



2018-19 Audited Financial Statements

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Anne Champness
CEO
Tatiara District Council
43 Woolshed Street
Bordertown SA 5268

Dear Ms Champness,

Re: Tatiara District Council – Financial Statements Audit – 2018/19

We have recently completed our audit of the financial statements and internal controls of the Tatiara District Council and intend to issue an unmodified report for both the financial statements and the internal controls opinion.

Australian Auditing Standards require us to advise all the Immaterial Uncorrected Misstatements found during the audit. There were no Immaterial Uncorrected Misstatements found.

I confirm also my intention to sign the Statement by Auditor regarding my independence, and confirm that for the audit of the year ended 30 June 2019 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.

Yours faithfully,

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

27 September 2019

TATIARA DISTRICT COUNCIL
General Purpose Financial Reports
for the year ended 30 June 2019

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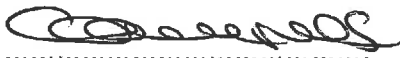
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TATIARA DISTRICT COUNCIL
Annual Financial Statements
for the year ended 30 June 2019

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 2019 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.


Anne Champness
CHIEF EXECUTIVE OFFICER


Graham Excell
MAYOR

Date: 8/10/19

TATIARA DISTRICT COUNCIL
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
INCOME			
Rates	2	10,147	9,868
Statutory charges	2	126	129
User charges	2	453	517
Grants, subsidies and contributions	2	4,657	4,483
Investment income	2	272	213
Reimbursements	2	341	227
Other income	2	392	326
Total Income		16,388	15,763
EXPENSES			
Employee costs	3	4,318	4,205
Materials, contracts & other expenses	3	5,659	5,766
Depreciation, amortisation & impairment	3	5,247	5,046
Finance costs	3	95	103
Total Expenses		15,319	15,120
OPERATING SURPLUS / (DEFICIT)		1,069	643
Asset disposal & fair value adjustments	4	(105)	(287)
Amounts received specifically for new or upgraded assets	2	387	566
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,351	922
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - Infrastructure, property, plant & equipment	9	2,547	4,270
Total Other Comprehensive Income		2,547	4,270
TOTAL COMPREHENSIVE INCOME		3,898	5,192

TATIARA DISTRICT COUNCIL
Statement of Financial Position
as at 30 June 2019

		2019	2018
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	14,830	12,709
Trade & other receivables	5	733	817
Inventories	5	1,208	1,028
Total Current Assets		<u>16,771</u>	<u>14,554</u>
Non-current Assets			
Financial assets	6	53	84
Infrastructure, property, plant & equipment	7	190,595	188,634
Total Non-current Assets		<u>190,648</u>	<u>188,718</u>
Total Assets		<u>207,419</u>	<u>203,272</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,154	750
Borrowings	8	124	145
Provisions	8	1,049	943
Total Current Liabilities		<u>2,327</u>	<u>1,838</u>
Non-current Liabilities			
Borrowings	8	853	1,062
Provisions	8	84	115
Total Non-current Liabilities		<u>937</u>	<u>1,177</u>
Total Liabilities		<u>3,264</u>	<u>3,015</u>
NET ASSETS		<u>204,155</u>	<u>200,257</u>
EQUITY			
Accumulated Surplus		835	1,039
Asset Revaluation Reserves	9	192,039	189,492
Other Reserves	9	11,281	9,726
TOTAL EQUITY		<u>204,155</u>	<u>200,257</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 2019

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2019	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		1,039	189,492	9,726	200,257
Net Surplus / (Deficit) for Year		1,351			1,351
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment	9		2,547		2,547
Transfers between reserves	9	(1,555)		1,555	-
Balance at end of period		835	192,039	11,281	204,155

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2018	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		1,555	185,222	8,288	195,065
Net Surplus / (Deficit) for Year		922			922
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment	9		4,270		4,270
Transfers between reserves	9	(1,438)		1,438	-
Balance at end of period		1,039	189,492	9,726	200,257

