| Accrued expenses - other | | 39 | - | 42 | - |
| Deposits, Retentions & Bonds | | 25 | - | 24 | - |
| | | <u>795</u> | <u>-</u> | <u>602</u> | <u>-</u> |
| BORROWINGS | | | | | |
| Loans | | 136 | 1,208 | 132 | 1,343 |
| | | <u>136</u> | <u>1,208</u> | <u>132</u> | <u>1,343</u> |
| <i>All interest bearing liabilities are secured over the future revenues of the Council.</i> | | | | | |
| PROVISIONS | | | | | |
| Employee entitlements (including oncosts) | | 1,010 | 98 | 921 | 132 |
| | | <u>1,010</u> | <u>98</u> | <u>921</u> | <u>132</u> |

TATIARA DISTRICT COUNCIL

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 |
| Land - Community | | 63,765 | (4) | - |
| Land - Other | | 5,121 | - | - |
| Buildings & Other Structures | | 79,265 | (6,904) | - |
| Sewerage, Effluent Drainage | | 3,399 | 171 | - |
| Plant & Equipment | | 1,308 | - | - |
| Roads | | 24,497 | (16) | - |
| Footways | | 618 | 172 | - |
| Bridges | | 6,926 | - | - |
| TOTAL | | 184,899 | (6,581) | - |
| <i>Comparatives</i> | | <i>157,399</i> | <i>27,500</i> | <i>-</i> |

| OTHER RESERVES | 1-7-2016 | Transfers to Reserve | Transfers from Reserve | 30-6-2017 |
|---------------------------------|--------------|-------------------------|---------------------------|--------------|
| Long Service Leave Reserve | 329 | 15 | - | 344 |
| Plant Replacement Reserve | 140 | 2 | - | 142 |
| Clayton Farm Reserve | 111 | - | (6) | 105 |
| CWMS Maintenance Reserve | 5,715 | 121 | - | 5,836 |
| Reserve Land Development | 347 | 224 | - | 571 |
| Reserve Keith Community Library | 31 | - | (3) | 28 |
| Reserve Tatiara Creek | 44 | - | - | 44 |
| Reserve Rubble Rehabilitation | 298 | 4 | - | 302 |
| Future Road Renewal | 350 | 304 | - | 654 |
| Unplanned Maintenance | 50 | 201 | - | 251 |
| Reserve Open Space | 11 | - | - | 11 |
| TOTAL OTHER RESERVES | 7,426 | 871 | (9) | 8,288 |
| <i>Comparatives</i> | <i>6,730</i> | <i>1,508</i> | <i>(812)</i> | <i>7,426</i> |

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Tatiara 04 Long Service Leave

The Long Service Leave Reserve is for the future cash requirements upon staff leaving Council employment.

Tatiara 20 Plant Replacement

The Plant Replacement reserve is for urgent unbudgeted major plant and equipment replacement.

Tatiara 22 Clayton Farm Insurance

The Clayton Farm Insurance reserve is to be spent towards Capital to maintain Clayton Farm's heritage.

Tatiara 05 CWMS Maintenance Reserve

The CWMS Maintenance reserve is for future asset replacement and capital maintenance of CWMS.

Tatiara 26 Land Development Reserve

This reserve was set up for Land Development in Keith Industrial Estate.

Tatiara 27 Keith Community Library

Council is acting as an agent and providing financial services for the library.

Tatiara 28 Creek Reserve

Money held in reserve to prepare for a flood that may happen within 100 years.

Tatiara 29 Rubble Rehabilitation

Money put aside for future rehabilitations.

Tatiara 30 Open Space Reserve

Part of development application legal requirement to put money into open space reserve.

Tatiara 31 Future Road Renewal

Money put aside for future road renewal works required.

