

DISTRICT COUNCIL OF TUMBY BAY

General Purpose Financial Reports for the year ended 30 June 2015

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DISTRICT COUNCIL OF TUMBY BAY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.


Trevor Smith
CHIEF EXECUTIVE OFFICER


Samuel Telfer
MAYOR/COUNCILLOR

Date: 10. 11. 2015

DISTRICT COUNCIL OF TUMBY BAY

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
INCOME			
Rates	2	4,066	3,907
Statutory charges	2	64	75
User charges	2	120	201
Grants, subsidies and contributions	2	1,680	821
Investment income	2	29	44
Reimbursements	2	39	37
Other income	2	115	244
Net gain - equity accounted Council businesses	18	1	
Total Income		6,114	5,329
EXPENSES			
Employee costs	3	1,753	1,618
Materials, contracts & other expenses	3	2,725	3,049
Depreciation, amortisation & impairment	3	1,669	1,653
Finance costs	3	42	48
Net loss - equity accounted Council businesses	18		7
Total Expenses		6,189	6,375
OPERATING SURPLUS / (DEFICIT)		(75)	(1,046)
Asset disposal & fair value adjustments	4	(196)	(57)
Amounts received specifically for new or upgraded assets	2	276	-
NET SURPLUS / (DEFICIT)		5	(1,103)
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	5,087	6
Total Other Comprehensive Income		5,087	6
TOTAL COMPREHENSIVE INCOME		5,092	(1,097)

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

DISTRICT COUNCIL OF TUMBY BAY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

ASSETS	Notes	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	5	1,404	847
Trade & other receivables	5	473	249
Inventories	5	28	44
Total Current Assets		<u>1,905</u>	<u>1,140</u>
Non-current Assets			
Financial assets	6	156	169
Equity accounted investments in Council businesses	6	255	276
Infrastructure, property, plant & equipment	7	57,109	52,682
Other non-current assets	6	193	250
Total Non-current Assets		<u>57,713</u>	<u>53,377</u>
Total Assets		<u>59,618</u>	<u>54,517</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	315	305
Borrowings	8	574	627
Provisions	8	464	339
Total Current Liabilities		<u>1,353</u>	<u>1,271</u>
Non-current Liabilities			
Borrowings	8	192	225
Provisions	8	13	53
Total Non-current Liabilities		<u>205</u>	<u>278</u>
Total Liabilities		<u>1,558</u>	<u>1,549</u>
NET ASSETS		<u>58,060</u>	<u>52,968</u>
EQUITY			
Accumulated Surplus		2,431	3,150
Asset Revaluation Reserves	9	54,291	49,204
Other Reserves	9	1,338	614
TOTAL EQUITY		<u>58,060</u>	<u>52,968</u>

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

DISTRICT COUNCIL OF TUMBAY BAY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
	Notes	\$'000	\$'000	\$'000	\$'000
2015					
Balance at end of previous reporting period		3,150	49,204	614	52,968
Adjustment due to compliance with revised Accounting Standards					-
Adjustment to give effect to changed accounting policies					-
Restated opening balance		3,150	49,204	614	52,968
Net Surplus / (Deficit) for Year		5	-	-	5
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	5,087	-	5,087
Transfers between reserves		(724)		724	-
Balance at end of period		2,431	54,291	1,338	58,060
2014					
Balance at end of previous reporting period		3,149	49,198	1,718	54,065
Restated opening balance		3,149	49,198	1,718	54,065
Net Surplus / (Deficit) for Year		(1,103)	-	-	(1,103)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	6	-	6
Transfers between reserves		1,104		(1,104)	-
Balance at end of period		3,150	49,204	614	52,968