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 2019

		2019	2018
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		10,139	9,859
Fees & other charges		126	139
User charges		591	427
Investment receipts		273	204
Grants utilised for operating purposes		4,657	4,819
Reimbursements		341	250
Other revenues		349	967
<i>Payments:</i>			
Employee costs		(4,206)	(4,254)
Materials, contracts & other expenses		(5,470)	(7,129)
Finance payments		(99)	(107)
Net Cash provided by (or used in) Operating Activities		6,701	5,175
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		387	566
Sale of replaced assets		167	411
Sale of surplus assets		160	-
Repayments of loans by community groups		29	27
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(3,616)	(2,638)
Expenditure on new/upgraded assets		(1,477)	(1,379)
Net Cash provided by (or used in) Investing Activities		(4,350)	(3,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(230)	(137)
Net Cash provided by (or used in) Financing Activities		(230)	(137)
Net Increase (Decrease) in cash held		2,121	2,025
Cash & cash equivalents at beginning of period	11	12,709	10,684
Cash & cash equivalents at end of period	11	14,830	12,709

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 2019

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 8th October 2019.

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.

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

	Cash Received	Payment	Annual Allocation	Difference	
2016/17	\$4,576,861		\$2,958,799	+ / -	\$1,618,062
2017/18	\$3,315,188		\$3,227,239	+ / -	\$87,969
2018/19	\$3,756,372		\$3,511,934	+ / -	\$244,438

TATIARA DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio and Net Liabilities Ratio disclosed in Note 15 have also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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.

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.

TATIARA DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 on costs) 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 on costs) 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	1.081% (2018, 2.462%)
Weighted average settlement period	1 year (2018, 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.

TATIARA DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, the sum of \$387,000 has been recognised as revenue, in accordance with the current Standards, but would in future be recorded as a liability "Amounts in Advance" until the performance obligations have been fulfilled.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$	2018 \$
RATES REVENUES			
<u>General Rates</u>		8,268	8,042
Less: Mandatory rebates		(143)	(139)
Less: Discretionary rebates, remissions & write offs		(32)	(30)
		<u>8,093</u>	<u>7,873</u>
<u>Other Rates (including service charges)</u>			
Natural Resource Management levy		537	520
Waste collection		635	604
Community wastewater management systems		836	827
		<u>2,008</u>	<u>1,951</u>
<u>Other Charges</u>			
Penalties for late payment		46	44
		<u>46</u>	<u>44</u>
		<u>10,147</u>	<u>9,868</u>
STATUTORY CHARGES			
Development Act fees		66	71
Health & Septic Tank Inspection fees		9	10
Animal registration fees & fines		37	35
Sundry		14	13
		<u>126</u>	<u>129</u>
USER CHARGES			
Cemetery/crematoria fees		53	84
Visitor Information Centre		19	30
Truck Wash Fees		84	85
Sangarb Collection Fees		79	107
Swimming Pool Revenue		115	109
Ticket Sales		39	40
Hall & equipment hire		35	33
Sundry		29	29
		<u>453</u>	<u>517</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		253	189
Banks & other		12	10
Loans to community groups		7	14
		<u>272</u>	<u>213</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

	2019	2018
REIMBURSEMENTS	Notes	
	\$	\$
- for private works	189	73
- other	152	154
	<u>341</u>	<u>227</u>
OTHER INCOME		
Insurance & other recoupments - infrastructure, property, plant & equipment	1	1
Rebates received	53	47
Tatiara United Sporting Grant Funds	52	-
Keith Service Income (Services SA, Centrelink)	118	120
Health Inspection Food Premises Audits	95	74
Sundry	73	84
	<u>392</u>	<u>326</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	387	566
Other grants, subsidies and contributions		
Untied - Financial Assistance Grant	3,757	3,315
Roads to Recovery	-	795
Supplementary Roads Grants	839	279
Library & Communications	24	25
Sundry	37	69
	<u>4,657</u>	<u>4,483</u>
	<u>5,044</u>	<u>5,049</u>
<i>The functions to which these grants relate are shown in Note 11.</i>		
Sources of grants		
Commonwealth government	46	1,640
State government	4,998	3,409
	<u>5,044</u>	<u>5,049</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$'000	2018 \$'000
EMPLOYEE COSTS			
Salaries and Wages		3,928	3,756
Employee leave expense		253	268
Superannuation - defined contribution plan contributions	16	291	254
Superannuation - defined benefit plan contributions	16	102	102
Workers' Compensation Insurance		156	163
Less: Capitalised and distributed costs		(412)	(338)
Total Operating Employee Costs		4,318	4,205
 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		20	23
Elected members' expenses		217	215
Election expenses		29	2
Subtotal - Prescribed Expenses		266	240
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,679	1,786
Maintenance		3,056	3,208
Legal Expenses		34	34
Levies paid to government - NRM levy		538	525
Minor Capital Purchases		84	57
Fuel and Oil		331	296
Sundry		(329)	(380)
Subtotal - Other Materials, Contracts & Expenses		5,393	5,526
		5,659	5,766

