

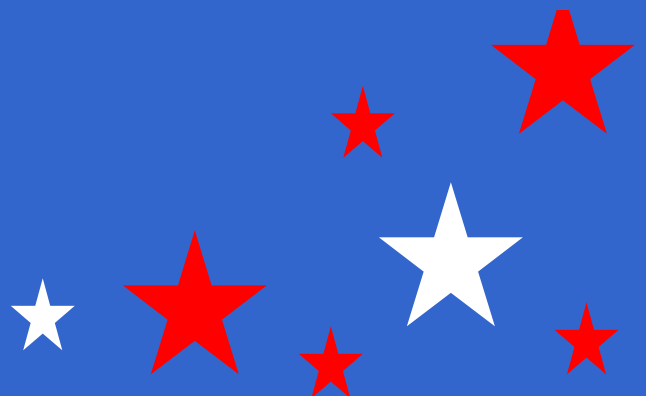


Tatiara
the good country

TATIARA DISTRICT COUNCIL



2011-2012 Annual Financial Statements



Tatiara District Council

General Purpose Financial Reports for the year ended 30 June 2012

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N6
Note 3 - Expenses	N9
Note 4 - Gain or Loss on Disposal of Assets	N10
Note 5 - Current Assets	N11
Note 6 - Non-Current Assets	N12
Note 7 - Infrastructure, Property, Plant & Equipment	N13
Note 8 - Liabilities	N16
Note 9 - Reserves	N17
Note 10 - Reconciliation of Cash Flow Statement	N18
Note 11 - Functions	N19
Note 12 - Financial Instruments	N21
Note 13 - Expenditure Commitments	N23
Note 14 - Financial Indicators	N24
Note 15 - Uniform Presentation of Finances	N25
Note 16 - Superannuation	N26
Note 21 - Assets & Liabilities not Recognised	N27
 Audit Report	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

TATIARA DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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 2012 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


Cr Richard Vickery
MAYOR

Date: 9-10-12

Galpins

Tatiara District Council

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
INCOME			
Rates	2	8,784	8,332
Statutory charges	2	86	87
User charges	2	774	706
Grants, subsidies and contributions	2	3,418	2,664
Investment income	2	325	371
Reimbursements	2	178	106
Other income	2	910	314
Total Income		14,475	12,580
EXPENSES			
Employee costs	3	3,613	3,341
Materials, contracts & other expenses	3	5,583	4,824
Depreciation, amortisation & impairment	3	3,330	3,180
Finance costs	3	250	210
Total Expenses		12,776	11,555
OPERATING SURPLUS / (DEFICIT)		1,699	1,025
Asset disposal & fair value adjustments	4	50	170
Amounts received specifically for new or upgraded assets	2	1,222	1,376
NET SURPLUS / (DEFICIT)		2,971	2,571
transferred to Equity Statement			
Other Comprehensive Income		-	-
Total Other Comprehensive Income			
TOTAL COMPREHENSIVE INCOME		2,971	2,571

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

Tatiara District Council

BALANCE SHEET as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	5,593	5,509
Trade & other receivables	5	612	560
Inventories	5	593	613
Total Current Assets		6,798	6,682
Non-current Assets			
Financial Assets	6	255	300
Infrastructure, Property, Plant & Equipment	7	95,109	92,532
Total Non-current Assets		95,364	92,832
Total Assets		102,162	99,514
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	374	554
Borrowings	8	209	262
Provisions	8	700	598
Total Current Liabilities		1,283	1,414
Non-current Liabilities			
Borrowings	8	1,833	2,044
Provisions	8	166	147
Total Non-current Liabilities		1,999	2,191
Total Liabilities		3,282	3,605
NET ASSETS		98,880	95,909
EQUITY			
Accumulated Surplus		2,082	(135)
Asset Revaluation Reserves	9	91,743	91,743
Other Reserves	9	5,055	4,301
TOTAL EQUITY		98,880	95,909

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 2012

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2012	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		(135)	91,743	4,301	95,909
Restated opening balance		(135)	91,743	4,301	95,909
Net Surplus / (Deficit) for Year		2,971			2,971
Other Comprehensive Income					
Transfers between reserves		(754)		754	-
Balance at end of period		2,082	91,743	5,055	98,880
2011					
Balance at end of previous reporting period		(2,330)	91,743	3,925	93,338
Restated opening balance		(2,330)	91,743	3,925	93,338
Net Surplus / (Deficit) for Year		2,571			2,571
Other Comprehensive Income					
Transfers between reserves		(376)		376	-
Balance at end of period		(135)	91,743	4,301	95,909