Tatiara 32 Unplanned Maintenance

Money put aside for any unplanned/unbudgeted urgent maintenance works

TATIARA DISTRICT COUNCIL

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>10,684</u> | <u>7,384</u> |
| Balances per Cash Flow Statement | | <u>10,684</u> | <u>7,384</u> |

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

| | | |
|---|---------------------|---------------------|
| Net Surplus (Deficit) | 2,419 | (1,004) |
| Non-cash items in Income Statement | | |
| Depreciation, amortisation & impairment | 4,940 | 5,063 |
| Fair value adjustments | - | 367 |
| Net increase (decrease) in unpaid employee benefits | 118 | (11) |
| Change in allowances for under-recovery | 2 | - |
| Grants for capital acquisitions treated as Investing Activity | (375) | (452) |
| Net (Gain) Loss on Disposals | <u>45</u> | <u>85</u> |
| | 7,149 | 4,048 |
| Add (Less): Changes in Net Current Assets | | |
| Net (increase) decrease in receivables | 43 | (55) |
| Net (increase) decrease in inventories | 94 | (223) |
| Net increase (decrease) in trade & other payables | <u>130</u> | <u>(361)</u> |
| Net Cash provided by (or used in) operations | <u>7,416</u> | <u>3,409</u> |

(c) Financing Arrangements

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

| | | |
|--------------------------------------|-----|-----|
| Bank Overdrafts | 400 | 400 |
| Corporate Credit Cards | 10 | 10 |
| LGFA Cash Advance Debenture facility | 59 | 56 |

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

TATIARA DISTRICT COUNCIL

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 | 2017 \$'000 | ACTUAL | 2016 \$'000 | SURPLUS (DEFICIT) | | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| | | | | | ACTUAL | 2016 \$'000 | | | | |
| Administration | 12,366 | 9,574 | 896 | 1,210 | 11,470 | 8,364 | 3,672 | 1,235 | 56,312 | 57,502 |
| Public Order and Safety | 35 | 49 | 195 | 169 | (160) | (120) | 1 | 11 | 157 | 160 |
| Health | 92 | 91 | 138 | 141 | (46) | (50) | - | - | 118 | 120 |
| Social Security and Welfare | 56 | 54 | 213 | 200 | (157) | (146) | 3 | 4 | 251 | 257 |
| Housing and Community | 1,621 | 1,537 | 2,273 | 2,277 | (652) | (740) | - | - | 2,889 | 2,950 |
| Protection of the Environment NEC | | | 1 | 1 | (1) | (1) | - | - | - | - |
| Sporting and Recreation | 266 | 434 | 2,445 | 2,303 | (2,179) | (1,869) | 25 | 31 | 1,347 | 1,376 |
| Agricultural Services | 16 | 3 | 581 | 207 | (565) | (204) | - | - | 351 | 358 |
| Mining Manufacturing and Construction | 48 | 43 | 320 | 145 | (272) | (102) | - | - | 320 | 326 |
| Transport and Communications | 2,246 | 1,411 | 5,574 | 5,122 | (3,328) | (3,711) | 2,231 | 1,365 | 122,743 | 125,337 |
| Economic Affairs NEC | 29 | 35 | 179 | 213 | (150) | (178) | - | - | 1,075 | 1,098 |
| Other Purposes NEC | 243 | 206 | 2,114 | 2,453 | (1,871) | (2,247) | 21 | 10 | 5,845 | 5,969 |
| TOTALS | 17,018 | 13,437 | 14,929 | 14,441 | 2,089 | (1,004) | 5,953 | 2,656 | 191,408 | 195,453 |

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets and amounts received specifically for new or upgraded assets

TATIARA DISTRICT COUNCIL

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:

Administration

Governance, Administration n.e.c., 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.

Public Order and Safety

Supervision of various by-laws, fire prevention and animal control.

Health

Food control, operation of community health programs.

Social Security and Welfare

Voluntary Services.

Housing and Community Amenities

Rubbish collection services, operation of tip, effluent drainage, public toilets, street cleaning and lighting, town planning, stormwater drainage, land development, maintenance of cemeteries.

Protection of the Environment NEC

Foreshore protection, flood prevention.

