

TDC

Tatiara District Council

2014-2015

Adopted Council Meeting | 13th October 2015



Financial Statements



TATIARA DISTRICT COUNCIL

General Purpose Financial Reports for the year ended 30 June 2015

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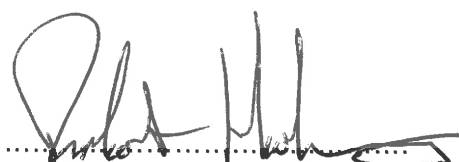
TATIARA DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 2015 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

GR
Date: 13th October 2015.

TATIARA DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
INCOME			
Rates	2	9,614	9,355
Statutory charges	2	105	96
User charges	2	431	398
Grants, subsidies and contributions	2	4,898	2,696
Investment income	2	232	246
Reimbursements	2	181	143
Other income	2	367	575
Total Income		<u>15,828</u>	<u>13,509</u>
EXPENSES			
Employee costs	3	4,055	3,813
Materials, contracts & other expenses	3	4,646	5,692
Depreciation, amortisation & impairment	3	4,624	4,723
Finance costs	3	175	203
Total Expenses		<u>13,500</u>	<u>14,431</u>
OPERATING SURPLUS / (DEFICIT)		2,328	(922)
Asset disposal & fair value adjustments	4	(748)	(1,200)
Amounts received specifically for new or upgraded assets	2	667	510
NET SURPLUS / (DEFICIT)		<u>2,247</u>	<u>(1,612)</u>
transferred to Equity Statement			
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>2,247</u>	<u>(1,612)</u>

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

TATIARA DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

ASSETS	Notes	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	5	8,783	6,057
Trade & other receivables	5	634	667
Inventories	5	657	399
Total Current Assets		<u>10,074</u>	<u>7,123</u>
Non-current Assets			
Financial assets	6	177	181
Infrastructure, property, plant & equipment	7	159,210	159,725
Total Non-current Assets		<u>159,387</u>	<u>159,906</u>
Total Assets		<u>169,461</u>	<u>167,029</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	933	745
Borrowings	8	141	127
Provisions	8	1,030	842
Total Current Liabilities		<u>2,104</u>	<u>1,714</u>
Non-current Liabilities			
Borrowings	8	1,466	1,578
Provisions	8	64	157
Total Non-current Liabilities		<u>1,530</u>	<u>1,735</u>
Total Liabilities		<u>3,634</u>	<u>3,449</u>
NET ASSETS		<u>165,827</u>	<u>163,580</u>
EQUITY			
Accumulated Surplus		1,698	(146)
Asset Revaluation Reserves	9	157,399	157,399
Other Reserves	9	6,730	6,327
TOTAL EQUITY		<u>165,827</u>	<u>163,580</u>

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 2015

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2015	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		(146)	157,399	6,327	163,580
Restated opening balance		(146)	157,399	6,327	163,580
Net Surplus / (Deficit) for Year		2,247			2,247
Other Comprehensive Income					
Transfers between reserves	9	(403)		403	-
Balance at end of period		1,698	157,399	6,730	165,827
2014					
Balance at end of previous reporting period		1,828	157,399	5,965	165,192
Restated opening balance		1,828	157,399	5,965	165,192
Net Surplus / (Deficit) for Year		(1,612)			(1,612)
Other Comprehensive Income					
Transfers between reserves	9	(362)		362	-
Balance at end of period		(146)	157,399	6,327	163,580

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 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		9,595	9,328
Fees & other charges		105	104
User charges		471	455
Investment receipts		236	232
Grants utilised for operating purposes		4,898	2,898
Reimbursements		181	157
Other revenues		375	1,976
<u>Payments</u>			
Employee costs		(3,928)	(3,766)
Materials, contracts & other expenses		(4,745)	(7,041)
Finance payments		(178)	(206)
Net Cash provided by (or used in) Operating Activities		7,010	4,137
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		667	510
Sale of replaced assets		322	200
Sale of surplus assets		-	65
Repayments of loans by community groups		34	42
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,447)	(3,277)
Expenditure on new/upgraded assets		(1,732)	(1,718)
Loans made to community groups		(30)	-
Net Cash provided by (or used in) Investing Activities		(4,186)	(4,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(98)	(128)
Net Cash provided by (or used in) Financing Activities		(98)	(128)
Net Increase (Decrease) in cash held		2,726	(169)
Cash & cash equivalents at beginning of period	10	6,057	6,226
Cash & cash equivalents at end of period	10	8,783	6,057

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 2015

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 13th October 2015.