(Sundry Other Expenses is in negative as a result of internal recovery income being \$415K greater than prior year in 2017/18. 2018/19 was \$29K less than 2017/18. Plant Hire Rates are to be reviewed.)

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	2019	2018
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings and Other Structures	709	708
Roads	3,277	3,079
Bridges	25	25
Footways	136	122
Sewerage, Effluent Drainage	445	432
Stormwater Drainage	74	72
Other Structures	71	78
Plant & Equipment	509	530
Other Community Assets	1	-
	<u>5,247</u>	<u>5,046</u>
FINANCE COSTS		
Interest on Loans	<u>95</u>	<u>103</u>
	<u>95</u>	<u>103</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2019	2018
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	167	411
Less: Carrying amount of assets sold	319	698
Gain (Loss) on disposal	<u>(152)</u>	<u>(287)</u>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	160	-
Less: Carrying amount of assets sold	113	-
Gain (Loss) on disposal	<u>47</u>	<u>-</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>(105)</u>	 <u>(287)</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 - CURRENT ASSETS

	Notes	2019 \$'000	2018 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		299	342
Deposits at Call		7,831	12,367
Short Term Deposits & Bills, etc		6,700	-
		<u>14,830</u>	<u>12,709</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		465	457
Accrued Revenues		41	42
Debtors - general		103	241
GST Recoupment		95	52
Loans to community organisations		31	29
Total		<u>735</u>	<u>821</u>
Less: Allowance for Doubtful Debts		2	4
		<u>733</u>	<u>817</u>

Amounts included in receivables that are not expected to be received within 12 months of reporting date.

INVENTORIES

Stores & Materials	1,208	1,028
	<u>1,208</u>	<u>1,028</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.

Note 6 - NON-CURRENT ASSETS

	Notes	2019 \$'000	2018 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		53	84
		<u>53</u>	<u>84</u>

TATIARA DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

	Fair Value Level	2018 \$'000				2019 \$'000			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Other	2	7,040	-	-	7,040	6,927	-	-	6,927
Land - Community	3	4,273	-	-	4,273	4,273	-	-	4,273
Buildings and Other Structures Level 2	2	4,823	-	(3,768)	1,055	4,823	-	(3,808)	1,015
Buildings and Other Structures Level 3	3	25,324	73	(9,917)	15,480	25,251	73	(10,544)	14,780
Roads	3	184,747	2,218	(52,655)	134,310	184,747	11,663	(59,336)	137,074
Bridges	3	1,955	175	(917)	1,213	1,955	175	(942)	1,188
Footways	3	5,127	360	(1,347)	4,140	5,127	790	(1,515)	4,402
Sewerage, Effluent Drainage	3	25,849	408	(15,005)	11,252	25,849	1,136	(15,885)	11,100
Stormwater Drainage	3	6,356	26	(2,106)	4,276	6,356	370	(2,261)	4,465
Other Structures	3	2,468	162	(1,248)	1,382	2,468	80	(1,330)	1,218
Plant & Equipment	3	6,755	291	(2,893)	4,153	6,755	315	(2,972)	4,098
Other Community Assets		-	23	(2)	21	-	23	(3)	20
Work in Progress		-	39	-	39	-	35	-	35
Total IPP&E		274,717	3,775	(89,858)	188,634	274,531	14,660	(98,596)	190,595
Comparatives		170,828	1,065	(85,802)	186,091	274,717	3,775	(89,858)	188,634