Sport and Recreation

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

Agricultural Services

Pest Plant Services.

Mining, Manufacturing and Construction

Building Act Requirements, quarry operations.

Transport and Communications

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.

Economic Affairs NEC

Land Development Activities, caravan park operations, off-street parking, tourism.

Other Purposes NEC

Public Debt transactions, plant and machinery operations, depot expenses, vandalism costs and private works.

TATIARA DISTRICT COUNCIL

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 1.5% and 1.75% (2016: 1.75% and 2.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p> |
| <p>Receivables - Rates & Associated Charges (including legals & penalties for late payment)</p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p> | <p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.5833% (2016: 0.6041%) 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> |
| 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 - 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 interest is charged at fixed or variable rates between 5.15% and 6.8% (2016: 5.15% and 7.1%)</p> <p>Carrying amount: approximates fair value.</p> |

TATIARA DISTRICT COUNCIL

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 | Carrying Values |
|------------------------------|---------------|----------------------------|---------------|------------------------------------|--------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | |
| Cash & Equivalents | 10,684 | | | 10,684 | 10,684 |
| Receivables | 198 | 124 | 8 | 330 | 311 |
| Total | 10,882 | 124 | 8 | 11,014 | 10,995 |
| Financial Liabilities | | | | | |
| Payables | 558 | | | 558 | 558 |
| Current Borrowings | 224 | | | 224 | 136 |
| Non-Current Borrowings | | 868 | 584 | 1,452 | 1,208 |
| Total | 782 | 868 | 584 | 2,234 | 1,902 |

| 2016 | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|------------------------------|--------------|----------------------------|---------------|------------------------------------|--------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | |
| Cash & Equivalents | 7,384 | | | 7,384 | 7,384 |
| Receivables | 205 | 144 | 24 | 373 | 346 |
| Total | 7,589 | 144 | 24 | 7,757 | 7,730 |
| Financial Liabilities | | | | | |
| Payables | 425 | | | 425 | 425 |
| Current Borrowings | 132 | | | 132 | 132 |
| Non-Current Borrowings | | 953 | 390 | 1,343 | 1,343 |
| Total | 557 | 953 | 390 | 1,900 | 1,900 |

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

| | 30 June 2017 | | 30 June 2016 | |
|----------------------|--------------------------------------|----------------|--------------------------------------|----------------|
| | Weighted Average Interest Rate | Carrying Value | Weighted Average Interest Rate | Carrying Value |
| | % | \$'000 | % | \$'000 |
| Overdraft | 4.00% | 21 | 4% | 24 |
| Fixed Interest Rates | 6.21% | 1,323 | 6.44% | 1,451 |
| | | 1,344 | | 1,475 |

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.

TATIARA DISTRICT COUNCIL

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

Note 13 - COMMITMENTS FOR EXPENDITURE

| | <u>Notes</u> | 2017 \$'000 | 2016 \$'000 |
|---|--------------|----------------|----------------|
| Other Expenditure Commitments | | | |
| Other non-capital expenditure commitments in relation to investment properties: | | | |
| Waste Management Services | | - | 290 |
| Employee Remuneration Contracts | | 1,082 | 1,402 |
| Audit Contract | | 105 | 44 |
| IT Contract | | - | 55 |
| | | <u>1,187</u> | <u>1,791</u> |
| These expenditures are payable: | | | |
| Not later than one year | | 622 | 993 |
| Later than one year and not later than 5 years | | 565 | 798 |
| Later than 5 years | | - | - |
| | | <u>1,187</u> | <u>1,791</u> |

TATIARA DISTRICT COUNCIL

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

Note 15 - 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> | 12.0% | (7.0%) | 15.0% |
| Total Operating Revenue | | | |

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

Adjusted Operating Surplus Ratio

| | | | |
|--|------|------|------|
| | 3.0% | 3.0% | 6.0% |
|--|------|------|------|

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

Net Financial Liabilities Ratio

| | | | |
|----------------------------------|------|------|------|
| <u>Net Financial Liabilities</u> | -48% | -38% | -26% |
| Total Operating Revenue | | | |

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

Asset Sustainability Ratio

| | | | |
|---|------|------|---|
| <u>Net Asset Renewals</u> | 105% | 112% | * |
| Infrastructure & Asset Management Plan required expenditure | | | |

* The information for the above indicator was not available in previous years and the Asset Sustainability Ratio - Based on Depreciation Expense was used.