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 2015

Note 1 - Significant Accounting Policies (cont)

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$634,000 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$1,364,000; and in June 2013, again two quarters of the 2013/14 allocation: \$1,439,000. Accordingly, the operating results of these periods were distorted compared to those that would have been reported had the grants been paid in a consistent manner.

These amounts in advance were adjusted in the 2013/14 financial year. The total amount of the adjustment was \$1,439,000, which has affected the operating result for that year. The 2014/15 financial year reflects the receipt of two quarters of the 2015/16 allocation; \$1,424,274.

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 13.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

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

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

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.

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.

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

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	2.34% (2014, 3.35%)
Weighted average settlement period	1 year (2014, 1 year)

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 2015 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

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 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.

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

Council is of the view that 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.

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$'000	2014 \$'000
RATES REVENUES			
<u>General Rates</u>		8,218	7,969
Less: Mandatory rebates		(144)	(139)
Less: Discretionary rebates, remissions & write offs		(17)	(16)
		<u>8,057</u>	<u>7,814</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		159	157
Waste collection		551	474
Community wastewater management systems		801	832
Keith Hospital		-	31
		<u>1,511</u>	<u>1,494</u>
<u>Other Charges</u>			
Penalties for late payment		46	47
		<u>46</u>	<u>47</u>
		<u>9,614</u>	<u>9,355</u>
 STATUTORY CHARGES			
Development Act fees		47	38
Health & Septic Tank Inspection fees		9	11
Animal registration fees & fines		33	33
Sundry		16	14
		<u>105</u>	<u>96</u>
 USER CHARGES			
Cemetery/crematoria fees		42	38
Visitor Information Centre		53	71
Truckwash Fees		56	44
Sangarb Collection Fees		69	78
Swimming Pool Revenue		101	103
Ticket Sales		48	7
Hall & equipment hire		26	31
Sundry		36	26
		<u>431</u>	<u>398</u>
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		208	221
Banks & other		10	9
Loans to community groups		14	16
		<u>232</u>	<u>246</u>
 REIMBURSEMENTS			
- for roadworks		0	8
- for private works		30	20
- other		151	115
		<u>181</u>	<u>143</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		1	1
Rebates received		106	123
Sundry		260	451
		<u>367</u>	<u>575</u>

GRANTS, SUBSIDIES, CONTRIBUTIONS

Amounts received specifically for new or upgraded assets	667	510
Other grants, subsidies and contributions	4,898	2,696
	<u>5,565</u>	<u>3,206</u>

The functions to which these grants relate are shown in Note 11.

Sources of grants

Commonwealth government	411	902
State government	5,154	2,302
Other	0	2
	<u>5,565</u>	<u>3,206</u>

Conditions over grants & contributions

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

<i>Unexpended at the close of the previous reporting period</i>	-	414
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Munulla Bowling Club</i>	-	(208)
<i>Keith Sport & Rec</i>	-	(206)
<i>Subtotal</i>	<u>-</u>	<u>(414)</u>
<i>Unexpended at the close of this reporting period</i>	<u>-</u>	<u>-</u>
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	<u>-</u>	<u>(414)</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$'000	2014 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,565	3,471
Employee leave expense		261	180
Superannuation - defined contribution plan contributions	16	237	186
Superannuation - defined benefit plan contributions	16	141	133
Workers' Compensation Insurance		204	206
Less: Capitalised and distributed costs		(353)	(363)
Total Operating Employee Costs		4,055	3,813
 Total Number of Employees		62	59
<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		30	19
Elected members' expenses		166	156
Election expenses		19	10
Subtotal - Prescribed Expenses		215	185
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,479	2,055
Maintenance		2,250	2,611
Legal Expenses		26	21
Levies paid to government - NRM levy		159	156
Sundry		517	664
Subtotal - Other Materials, Contracts & Expenses		4,431	5,507
		4,646	5,692
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		626	621
Roads		2,510	2,620
Bridges		25	25
Footways		98	83
Sewerage - Effluent Drainage		287	277
Stormwater Drainage		55	108
Other Structures		113	116
Plant & Equipment		806	685
Furniture & Fittings		78	161
Other Community Assets		26	27
		4,624	4,723
 FINANCE COSTS			
Interest on Borrowings		175	203
		175	203