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

DISTRICT COUNCIL OF TUMBY BAY

STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Rates - general & other	4,060	3,874
Fees & other charges	66	78
User charges	(117)	218
Investment receipts	34	53
Grants utilised for operating purposes	1,680	878
Reimbursements	43	41
Other revenues	478	567
<u>Payments</u>		
Employee costs	(1,654)	(1,565)
Materials, contracts & other expenses	(3,063)	(3,427)
Finance payments	(44)	(39)
Net Cash provided by (or used in) Operating Activities	1,483	678
 CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	276	-
Sale of replaced assets	174	72
Sale of real estate developments	91	211
Repayments of loans by community groups	27	21
Distributions received from equity accounted Council businesses	22	22
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(1,348)	(1,178)
Expenditure on new/upgraded assets	(68)	(396)
Development of real estate for sale	1	-
Loans made to community groups	(15)	(140)
Net Cash provided by (or used in) Investing Activities	(840)	(1,388)
 CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
Proceeds from borrowings	15	140
<u>Payments</u>		
Repayments of borrowings	(101)	(135)
Net Cash provided by (or used in) Financing Activities	(86)	5
Net Increase (Decrease) in cash held	557	(705)
 Cash & cash equivalents at beginning of period	11 847	1,552
Cash & cash equivalents at end of period	11 1,404	847

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

DISTRICT COUNCIL OF TUMBY BAY

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

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

The District Council of Tumby Bay is incorporated under the SA Local Government Act 1999 and has its principal place of business at 25 West Terrace, Tumby Bay. 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.

District Council of Tumby Bay

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

Note 1 - Significant Accounting Policies (cont)

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$214,084 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$428,809; and in June 2013, again two quarters of the 2013/14 allocation: \$435,511. Accordingly, the operating results of these periods were distorted compared to those that would have been reported had the grants been paid in a consistent manner.

These amounts in advance were adjusted in the 2013/14 financial year. The total amount of the adjustment was \$435,511, which has adversely affected the operating result for that year. In June 2015 the Federal Government again paid two quarters of the 2015/2016 grant in advance amounting to \$419,573.

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

3.1 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

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

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

District Council of Tumby Bay

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

Note 1 - Significant Accounting Policies (cont)

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

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.

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.

District Council of Tumby Bay

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

Note 1 - Significant Accounting Policies (cont)

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.

6.6 Impairment

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

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

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".

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.

District Council of Tumby Bay

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

Note 1 - Significant Accounting Policies (cont)

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

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 Statewide Super. 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 17.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 18.

12 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.

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

District Council of Tumby Bay

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

Note 1 - Significant Accounting Policies (cont)

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.

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

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

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

DISTRICT COUNCIL OF TUMBY BAY

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

Note 2 - INCOME

	Notes	2015 \$'000	2014 \$'000
RATES REVENUES			
<u>General Rates</u>		3,175	2,971
Less: Mandatory rebates		(24)	(21)
Less: Discretionary rebates, remissions & write offs		(16)	(19)
		<u>3,135</u>	<u>2,931</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		120	116
Waste collection		287	386
Community wastewater management systems		499	447
Separate and Special Rates		6	6
		<u>912</u>	<u>955</u>
<u>Other Charges</u>			
Penalties for late payment		13	12
Legal & other costs recovered		6	9
		<u>19</u>	<u>21</u>
		<u>4,066</u>	<u>3,907</u>
 STATUTORY CHARGES			
Development Act fees		18	26
Town planning fees		16	14
Health & Septic Tank Inspection fees		5	8
Animal registration fees & fines		15	16
Other licences, fees, & fines		10	11
		<u>64</u>	<u>75</u>
 USER CHARGES			
Cemetery/crematoria fees		19	21
Property Rental		45	44
Sundry		56	136
		<u>120</u>	<u>201</u>
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		15	32
Banks & other		3	4
Loans to community groups		11	8
		<u>29</u>	<u>44</u>

DISTRICT COUNCIL OF TUMBY BAY

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

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
REIMBURSEMENTS			
- for roadworks		-	8
- for private works		19	14
- other		20	15
		<u>39</u>	<u>37</u>
OTHER INCOME			
Sundry		115	244
		<u>115</u>	<u>244</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		276	-
Individually Significant Item		420	-
Other grants, subsidies and contributions		1,260	821
		<u>1,956</u>	<u>821</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		472	190
State government		1,484	631
		<u>1,956</u>	<u>821</u>
Individually Significant Item			
2014/2015 amount overstated due to prepayment of Federal Assistance Grants and 2013/2014 amount understated due to previous prepayments - Refer Note 1 for further detail.		420	0

DISTRICT COUNCIL OF TUMBY BAY

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

NOTE 2 - INCOME (continued)