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 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2018 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000								2019 \$'000
		Additions		Disposals	Depreciation	Transfers		Net Revaluation		Carrying Amount
		New / Upgrade	Renewals			In	Out			
Land - Other	7,040	-	-	(113)	-	-	-	-	-	6,927
Land - Community	4,273	-	-	-	-	-	-	-	-	4,273
Buildings and Other Structures Level 2	1,055	-	-	-	(40)	-	-	-	-	1,015
Buildings and Other Structures Level 3	15,480	-	-	-	(669)	-	-	(31)	-	14,780
Roads	134,310	1,158	2,691	(54)	(3,277)	-	-	2,246	-	137,074
Bridges	1,213	-	-	-	(25)	-	-	-	-	1,188
Footways	4,140	166	20	(10)	(136)	9	-	213	-	4,402
Sewerage, Effluent Drainage	11,252	-	-	-	(445)	-	-	293	-	11,100
Stormwater Drainage	4,276	134	-	(50)	(74)	-	-	179	-	4,465
Other Structures	1,382	14	52	(18)	(71)	-	-	(141)	-	1,218
Plant & Equipment	4,153	-	853	(187)	(509)	-	-	(212)	-	4,098
Other Community Assets	21	-	-	-	(1)	-	-	-	-	20
Work in Progress	39	5	-	-	-	-	(9)	-	-	35
Total IPP&E	188,634	1,477	3,616	(432)	(5,247)	9	(9)	2,547	190,595	
Comparatives	186,091	1,379	2,638	(698)	(5,046)	-	-	4,270	188,634	

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 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

TATIARA DISTRICT COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Plant, Furniture & Equipment	
Vehicles and Road-making Equip	2 to 50 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	10 to 100 years
Playground equipment	5 to 20 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	17 to 25 years
Sealed Roads – Structure	3 to 50 years
Unsealed Roads	19 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	15 to 40 years
Drains	25 to 65 years
Culverts	80 to 100 years
Flood Control Structures	50 to 75 years
Bores	20 to 40 years
Reticulation Pipes – PVC	60 to 100 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

Land & Land Improvements

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

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

Buildings & Other Structures

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

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2017, based on actual costs incurred during the reporting periods ended 30 June 2016 and 2017. All acquisitions made after the respective dates of valuation are recorded at cost. Data corrections were made to data following segment adjustments and more up to date information available.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2017 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

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

Plant, Furniture & Equipment

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

All other assets

These assets are recognised on the cost basis.

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8 - LIABILITIES

		2019		2018	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		869	-	493	-
Accrued expenses - employee entitlements		236	-	199	-
Accrued expenses - other		31	-	35	-
Deposits, Retentions & Bonds		18	-	23	-
		<u>1,154</u>	<u>-</u>	<u>750</u>	<u>-</u>
BORROWINGS					
Loans		124	853	145	1,062
		<u>124</u>	<u>853</u>	<u>145</u>	<u>1,062</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		1,049	84	943	115
		<u>1,049</u>	<u>84</u>	<u>943</u>	<u>115</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2018	Net Increments/ (Decrements)	Transfers, Impairments	30-6-2019
Notes	\$	\$	\$	\$
Land - Community	63,761			63,761
Land - Other	5,121			5,121
Buildings & Other Structures	79,295	(171)		79,124
Sewerage, Effluent Drainage	3,709	293		4,002
Stormwater Drainage	2,594	178		2,772
Plant & Equipment	1,308	(212)		1,096
Roads	25,917	2,246		28,163
Footways	861	213		1,074
Bridges	6,926			6,926
TOTAL	189,492	2,547	-	192,039
Comparatives	185,222	4,270		189,492

OTHER RESERVES	1-7-2018	Transfers to Reserve	Transfers from Reserve	30-6-2019
Long Service Leave Reserve	349	7		356
Plant Replacement Reserve	406	-	(53)	353
Clayton Farm Reserve	82		(13)	69
CWMS Maintenance Reserve	6,680	640		7,320
Reserve Land Development	731		(127)	604
Reserve Keith Community Library	28	1		29
Reserve Tatiara Creek	45	1		46
Reserve Rubble Rehabilitation	307	5		312
Future Road Renewal	783	1,088		1,871
Unplanned Maintenance	254	5		259
Reserve Open Space	61	1		62
TOTAL OTHER RESERVES	9,726	1,748	(193)	11,281
Comparatives	8,288	1,461	(23)	9,726

PURPOSES OF RESERVES

Asset Revaluation Reserve

Asset Revaluation Reserve

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

Tatiara 04 Long Service Leave

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

Tatiara 20 Plant Replacement

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

Tatiara 22 Clayton Farm Insurance

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

Tatiara 05 CWMS Maintenance Reserve

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

Tatiara 26 Land Development Reserve

This reserve was established 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 is held in this reserve to prepare for a flood event that may happen within 100 years.