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

Tatiara District Council

CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		8,736	8,307
Fees & other charges		93	94
User charges		800	920
Investment receipts		345	370
Grants utilised for operating purposes		3,674	2,864
Reimbursements		196	117
Other revenues		2,056	1,276
<u>Payments</u>			
Employee Costs		(3,475)	(3,268)
Materials, contracts & other expenses		(7,225)	(6,457)
Finance payments		(254)	(156)
Net Cash provided by (or used in) Operating Activities		4,946	4,067
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,222	1,376
Sale of replaced assets		240	390
Repayments of loans by community groups		47	55
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,487)	(3,165)
Expenditure on new/upgraded assets		(3,610)	(4,985)
Loans made to community groups		(10)	(200)
Net Cash provided by (or used in) Investing Activities		(4,598)	(6,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	2,511
<u>Payments</u>			
Repayments of Borrowings		(264)	(799)
Net Cash provided by (or used in) Financing Activities		(264)	1,712
Net Increase (Decrease) in cash held		84	(750)
Cash & cash equivalents at beginning of period	10	5,509	6,259
Cash & cash equivalents at end of period	10	5,593	5,509

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 2012

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*.

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.

The logo for Galpins, featuring the word "Galpins" in a serif font with a stylized underline.

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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 Initial Recognition

All assets are initially recognised at cost.

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

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

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

6.2 Materiality

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

Galpins

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

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 25 years
Sealed Roads – Structure		20 to 50 years
Unsealed Roads		10 to 20 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
Artworks		indefinite

6.5 Impairment

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

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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.

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	2.87% (2011, 4.96%)
Weighted average settlement period	1 year (2011, 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 15.

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.

Galpins

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*

(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 2012

Note 2 - INCOME

	Notes	2012 \$'000	2011 \$'000
RATES REVENUES			
<u>General Rates</u>		7,493	7,175
Less: Mandatory rebates		(127)	(123)
Less: Discretionary rebates, remissions & write offs		(16)	(21)
		<u>7,350</u>	<u>7,031</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		144	138
Waste collection		402	334
Water supply		3	4
Community wastewater management systems		811	761
Keith Hospital		31	31
		<u>1,391</u>	<u>1,268</u>
<u>Other Charges</u>			
Penalties for late payment		43	33
		<u>43</u>	<u>33</u>
		<u>8,784</u>	<u>8,332</u>
STATUTORY CHARGES			
Development Act fees		41	42
Animal registration fees & fines		35	34
Sundry		10	11
		<u>86</u>	<u>87</u>
USER CHARGES			
Cemetery/crematoria fees		39	30
Visitor Information Centre		26	44
Truckwash Fees		42	43
Sangarb Collection Fees		41	51
Swimming Pool Revenues		112	87
Quarry Operations		476	429
Hall & equipment hire		17	-
Sundry		21	22
		<u>774</u>	<u>706</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		303	360
Loans to community groups		22	11
		<u>325</u>	<u>371</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$'000	2011 \$'000
REIMBURSEMENTS			
- for roadworks		5	-
- for private works		29	19
- other		144	87
		<u>178</u>	<u>106</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		1	1
Rebates received		118	107
Sundry		791	206
		<u>910</u>	<u>314</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,222	1,376
Other grants, subsidies and contributions		2,054	2,030
Individually significant item - additional Grants Commission payment	see below	1,364	634
		<u>4,640</u>	<u>4,040</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		411	554
State government		4,229	3,480
Other		0	6
		<u>4,640</u>	<u>4,040</u>

Individually Significant Item

On 28 June 2011, Council received payment of the first instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.