	2015	2014
Notes	\$'000	\$'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>	121	112
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
Community Amenities	(31)	(96)
Recreation & Sport	(80)	-
<i>Subtotal</i>	<u>(111)</u>	<u>(96)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Social Security	2	25
Community Amenities	242	80
<i>Subtotal</i>	<u>244</u>	<u>105</u>
<i>Unexpended at the close of this reporting period</i>	<u>254</u>	<u>121</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 <u>133</u>	 <u>9</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 3 - EXPENSES

	Notes	2015 \$'000	2014 \$'000
EMPLOYEE COSTS			
Salaries and Wages		1,483	1,433
Employee leave expense		279	224
Superannuation - defined contribution plan contributions	17	98	88
Superannuation - defined benefit plan contributions	17	53	54
Workers' Compensation Insurance		78	73
Less: Capitalised and distributed costs		(238)	(254)
Total Operating Employee Costs		<u>1,753</u>	<u>1,618</u>
 Total Number of Employees		 24	 24
<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		9	9
Bad and Doubtful Debts		11	-
Elected members' expenses		84	90
Election expenses		11	1
Subtotal - Prescribed Expenses		<u>115</u>	<u>100</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,116	1,635
Energy		95	76
Plant Expenses		297	284
Water		95	78
Professional Services		264	333
Insurance		135	130
Levies paid to government - NRM levy		119	113
- Other Levies		12	17
Contributions		79	75
Advertising, Printing & Stationery		37	36
Telecommunications		30	29
Plant & Machinery		102	87
Legal Expenses		59	42
Materials		386	402
Information Technology		189	187
Sundry		170	250
Less: Capitalised and distributed costs		(575)	(825)
Subtotal - Other Materials, Contracts & Expenses		<u>2,610</u>	<u>2,949</u>
		<u>2,725</u>	<u>3,049</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 3 - EXPENSES (cont)

	Notes	2015 \$'000	2014 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		351	387
Infrastructure		-	-
- Sealed Roads		244	290
- Unsealed Roads		618	553
- Bridges, Footpaths, Kerb & Gutter		169	146
- Stormwater Drainage		15	16
- CWMS		144	127
Plant, Machinery & Equipment		205	213
Office Equipment, Furniture & Fittings		-	1
		<u>1,746</u>	<u>1,733</u>
Less: Capitalised and distributed costs		<u>(77)</u>	<u>(80)</u>
		<u>1,669</u>	<u>1,653</u>
 FINANCE COSTS			
Interest on Loans		<u>42</u>	<u>48</u>
		<u>42</u>	<u>48</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2015 \$'000	2014 \$'000
	Notes	
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	174	72
Less: Carrying amount of assets sold	405	227
Gain (Loss) on disposal	<u>(231)</u>	<u>(155)</u>
 REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	91	211
Less: Carrying amount of assets sold	56	113
Gain (Loss) on disposal	<u>35</u>	<u>98</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>(196)</u>	 <u>(57)</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 5 - CURRENT ASSETS

	Notes	2015 \$'000	2014 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		298	159
Deposits at Call		1,106	688
		<u>1,404</u>	<u>847</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		115	109
Accrued Revenues		33	38
Debtors - general		277	31
GST Recoupment		28	42
Prepayments		-	10
Loans to community organisations		23	22
Total		<u>476</u>	<u>252</u>
 Less: Allowance for Doubtful Debts		<u>3</u>	<u>3</u>
		<u>473</u>	<u>249</u>
 <i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		63	61
 INVENTORIES			
Stores & Materials		<u>28</u>	<u>44</u>
		<u>28</u>	<u>44</u>
 <i>Amounts included in inventories that are not expected to be received within 12 months of reporting date.</i>		-	-