Tatiara 29 Rubble Rehabilitation

Money put aside for future rehabilitations.

Tatiara 30 Open Space Reserve

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

Tatiara 31 Future Road Renewal

Money put aside for future road renewal works required.

Tatiara 32 Unplanned Maintenance

Money put aside for any unplanned/unbudgeted urgent maintenance works.

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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	2019 \$	2018 \$
Total cash & equivalent assets	5	<u>14,830</u>	<u>12,709</u>
Balances per Cash Flow Statement		<u>14,830</u>	<u>12,709</u>

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

Net Surplus (Deficit)	1,351	922
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,247	5,046
Net increase (decrease) in unpaid employee benefits	112	(49)
Change in allowances for under-recovery	(2)	(4)
Grants for capital acquisitions treated as Investing Activity	(387)	(566)
Net (Gain) Loss on Disposals	105	287
	<u>6,426</u>	<u>5,636</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	88	(173)
Net (increase) decrease in inventories	(180)	(242)
Net increase (decrease) in trade & other payables	367	(46)
Net Cash provided by (or used in) operations	<u>6,701</u>	<u>5,175</u>

(c) Financing Arrangements

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

Bank Overdrafts	350	350
Corporate Credit Cards	10	10
LGFA Cash Advance Debenture facility	80	62

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 2019

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	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	\$	\$	\$	\$
Administration	12,346	11,683	1,004	905	11,342	10,778	3,174	2,805	61,023	59,802
Public Order & Safety	42	39	202	184	(160)	(145)	-	1	170	167
Health	111	93	164	149	(53)	(56)	-	-	127	125
Social Security and Welfare	64	53	318	201	(254)	(148)	5	-	272	267
Housing and Community	1,628	1,643	2,619	2,508	(991)	(865)	4	-	3,131	3,068
Protection of the Environment	-	-	1	1	(1)	(1)	-	-	-	-
NEC	292	269	2,492	2,604	(2,200)	(2,335)	24	34	1,459	1,430
Sporting and Recreation	3	23	596	591	(593)	(568)	-	20	380	373
Agricultural Services	66	72	(21)	179	87	(107)	-	-	347	340
Mining Manufacturing and Construction	1,589	1,644	5,867	5,761	(4,278)	(4,117)	1,435	1,596	133,011	130,351
Transport and Communications	23	23	280	219	(257)	(196)	-	-	1,165	1,142
Economic Affairs NEC	224	221	1,797	1,818	(1,573)	(1,597)	15	27	6,334	6,207
Other Purposes NEC	16,388	15,763	15,319	15,120	1,069	643	4,657	4,483	207,419	203,272
TOTALS										

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

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 and prevention and animal control.

Health

Food control, operation of community health programs.

Social Security and Welfare

Volunteer 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 protection.

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 2019

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.25% and 1.5% (2018: 1.5% and 1.75%). Short term deposits have an average maturity of 365 days and an average interest rates of 1.87%.</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & 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 0.55% (2018: 0.56%) 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 rates between 6.8% and 6.8% (2018: 5.15% and 6.8%)</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 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	14,830	-	-	14,830	14,830
Receivables	738	56	2	796	786
Total	15,568	56	2	15,626	15,616
<u>Financial Liabilities</u>					
Payables	887	-	-	887	887
Current Borrowings	189	-	-	189	124
Non-Current Borrowings	-	756	283	1,039	853
Total	1,076	756	283	2,115	1,864

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	12,709	-	-	12,709	12,709
Receivables	364	87	8	459	448
Total	13,073	87	8	13,168	13,157
<u>Financial Liabilities</u>					
Payables	516	-	-	516	516
Current Borrowings	224	-	-	224	145
Non-Current Borrowings	-	840	478	1,318	1,062
Total	740	840	478	2,058	1,723

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

	30 June 2019		30 June 2018	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	0	-	4%	18
Fixed Interest Rates	6.80%	977	6.21%	1,189
		977		1,207