Asset Sustainability Ratio - Based on Depreciation Expense

| | | | |
|---------------------------|-----|-----|-----|
| <u>Net Asset Renewals</u> | 62% | 69% | 66% |
| Depreciation Expense | | | |

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.

TATIARA DISTRICT COUNCIL

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

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

| | 2017 \$'000 | 2016 \$'000 |
|--|---------------------|---------------------|
| Income | 17,018 | 13,437 |
| less Expenses | <u>14,929</u> | <u>14,441</u> |
| Operating Surplus / (Deficit) | 2,089 | (1,004) |
| less Net Outlays on Existing Assets | | |
| Capital Expenditure on renewal and replacement of Existing Assets | 3,161 | 3,663 |
| Depreciation, Amortisation and Impairment | (4,940) | (5,063) |
| Proceeds from Sale of Replaced Assets | <u>(109)</u> | <u>(193)</u> |
| | (1,888) | (1,593) |
| less Net Outlays on New and Upgraded Assets | | |
| Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments) | 1,562 | 1,692 |
| Amounts received specifically for New and Upgraded Assets | (375) | (452) |
| Proceeds from Sale of Surplus Assets (including investment property and real estate developments) | <u>(218)</u> | <u>-</u> |
| | 969 | 1,240 |
| Net Lending / (Borrowing) for Financial Year | <u>3,008</u> | <u>(651)</u> |

TATIARA DISTRICT COUNCIL

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

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

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.

TATIARA DISTRICT COUNCIL

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

Note 17 - 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.

TATIARA DISTRICT COUNCIL

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

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

| | 2017 \$ |
|--|-------------------|
| Salaries, allowances & other short term benefits | \$ 818,521 |
| TOTAL | \$ 818,521 |

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

| | 2017 \$ |
|--|---------------|
| Contributions for fringe benefits tax purposes | \$ - |
| Planning and building applications fees | \$ 663 |
| Rentals for Council property | \$ - |
| TOTAL | \$ 663 |

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. These purchases were made on normal commercial terms on an arm's length basis. No individual purchases from these businesses exceeded \$42,000 during the year.

Key management personnel or close family members (including related parties) lodged a total of three planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

Three planning and building approvals, with and without conditions, were granted during the year. Total fees for these applications (all of which are payable on lodgement) amounted to \$662.75.

One Key Management Personnel is a member of the Keith War Memorial Sports Centre Committee. In Accordance with the Local Government Act 1999, this person declares an interest in the Keith War Memorial Sports Centre Committee. During the year the Sports Centre received payment of its insurance.

One Key Management Personnel is a member of the Willalooka Progress Association. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to the Willalooka Progress Association.

One Key Management Personnel is a member of the Rotary. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Rotary.

One Key Management Personnel is a member of the Ladies Probus. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to the Ladies Probus.

TATIARA DISTRICT COUNCIL

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

Note 18 - RELATED PARTY DISCLOSURES Continued

One Key Management Personnel is a member of the Mundulla on the Move. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Mundulla on the Move.

One Key Management Personnel is the Keith Football Club Junior Colts Manager . In Accordance with the Local Government Act 1999, this person declares an interest relating to matters involving Keith Football Club Junior Colts.

One Key Management Personnel is the Padthaway Progress Association President . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving Padthaway Progress Association.

One Key Management Personnel is a member of Stand Like Stone Foundation . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving Stand Like Stone Foundation. During the year the Stand Like Stone Association received \$2,000 from Council.