DISTRICT COUNCIL OF TUMBY BAY

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

Note 6 - NON-CURRENT ASSETS

		2015 \$'000	2014 \$'000
FINANCIAL ASSETS	Notes		
Receivables			
Loans to community organisations		156	169
TOTAL FINANCIAL ASSETS		<u>156</u>	<u>169</u>
 EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Southern Eyre Peninsula Subsidiary</i>	18	<u>255</u>	<u>276</u>
		<u>255</u>	<u>276</u>
 OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		193	250
		<u>193</u>	<u>250</u>
 <i>Real Estate Developments - Current & Non-Current (Valued at the lower of cost and net realisable value)</i>			
<i>Industrial & Commercial</i>		<u>193</u>	<u>250</u>
<i>Total Real Estate for Resale</i>		<u>193</u>	<u>250</u>
 <i>Represented by:</i>			
<i>Development Costs</i>		<u>193</u>	<u>250</u>
<i>Total Real Estate for Resale</i>		<u>193</u>	<u>250</u>
 Apportionment of Real Estate Developments			
<i>Non-Current Assets</i>		<u>193</u>	<u>250</u>
		<u>193</u>	<u>250</u>

DISTRICT COUNCIL OF TUMBAY BAY

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$'000				2015 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	2	10,000	135	-	10,135	10,000	135	-	10,135
Buildings & Other Structures	2	15,028	2,078	(6,955)	10,151	14,959	2,196	(7,266)	9,889
Infrastructure									
- Sealed Roads	3	17,400	504	(5,067)	12,837	16,485	78	(4,327)	12,236
- Unsealed Roads	3	9,883	1,190	(5,796)	5,277	12,339	812	(6,325)	6,826
- Bridges, Footpaths, Kerb & Gutter	3	11,219	289	(5,425)	6,083	12,722	-	(3,439)	9,283
- Stormwater Drainage	3	1,323	-	(548)	775	1,225	-	(536)	689
- CWMS	3	6,729	231	(1,839)	5,121	7,377	-	(1,667)	5,710
Plant, Machinery & Equipment		12	3,190	(899)	2,303	3,196	12	(867)	2,341
Office Equipment, Furniture & Fittings		-	24	(24)	-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		71,594	7,641	(26,553)	52,682	78,303	3,233	(24,427)	57,109
Comparatives		72,147	5,603	(25,332)	52,418	71,594	7,641	(26,553)	52,682

This Note continues on the following pages.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2014 \$'000 CARRYING AMOUNT	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000					2015 \$'000 CARRYING AMOUNT
		Additions		Disposals	Depreciation	Net Revaluation	
		New/Upgrade	Renewals				
Land	10,135	-	-	-	-	-	10,135
Buildings & Other Structures	10,151	68	49	(28)	(351)	-	9,889
Infrastructure	-	-	-	-	-	-	-
- Sealed Roads	12,837	-	-	(5)	(244)	(352)	12,236
- Unsealed Roads	5,277	-	890	(131)	(618)	1,408	6,826
- Bridges, Footpaths, Kerb & Gutter	6,083	-	-	-	(169)	3,369	9,283
- Stormwater Drainage	775	-	-	-	(15)	(71)	689
- CWMS	5,121	-	-	-	(144)	733	5,710
Plant, Machinery & Equipment	2,303	-	484	(241)	(205)	-	2,341
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	52,682	68	1,423	(405)	(1,746)	5,087	57,109
Comparatives	52,418	396	1,823	(228)	(1,733)	6	52,682

This Note continues on the following pages.

DISTRICT COUNCIL OF TUMBY BAY

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

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

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

Office Furniture & Equipment	\$10,000
Other Plant & Equipment	\$10,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$10,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$10,000
Drains & Culverts	\$10,000
Road Seal & Reseal	\$4,000

District Council of Tumby Bay

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

Note 7 – Property, Plant & Equipment (cont)

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

Plant, Furniture & Equipment	
Office Furniture & Equipment	3 years
Vehicles and Road-making Equip	2 to 13 years
Other Plant & Equipment	3 years
Building & Other Structures	
Buildings	25 to 80 years
Site Improvements	15 to 100 years
Playground Equipment	20 to 25 years
Infrastructure	
Sealed Roads – Surface	10 to 25 years
Unsealed Roads - Surface	10 to 40 years
Road Pavements	80 to 120 years
Footpaths	25 to 60 years
Kerb & Watertable	50 to 80 years
Bridges	80 years
Cross Drains	70 to 100 years
Floodways	100 years
Urban Stormwater	80 to 100 years
CWMS – Mains & Inspection Points	70 to 100 years
CWMS – Pump Stations	15 to 30 years
CWMS – Treatment Plant Components	10 to 50 years
CWMS – Treatment Lagoon	70 years
CWMS – Subsurface Irrigation	10 to 100 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.