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

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 2019

Note 13 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$	\$
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to Other Expenditure:		
Waste Management Services	1,889	1,886
Employee Remuneration Contracts	2,450	1,631
Padthaway Gardening	36	36
Audit Contract	41	61
Roadside Slashing	-	47
Roadside Tree Trimming	482	-
Street Cleaning	125	69
IT Contract	313	28
	<u>5,336</u>	<u>3,758</u>
These expenditures are payable:		
Not later than one year	1,667	1,716
Later than one year and not later than 5 years	3,669	2,042
	<u>5,336</u>	<u>3,758</u>

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - FINANCIAL INDICATORS

	2019	2018	2017
Operating Surplus Ratio			
<u>Operating Surplus</u>	7%	4.1%	12.3%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-75%	-67.0%	-48.0%
Total Operating Income			

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

Adjustments to Ratios

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. These ***Adjusted Ratios*** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.

<i>Adjusted Operating Surplus Ratio</i>	5%	4.6%	12.9%
<i>Adjusted Net Financial Liabilities Ratio</i>	-64%	-56.0%	-38.0%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	117%	72.0%	105.0%
Net Asset Renewals - IAMP			

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 2019

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

	2019		2018
	\$		\$
Income	16,388		15,763
Expenses	<u>(15,319)</u>		<u>(15,120)</u>
Operating Surplus / (Deficit)	1,069		643
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(3,616)		(2,638)
Add back Depreciation, Amortisation and Impairment	5,247		5,046
Proceeds from Sale of Replaced Assets	<u>167</u>		<u>411</u>
	1,798		2,819
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,477)		(1,379)
Amounts received specifically for New and Upgraded Assets	387		566
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>160</u>		<u>-</u>
	<u>(930)</u>		<u>(813)</u>
Net Lending / (Borrowing) for Financial Year	1,937		2,649

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 2018-19; 9.50% in 2019-20). 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 2017-18) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 2019

**Note 17 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE
STATEMENT OF FINANCIAL POSITION**

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

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

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	747,280	828,178
TOTAL	747,280	828,178

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

	2019	2018
	\$	\$
Planning and building applications fees	416	185
TOTAL	416	185

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Total purchases from any of these individual businesses did not exceed \$75,000 during the year.

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

One Key management personnel has two close family members employed by Council during the reporting term. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in discussions associated with Employees.

Two planning and building approvals, with and without conditions, were granted during the year Total fees for these applications (all of which are payable on lodgement) amounted to \$416.

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

One Key Management Personnel is a member of the Willalooka Progress Association. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Willalooka Progress Association. During the year the Willalooka Progress Association received a payment of \$5,000.

TATIARA DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES con't

One Key Management Personnel is a member of the Bordertown RSL Sub Branch. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Bordertown RSL Sub Branch. During the year the Bordertown RSL received \$5,000 from Council.

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

One Key Management Personnel are member of the Keith War Memorial Community Centre Committee. In Accordance with the Local Government Act 1999, these people declare an interest in matters relating to Keith War Memorial Community Centre.

One Key Management Personnel is a member of Borderton KNT Netball Club Inc. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Bordertown KNT Netball Club Inc.

One Key Management Personnel is a member of Borderton Dolphins Amateur Swimming Club Inc. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Dolphins Amateur Swimming Club Inc.

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

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

One Key Management Personnel is a member of the Bordertown Primary School Governing Council . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving Bordertown Primary School Governing Council.

One Key Management Personnel is a member of the Tatiara Water Allocation Committee, representing Mudulla Grape Growers. In Accordance with the Local Government Act 1999, this person declares an interest in matters involving Tatiara Water Allocation Committee.

One Key Management Personnel is a member of the Bordertown Health Foundation, representing Mudulla Grape Growers. In Accordance with the Local Government Act 1999, this person declares an interest in matters involving Bordertown Health Foundation.

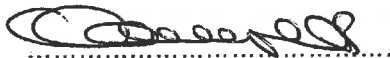
TATIARA DISTRICT COUNCIL

Annual Financial Statements for the year ended 30 June 2019

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 2019, 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*.



Anne Champness
CHIEF EXECUTIVE OFFICER



Robert Mock
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

8/10/19

TATIARA DISTRICT COUNCIL
Annual Financial Statements
for the year ended 30 June 2019

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Tatiara District Council for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Timothy Muhlhausler
Galpins, Accountants, Auditors and Business Consultants

Dated this 30 day of October 2019