	1,364	634
--	-------	-----

This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$'000	2011 \$'000
Conditions over grants & contributions			
<i>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>			
<i>Unexpended at the close of the previous reporting period</i>		205	828
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		(32)	(718)
<i>Buildings</i>		(1)	-
<i>Sport and Recreation</i>		(156)	(102)
<i>Heritage & Cultural Services</i>		(16)	(8)
<i>Subtotal</i>		(205)	(828)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		-	32
<i>Sport and Recreation</i>		-	156
<i>Buildings</i>		-	1
<i>Heritage & Cultural Services</i>		-	16
<i>Subtotal</i>		-	205
<i>Unexpended at the close of this reporting period</i>		-	205
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		(205)	(623)

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES

	Notes	2012 \$'000	2011 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,130	2,964
Employee leave expense		227	149
Superannuation - defined contribution plan contributions	15	292	272
Superannuation - defined benefit plan contributions	15	139	127
Workers' Compensation Insurance		173	174
Less: Capitalised and distributed costs		<u>(348)</u>	<u>(345)</u>
Total Operating Employee Costs		<u>3,613</u>	<u>3,341</u>
 Total Number of Employees		 56	 55
<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		16	15
- Other Services		-	-
Elected members' expenses		157	172
Election expenses		<u>2</u>	<u>16</u>
Subtotal - Prescribed Expenses		<u>175</u>	<u>203</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		2,186	1,619
Maintenance		2,680	2,793
Legal Expenses		26	12
Levies paid to government - NRM levy		142	137
Sundry		374	60
Subtotal - Other Materials, Contracts & Expenses		<u>5,408</u>	<u>4,621</u>
		<u>5,583</u>	<u>4,824</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings		627	591
Roads		1,664	1,666
Bridges		3	2
Footways		72	68
Sewerage- Effluent Drainage		100	100
Stormwater Drainage		46	50
Other Structures		87	88
Plant and Equipment		625	526
Furniture and Fittings		80	69
Other Community Assets		<u>26</u>	<u>20</u>
		<u>3,330</u>	<u>3,180</u>
FINANCE COSTS			
Interest on Borrowings		250	210
		<u>250</u>	<u>210</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2012 \$'000	2011 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		240	390
Less: Carrying amount of assets sold		<u>190</u>	<u>220</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>50</u>	<u>170</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 5 - CURRENT ASSETS

	2012 Notes \$'000	2011 \$'000
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	184	182
Deposits at Call	5,409	5,327
	<u>5,593</u>	<u>5,509</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	385	337
Accrued Revenues	43	63
Debtors - general	77	35
GST Recoupment	48	69
Prepayments	-	5
Loans to community organisations	60	52
Total	<u>613</u>	<u>561</u>
 Less: Allowance for Doubtful Debts	<u>1</u>	<u>1</u>
	<u>612</u>	<u>560</u>
 INVENTORIES		
Stores & Materials	593	613
	<u>593</u>	<u>613</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 2012

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2012 \$'000	2011 \$'000
Receivables			
Loans to community organisations		<u>255</u>	<u>300</u>
TOTAL FINANCIAL ASSETS		<u>255</u>	<u>300</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$'000				2012 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	11,348	155	-	11,503	11,348	155	-	11,503
Buildings	25,138	4,322	(15,594)	13,866	25,138	5,438	(16,221)	14,355
Roads	111,418	6,839	(61,885)	56,372	111,418	10,219	(63,549)	58,088
Bridges	195	-	(32)	163	195	-	(35)	160
Footways	2,863	1,027	(1,589)	2,301	2,863	1,363	(1,661)	2,565
Sewerage- Effluent Drainage	4,548	257	(3,529)	1,276	4,547	266	(3,628)	1,185
Stormwater Drainage	2,256	472	(835)	1,893	2,256	511	(882)	1,885
Other Structures	1,987	617	(933)	1,671	1,987	659	(1,021)	1,625
Plant and Equipment	-	5,717	(2,577)	3,140	-	8,095	(2,833)	3,262
Furniture and Fittings	-	1,269	(1,021)	248	-	1,487	(1,102)	385
Other Community Assets	498	110	(509)	99	498	132	(534)	96
TOTAL PROPERTY, PLANT & EQUIPMENT	160,251	20,785	(88,504)	92,532	160,250	26,325	(91,466)	95,109
Comparatives	160,251	13,529	(85,998)	87,782	160,251	20,785	(88,504)	92,532

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 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011	CARRYING AMOUNT MOVEMENTS DURING YEAR					2012
	\$'000	\$'000					\$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals					
Land	11,503	-	-	-	-	-	11,503
Buildings	13,866	1,092	24	-	(627)	-	14,355
Roads	56,372	1,921	1,459	-	(1,664)	-	58,088
Bridges	163	-	-	-	(3)	-	160
Footways	2,301	336	-	-	(72)	-	2,565
Sewerage- Effluent Drainage	1,276	-	9	-	(100)	-	1,185
Stormwater Drainage	1,893	38	-	-	(46)	-	1,885
Other Structures	1,671	19	22	-	(87)	-	1,625
Plant and Equipment	3,140	204	733	(190)	(625)	-	3,262
Furniture and Fittings	248	-	217	-	(80)	-	385
Other Community Assets	99	-	23	-	(26)	-	96
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	92,532	3,610	2,487	(190)	(3,330)	-	95,109
Comparatives	87,782	4,979	3,171	(220)	(3,180)	-	92,532