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 2011 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2011 by Greg McCloud BAppSc (Val) AAPI of Maloney Field Services.

Infrastructure

Transportation, Stormwater Drainage and Community Waste Water Management System assets were valued by Tonkin Consulting in consultation with Council staff at depreciated current replacement cost as at 30 June 2014.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

These assets are recognised on the cost basis.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 8 - LIABILITIES

		2015 \$'000		2014 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		230	-	232	-
Accrued expenses - employee entitlements		75	-	61	-
Accrued expenses - other		10	-	12	-
		<u>315</u>	<u>-</u>	<u>305</u>	<u>-</u>
 BORROWINGS					
Loans		<u>574</u>	<u>192</u>	<u>627</u>	<u>225</u>
		<u>574</u>	<u>192</u>	<u>627</u>	<u>225</u>
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
 PROVISIONS					
Employee entitlements (including oncosts)		<u>464</u>	<u>13</u>	<u>339</u>	<u>53</u>
		<u>464</u>	<u>13</u>	<u>339</u>	<u>53</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$'000	\$'000	\$'000	\$'000
Asset Revaluation Reserve	49,204	5,087	-	54,291
TOTAL	49,204	5,087	-	54,291
<i>Comparatives</i>	49,198	6	-	49,204

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
General	614	805	(81)	1,338
TOTAL OTHER RESERVES	614	805	(81)	1,338
<i>Comparatives</i>	1,718	65	(1,169)	614

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

General

These Reserves represent money set aside by Council for various services and projects

DISTRICT COUNCIL OF TUMBY BAY

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

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2015 \$'000	2014 \$'000
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government			
Housing & Community Amenities		232	16
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		232	16

DISTRICT COUNCIL OF TUMBY BAY

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2015 \$'000	2014 \$'000
Total cash & equivalent assets	5	<u>1,404</u>	<u>847</u>
Balances per Cash Flow Statement		<u>1,404</u>	<u>847</u>

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

Net Surplus (Deficit)	5	(1,103)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,746	1,653
Equity movements in equity accounted investments (increase) decrease	(1)	7
Net increase (decrease) in unpaid employee benefits	99	53
Grants for capital acquisitions treated as Investing Activity	(276)	-
Net (Gain) Loss on Disposals	<u>196</u>	<u>57</u>
	1,769	667
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(223)	(56)
Net (increase) decrease in inventories	16	15
Net increase (decrease) in trade & other payables	<u>(2)</u>	<u>52</u>
Net Cash provided by (or used in) operations		<u>678</u>

(d) Financing Arrangements

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

Corporate Credit Cards	30	30
LGFA Cash Advance Debenture facility	939	1,480

DISTRICT COUNCIL OF TUMBY BAY

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

Note 12 - 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	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	\$'000	\$'000	\$'000	\$'000
Rates	4,073	3,906	851	-	3,222	3,906	-	-	-	-
Governance	-	-	421	380	(421)	(380)	-	-	-	-
Administration	71	132	-	858	71	(726)	-	-	4,235	3,598
Public Order & Safety	19	20	129	107	(110)	(87)	-	-	666	679
Social Security & Welfare	9	17	60	56	(51)	(39)	9	5	533	545
Health	254	7	45	98	209	(91)	250	1	-	-
Housing & Community	69	107	1,528	1,477	(1,459)	(1,370)	276	29	9,436	8,959
Recreation & Culture	77	302	688	977	(611)	(675)	11	116	7,406	7,387
Agriculture	8	9	5	3	3	6	-	-	-	-
Mining & Manufacture	10	16	104	119	(94)	(103)	-	-	-	-
Transport & Communication	633	450	2,098	2,180	(1,465)	(1,730)	598	411	32,570	28,538
Economic Affairs	2	10	50	55	(48)	(45)	-	-	202	215
Other Purposes	888	353	210	58	678	295	812	259	4,570	4,596
TOTALS	6,113	5,329	6,189	6,368	(76)	(1,039)	1,956	821	59,618	54,517

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 12 (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, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services and Revenues.