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2015 \$'000	2014 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		322	200
Less: Carrying amount of assets sold		1,070	1,397
Gain (Loss) on disposal		<u>(748)</u>	<u>(1,197)</u>
<i>Assets surplus to requirements</i>			
Proceeds from disposal		-	65
Less: Carrying amount of assets sold		-	68
Gain (Loss) on disposal		<u>-</u>	<u>(3)</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		 <u>(748)</u>	 <u>(1,200)</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	Notes	2015 \$'000	2014 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		222	6
Deposits at Call		8,561	6,051
		<u>8,783</u>	<u>6,057</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		455	436
Rates postponed for State Seniors		-	-
Accrued Revenues		33	37
Debtors - general		51	91
GST Recoupment		68	76
Loans to community organisations		33	33
Total		<u>640</u>	<u>673</u>
 Less: Allowance for Doubtful Debts		<u>6</u>	<u>6</u>
		<u>634</u>	<u>667</u>
 INVENTORIES			
Stores & Materials		<u>657</u>	<u>399</u>
		<u>657</u>	<u>399</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 2015

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2015 \$'000	2014 \$'000
Receivables			
Loans to community organisations		<u>177</u>	<u>181</u>
TOTAL FINANCIAL ASSETS		<u>177</u>	<u>181</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2014 \$'000				2015 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land - Other	3	7,611	167	-	7,778	7,611	277	-	7,888
Land - Community	2	3,669	-	-	3,669	3,669	-	-	3,669
Buildings & Other Structures	3	12,868	110	(5,148)	7,830	12,868	261	(5,450)	7,679
Buildings & Other Structures	2	20,671	114	(9,827)	10,958	20,671	148	(10,150)	10,669
Roads	3	142,310	3,105	(34,819)	110,596	142,310	3,373	(35,298)	110,385
Bridges	3	1,955	-	(816)	1,139	1,955	108	(841)	1,222
Footways	3	3,636	249	(905)	2,980	3,636	499	(991)	3,144
Sewerage - Effluent Drainage	3	15,240	358	(7,675)	7,923	15,240	544	(7,908)	7,876
Stormwater Drainage	3	2,256	526	(1,044)	1,738	2,256	526	(1,099)	1,683
Other Structures	3	1,987	807	(1,245)	1,549	1,987	848	(1,359)	1,476
Plant & Equipment	2	-	6,626	(3,469)	3,157	-	6,988	(3,853)	3,135
Furniture & Fittings	2	-	1,654	(1,348)	306	-	1,712	(1,426)	286
Other Community Assets	2	498	192	(588)	102	498	214	(614)	98
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		212,701	13,908	(66,884)	159,725	212,701	15,498	(68,989)	159,210
Comparatives		215,628	9,475	(64,185)	160,918	212,701	13,908	(66,884)	159,725

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 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2014	CARRYING AMOUNT MOVEMENTS DURING YEAR							2015
	\$'000	\$'000							\$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers		Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals	In			Out			
Land - Other	7,778	110	-	-	-	-	-	-	7,888
Land - Community	3,669	-	-	-	-	-	-	-	3,669
Buildings & Other Structures	7,830	152	-	-	(303)	-	-	-	7,679
Buildings & Other Structures	10,958	34	-	-	(323)	-	-	-	10,669
Roads	110,596	857	2,286	(844)	(2,510)	-	-	-	110,385
Bridges	1,139	54	54	-	(25)	-	-	-	1,222
Footways	2,980	245	23	(6)	(98)	-	-	-	3,144
Sewerage - Effluent Drainage	7,923	149	118	(27)	(287)	-	-	-	7,876
Stormwater Drainage	1,738	-	-	-	(55)	-	-	-	1,683
Other Structures	1,549	40	-	-	(113)	-	-	-	1,476
Plant & Equipment	3,157	67	910	(193)	(806)	-	-	-	3,135
Furniture & Fittings	306	24	34	-	(78)	-	-	-	286
Other Community Assets	102	-	22	-	(26)	-	-	-	98
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	159,725	1,732	3,447	(1,070)	(4,624)	-	-	-	159,210
Comparatives	160,918	1,718	3,277	(1,465)	(4,723)	-	-	-	159,725