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 2012

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

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.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2007 at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Pursuant to Council's election, buildings and other structures are recognised on the cost basis, deriving from a valuation at 1 July 2008 at Current Replacement Cost. Valuations were conducted by Maloney Field Services, Property Consultants and Valuers in consultation with Council officers as at 1 July 2008. Additions are recognised at Cost.

Infrastructure

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2009 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage 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 by Council officers at written down current replacement cost 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.

All other assets

These assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 8 - LIABILITIES

		2012 \$'000		2011 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		223	-	421	-
Accrued expenses - employee entitlements		58	-	41	-
Accrued expenses - other		55	-	59	-
Deposits, Retentions & Bonds		32	-	33	-
Other		6	-	-	-
		<u>374</u>	<u>-</u>	<u>554</u>	<u>-</u>
 BORROWINGS					
Loans		209	1,833	262	2,044
		<u>209</u>	<u>1,833</u>	<u>262</u>	<u>2,044</u>
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
 PROVISIONS					
Employee entitlements (including oncosts)		700	166	598	147
		<u>700</u>	<u>166</u>	<u>598</u>	<u>147</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
	Notes	\$'000	\$'000	\$'000
Land & Buildings		63,765	-	63,765
Roads		27,651	-	27,651
Footways		327	-	327
TOTAL		91,743		91,743
<i>Comparatives</i>		<i>91,743</i>		<i>91,743</i>

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Bowling Club Loan Repayment Reserve	10	-	(3)	7
Long Service Leave Reserve	233	11	-	244
Plant Replacement Reserve	3	1	-	4
Clayton Farm Reserve	117	17	(9)	125
CWMS Maintenance Reserve	3,385	699	-	4,084
Sports & Rec Loan Payment Reserve	30	-	(30)	0
Reserve Land Development	337	16	-	353
Reserve Keith Community Library	28	4	-	32
Reserve Tatiara Creek	64	3	-	67
Reserve Rubble Rehabilitation	84	45	-	129
Reserve Open Space	10	-	-	10
TOTAL OTHER RESERVES	4,301	796	(42)	5,055
<i>Comparatives</i>	<i>3,925</i>	<i>2,082</i>	<i>(1,706)</i>	<i>4,301</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 and available-for-sale financial assets.

Tatiara 21 Loan Payment - (Bowling Club)

This reserve was set up when the Bowling Club were allowed to pay out their loan to Council early. The loan is now completed and will be returned to cash.

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 18 Sports & Rec Loan Payment Reserve

This reserve had been around for a number this has now been dealt with.

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 Tatiara 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 District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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	2012 \$'000	2011 \$'000
Total cash & equivalent assets	5	<u>5,593</u>	<u>5,509</u>
Balances per Cash Flow Statement		<u>5,593</u>	<u>5,509</u>

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

Net Surplus (Deficit)	2,971	2,571
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	3,330	3,180
Net increase (decrease) in unpaid employee benefits	138	59
Change in allowances for under-recovery	-	(1)
Grants for capital acquisitions treated as Investing Activity	(1,222)	(1,376)
Net (Gain) Loss on Disposals	<u>(50)</u>	<u>(170)</u>
	5,167	4,263
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(44)	113
Net (increase) decrease in inventories	20	(82)
Net increase (decrease) in trade & other payables	<u>(197)</u>	<u>(227)</u>
Net Cash provided by (or used in) operations	<u>4,946</u>	<u>4,067</u>

(c) Financing Arrangements

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

Bank Overdrafts	400	400
Corporate Credit Cards	6	2
LGFA Cash Advance Debenture facility	167	173