Public Order and Safety

Supervision of various By-Laws, General Inspection, Fire Prevention and Dog Control.

Social Security and Welfare

Home and Community Care, Port Neill Transport Scheme, Pensioner Rate Rebates and Youth Welfare including YAC & Youth Week Activities.

Health

Inspectorial Services, Food Premise Inspections, Immunisation Programs and Record Keeping.

Housing and Community Amenities

Planning, Development Plans, Public Conveniences, Septic Tank Administration, Street Lighting, Garbage Collection Services, Street Sweeping, Waste Oil Disposal, Drummuster, Dump Management, Community Waste Management System, Foreshore Protection, Cemeteries NRM Levy.

Recreation and Culture

Soldiers Memorial Hall, Excell Museum, Regional Development, Community Events, Assistance to Community Organisations, Libraries, Parks and Gardens, Playgrounds, Sporting Reserves and Recreational Jetties.

Agricultural Services

Pest Plant Control and Council owned Rural Land.

Mining, Manufacturing and Construction

Administration of the Development Act, Building Inspection.

Transport and Communication

Construction and Maintenance of Roads, Bridges and Culverts, Footpaths, Parking Facilities and Traffic Control Devices, Local Airstrip, Community Bus, Boat Ramps and Marina Facilities.

Economic Affairs

Tourism, Traveller's Rest Area, Community Development.

Other Purposes

Ritz Café and Private Works.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
	Terms & conditions: Deposits are returning fixed interest rates between 2% and 2.5% (2014: 2.5% and 2.75%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	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.
	Terms & conditions: Secured over the subject land, arrears attract interest of 7.75% (2014: 7.75%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	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.
	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.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - other levels of government	Accounting Policy: Carried at nominal value.
	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.
	Carrying amount: approximates fair value.
Liabilities - Creditors and Accruals	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.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.2% and 6.75% (2014: 4.8% and 6.75%)
	Carrying amount: approximates fair value.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	1,404	-	-	1,404	1,404
Receivables	391	107	19	517	517
Total	1,795	107	19	1,921	1,921
Financial Liabilities					
Payables	230	-	-	230	230
Current Borrowings	587	-	-	587	574
Non-Current Borrowings	-	183	41	224	192
Total	817	183	41	1,041	996

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	847	-	-	847	847
Receivables	164	101	47	312	312
Total	1,011	101	47	1,159	1,159
Financial Liabilities					
Payables	232	-	-	232	232
Current Borrowings	642	-	-	642	627
Non-Current Borrowings	-	183	87	270	225
Total	874	183	87	1,144	1,084

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	4.25	541	4.75	627
Fixed Interest Rates	6.20	225	6.0	225
		766		852

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 14 - FINANCIAL INDICATORS

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

Operating Surplus Ratio

<u>Operating Surplus</u>	(2%)	(28%)	(15%)
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	(13%)	(16%)	(15%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(8%)	5%	(6%)
Total Operating Revenue			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	92%	68%	57%
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.*

DISTRICT COUNCIL OF TUMBY BAY

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

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2015 \$'000	2014 \$'000
Income	6,114	5,329
less Expenses	<u>6,189</u>	<u>6,375</u>
Operating Surplus / (Deficit)	(75)	(1,046)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,425	1,178
Depreciation, Amortisation and Impairment	(1,746)	(1,653)
Proceeds from Sale of Replaced Assets	<u>(174)</u>	<u>(72)</u>
	(495)	(547)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	67	396
Amounts received specifically for New and Upgraded Assets	(276)	-
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>(91)</u>	<u>(211)</u>
	(300)	185
Net Lending / (Borrowing) for Financial Year	<u>720</u>	<u>(684)</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 16 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

	2015 \$'000	2014 \$'000
Not later than one year	30	29
Later than one year and not later than 5 years	122	97
	<u>152</u>	<u>126</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 17 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

DISTRICT COUNCIL OF TUMBY BAY

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

Note 18 - INTERESTS IN OTHER ENTITIES

Joint Operations

Council is party to an agreement with the Minister of Education for the provision of a school/community library in Tumby Bay. Certain classes of library materials are acquired at Council's cost, and are recognised in these statements. Each party is responsible for its own direct costs, and joint expenses are shared on the basis set out in the agreement. Council's share of joint expenses are included in Note 3 to the statements.