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 2015

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.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$1,000
Park & Playground Furniture & Equipment	\$1,000
Road construction & reconstruction	\$1,000
Paving & footpaths, Kerb & Gutter	\$1,000
Drains & Culverts	\$1,000

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 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	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 28 years
Sealed Roads – Structure	20 to 80 years
Unsealed Roads	19 to 30 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 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 2013 by Maloney Field Services, Property Consultants and Valuers in consultation with Council officers.

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2013, based on actual costs incurred during the reporting periods ended 30 June 2011 and 2012. 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 written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2004 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at Council officers at depreciated current replacement cost during the reporting period ended 30 June 2014 based on actual costs incurred during the reporting periods ending 30 June 2011 and 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

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 2015

Note 8 - LIABILITIES

		2015 \$'000		2014 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		758		594	
Accrued expenses - employee entitlements		105	-	73	-
Accrued expenses - other		46	-	49	-
Deposits, Retentions & Bonds		24	-	26	-
Other		-	-	3	-
		<u>933</u>	<u>-</u>	<u>745</u>	<u>-</u>
BORROWINGS					
Loans		141	1,466	127	1,578
		<u>141</u>	<u>1,466</u>	<u>127</u>	<u>1,578</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		1,030	64	842	157
		<u>1,030</u>	<u>64</u>	<u>842</u>	<u>157</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$'000	\$'000	\$'000	\$'000
Land	63,765	-	-	63,765
Buildings & Other Structures	5,121	-	-	5,121
Roads	80,100	-	-	80,100
Bridges	1,029	-	-	1,029
Footways	458	-	-	458
Sewerage - Effluent Drainage	6,926	-	-	6,926
TOTAL	157,399	-	-	157,399
<i>Comparatives</i>	<i>157,399</i>	<i>-</i>	<i>-</i>	<i>157,399</i>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
Long Service Leave Reserve	306	8	-	314
Plant Replacement Reserve	6	-	-	6
Clayton Farm Reserve	107	2	-	109
CWMS Maintenance Reserve	5,304	382	-	5,686
Reserve Land Development	299	41	-	340
Reserve Keith Community Library	42	-	(5)	37
Reserve Tatiara Creek	72	-	(29)	43
Reserve Rubble Rehabilitation	180	4	-	184
Reserve Open Space	11	-	-	11
TOTAL OTHER RESERVES	6,327	437	(34)	6,730
<i>Comparatives</i>	<i>5,965</i>	<i>568</i>	<i>(206)</i>	<i>6,327</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 Claytons 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 withing 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 DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015 \$'000	2014 \$'000
Total cash & equivalent assets	5	<u>8,783</u>	<u>6,057</u>
Balances per Cash Flow Statement		<u>8,783</u>	<u>6,057</u>

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

Net Surplus (Deficit)	2,247	(1,612)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	4,624	4,723
Net increase (decrease) in unpaid employee benefits	127	47
Change in allowances for under-recovery	-	4
Grants for capital acquisitions treated as Investing Activity	(667)	(510)
Net (Gain) Loss on Disposals	<u>748</u>	<u>1,200</u>
	7,079	3,852
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	33	-
Net (increase) decrease in inventories	(258)	79
Net increase (decrease) in trade & other payables	<u>156</u>	<u>206</u>
Net Cash provided by (or used in) operations	<u>7,010</u>	<u>4,137</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	174	171