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 2012

Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2012	2011	
	2012	2011	2012	2011	2012	2011	\$'000	\$'000	\$'000
Administration	10,671	9,855	606	520	10,065	9,335	2,597	2,053	31,302
Public Order and Safety	36	36	266	268	(230)	(232)	-	-	87
Health	56	53	123	131	(67)	(78)	-	-	65
Social Security And Welfare	523	29	611	163	(88)	(134)	7	-	141
Housing and Community	1,320	1,198	1,741	1,617	(421)	(419)	-	-	1,760
Protection of the Environment NEC	-	-	1	1	(1)	(1)	-	-	-
Sporting and Recreation	390	167	2,413	2,086	(2,023)	(1,919)	104	34	707
Agricultural Services	3	19	170	219	(167)	(200)	-	16	195
Mining Manufacturing and Construction	523	472	775	659	(252)	(187)	-	-	178
Transport and Communications	702	530	3,846	3,761	(3,144)	(3,231)	695	529	63,881
Economic Affairs NEC	45	63	287	375	(242)	(312)	-	-	597
Other Purposes NEC	206	158	1,937	1,755	(1,731)	(1,597)	15	32	3,249
TOTALS	14,475	12,580	12,776	11,555	1,699	1,025	3,418	2,664	102,162
									99,514

Excludes 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 2012

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.

 Galpins

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 12 - FINANCIAL INSTRUMENTS

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 3.5% and 4.5% (2011: 2.75% and 4.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal fees & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.77% (2011: 0.75%) 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 the Governments of the Commonwealth & State.</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 and variable rates between 5.55% and 7.1% (2011: 5.55% 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 2012

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	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	5,593			5,593	5,593
Receivables	179			179	179
Other Financial Assets		125	130	255	255
Total	5,772	125	130	6,027	6,027
Financial Liabilities					
Payables	261			261	261
Current Borrowings	209			209	209
Non-Current Borrowings		512	1,321	1,833	1,833
Total	470	512	1,321	2,303	2,303

2011	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	5,509			5,509	5,509
Receivables	154			154	154
Other Financial Assets		146	154	300	300
Total	5,663	146	154	5,963	5,963
Financial Liabilities					
Payables	454			454	454
Current Borrowings	262			262	262
Non-Current Borrowings		546	1,498	2,044	2,044
Total	716	546	1,498	2,760	2,760

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	6.35%	2,042	6.44%	2,306
		<u>2,042</u>		<u>2,306</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 2012

Note 13 - COMMITMENTS FOR EXPENDITURE

	2012 \$'000	2011 \$'000
	<u>Notes</u>	
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	-	1,061
	<u>-</u>	<u>1,061</u>
These expenditures are payable:		
Not later than one year	-	1,061
	<u>-</u>	<u>1,061</u>
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Waste Management Services	-	516
Employee Remuneration Contracts	1,484	1,636
	<u>1,484</u>	<u>2,152</u>
These expenditures are payable:		
Not later than one year	605	1,115
Later than one year and not later than 5 years	879	1,037
	<u>1,484</u>	<u>2,152</u>

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 14 - FINANCIAL INDICATORS

2012 2011 2010

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>	20%	13%	11%
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

11%	20%	4%
-----	-----	----

In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The Adjusted Operating Surplus Ratio adjusts for this distortion.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-22%	-22%	-43%
Total Operating Revenue less NRM levy			

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 (excluding NRM levy).

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	67%	87%	98%
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.

Amounts shown above an asterisk () indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

Tatiara District Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

	2012 \$'000	2011 \$'000
Income	14,475	12,580
less Expenses	12,776	11,555
Operating Surplus / (Deficit)	1,699	1,025
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	2,487	3,165
less Depreciation, Amortisation and Impairment	3,330	3,180
less Proceeds from Sale of Replaced Assets	240	390
	(1,083)	(405)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	3,610	4,985
less Amounts received specifically for New and Upgraded Assets	1,222	1,376
	2,388	3,609
Net Lending / (Borrowing) for Financial Year	394	(2,179)

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 16 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/12; 9% in 2010/11). 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 Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

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

The Salarylink Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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.

2. CLOSURE AND CAPPING OF LANDFILL

Council is required by the Environmental Protection Authority (EPA) to cap the Landfill once the landfill has been closed. Council is of the opinion that it is not possible to attribute a value sufficiently reliably for this cost to be recognised, and accordingly costs associated with the closure and capping of Landfill have not been recognised in these reports.

3. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.

TATIARA DISTRICT COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Tatiara District Council for the year ended 30 June 2012, 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 and Business Consultants

Dated this 28th day of September 2012

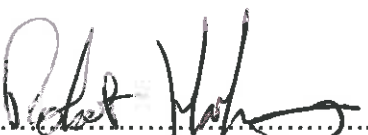
TATIARA DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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 2012, 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: 9-10-12