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 2015

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	2014 \$'000	ACTUAL	2015 \$'000	ACTUAL	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administration	12,276	9,761	2,248	810	10,028	8,951	3,582	1,256	49,855	50,007
Public Order and Safety	37	35	83	261	(46)	(226)	1	1	139	139
Health	74	66	113	140	(39)	(74)	-	-	104	104
Social Security and Welfare	51	68	144	278	(93)	(210)	2	18	223	223
Housing and Community	1,510	1,470	1,753	2,060	(243)	(590)	3	23	2,558	2,566
Protection of the environment NEC	-	-	1	1	(1)	(1)	-	-	-	-
Sporting and Recreation	284	901	1,792	2,968	(1,508)	(2,067)	22	472	1,193	1,196
Agricultural Services	3	19	208	242	(205)	(223)	-	16	311	312
Mining Manufacturing and Construction	608	40	326	324	282	(284)	-	-	283	284
Transport and Communications	723	911	4,233	4,862	(3,510)	(3,951)	1,280	892	108,669	106,053
Economic Affairs NEC	77	91	206	339	(129)	(248)	-	-	951	954
Other Purposes NEC	185	147	2,393	2,146	(2,208)	(1,999)	8	18	5,175	5,191
TOTALS	15,828	13,509	13,500	14,431	2,328	(922)	4,898	2,696	169,461	167,029

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 2015

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 2015

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 2% and 2.5% (2014: 2.5% and 2.75%).</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)	<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 0.65% (2014: 0.67%) 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 7.1% (2014: 5.5% 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 2015

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	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	8,783			8,783	8,783
Receivables	185	120	57	362	362
Total	8,968	120	57	9,145	9,145
Financial Liabilities					
Payables	782	-	-	782	782
Current Borrowings	141	-	-	141	141
Non-Current Borrowings	-	944	522	1,466	1,466
Total	923	944	522	2,389	2,389

2014	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	6,057			6,057	6,057
Receivables	162	111	69	342	342
Total	6,219	111	69	6,399	6,399
Financial Liabilities					
Payables	623	-	-	623	623
Current Borrowings	127	-	-	127	127
Non-Current Borrowings	-	686	892	1,578	1,578
Total	750	686	892	2,328	2,328

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	4.5%	26	5.5%	30
Fixed Interest Rates	6.38%	1,581	6.69%	1,675
		<u>1,607</u>		<u>1,705</u>

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 2015

Note 13 - COMMITMENTS FOR EXPENDITURE

	2015 Notes \$'000	2014 \$'000
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Waste Management Services	574	555
Employee Remuneration Contracts	2,025	990
Audit Contract	44	40
IT Contract	153	80
	<u>2,796</u>	<u>1,665</u>
Not later than one year	1,115	872
Later than one year and not later than 5 years	1,681	649
Later than 5 years	-	144
	<u>2,796</u>	<u>1,665</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 14 - FINANCIAL INDICATORS

	2015	2014	2013
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	25%	(10%)	5%
Rates - general & other less NRM levy			

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio

10%	(10%)	5%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(38%)	(26%)	(26%)
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>	66%	65%	64%
Infrastructure & Asset Management Plan required expenditure	*	*	*

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

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

	2015 \$'000	2014 \$'000
Income	15,828	13,509
less Expenses	<u>13,500</u>	<u>14,431</u>
Operating Surplus / (Deficit)	2,328	(922)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	3,447	3,277
Depreciation, Amortisation and Impairment	(4,624)	(4,723)
Proceeds from Sale of Replaced Assets	<u>(322)</u>	<u>(200)</u>
	(1,499)	(1,646)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,732	1,718
Amounts received specifically for New and Upgraded Assets	(667)	(510)
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	(65)
	<u>1,065</u>	<u>1,143</u>
Net Lending / (Borrowing) for Financial Year	<u>2,762</u>	<u>(419)</u>

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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 2014/15; 9.25% in 2013/14). 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 2013/14) 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 2015

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.



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INDEPENDENT AUDITOR'S REPORT

To the members of Tatiara District Council

Report on the Financial Report

We have audited the accompanying financial report of Tatiara District Council (the Council), which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Tatiara District Council.

Council's Responsibility for the Financial Report

The 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 the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Tatiara District Council as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Simon Smith FCPA, Registered Company Auditor
Partner

13/10/2015

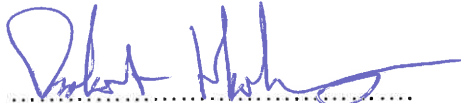
TATIARA DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 2015, 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 McNerney
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

TATIARA DISTRICT COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Tatiara District Council for the year ended 30 June 2015, 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*.



Simon Christopher Smith

Galpins, Accountants, Auditors & Business Consultants

Dated this 13th day of October 2015