Equity accounted Council Businesses

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

Council has interests in the following equity accounted Council businesses that are assessed as being material in relation to Council's overall operations:

Southern Eyre Peninsula Subsidiary

Established by Coalface, Black Stump and Bullamakanka Councils, this organisation is responsible for the creation and disposal of unnecessary paperwork within the combined area.

	2015 \$'000	2014 \$'000
Southern Eyre Peninsula Subsidiary		
Council's respective interests are:		
- interest in the operating result	50%	50%
- ownership share of equity	50%	50%
- the proportion of voting power	50%	50%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	276	305
Share in Operating Result	1	(7)
Distributions Received	(22)	(22)
Share in Equity of Joint Operation	<u>255</u>	<u>276</u>

DISTRICT COUNCIL OF TUMBY BAY

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

Note 19 - 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.

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.

At reporting date, Council controlled 1,409 km of road reserves with width varying between 20 and 60 metres.



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF TUMBY BAY

We have audited the accompanying financial report of the District Council of the Tumby Bay which comprises the balance sheet as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity, cash flow statement, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2015.

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting the audit, we followed applicable independence requirements of Australian professional and ethical pronouncements and the Local Government Act 1999.

Auditor's Opinion

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

IAN G MC DONALD FCA
CHARTERED ACCOUNTANT
REGISTERED COMPANY AUDITOR

Liability limited by a scheme approved under Professional Standards Legislation

Signed 18 day of November 2015, at Adelaide, South Australia

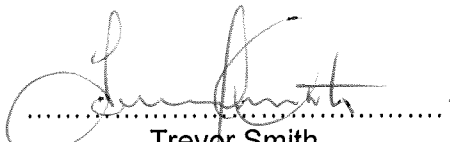
DISTRICT COUNCIL OF TUMBY BAY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Tumby Bay for the year ended 30 June 2015, the Council's Auditor, Ian G McDonald FCA, 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*.



Trevor Smith
CHIEF EXECUTIVE OFFICER



Helen Kroemer
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:



District Council of Tumby Bay
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of the District Council of Tumby Bay for the year ended 30 June 2015, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

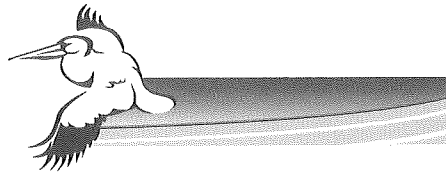
A handwritten signature in black ink, appearing to read 'Ian McDonald'.

Ian G McDonald FCA

Dated this 22nd day of October 2015

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All correspondence
to be addressed to the
Chief Executive Officer



DISTRICT COUNCIL of TUMBY BAY

PO Box 61, TUMBY BAY
Mortlock Street
TUMBY BAY, SA 5605
P: 08 8688 2101
F: 08 8688 2639
E: dctumby@tumbybay.sa.gov.au

5th November 2015

Mr Ian G McDonald FCA
PO Box 75
HENLEY BEACH SA 5022

Dear Ian,

This representation letter is provided in connection with your audit of the financial report of the District Council of Tumby Bay for the year ended 30 June 2015, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with relevant Australian Accounting Standards statutory and other requirements.

We acknowledge our responsibility for ensuring that the financial report is in accordance with relevant Australian Accounting Standards statutory and other requirements, and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have provided you with:
 - (a) access to all information, of which we are aware, that is relevant to the preparation of the financial report. Such as, records, documentation and other matters;
 - (b) additional information that you have requested from us for the purpose of the audit; and
 - (c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.
3. We have disclosed to you:
 - (a) the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
 - (b) all information in relation to fraud or suspected fraud that we are aware of and that affects the entity.
 - (c) all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
4. We have provided you with all requested information explanations and assistance for the purposes of the audit.
5. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
7. We have considered the requirements of AASB 136, "Impairment of Assets", when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
8. The following have been properly recorded and/or disclosed in the financial report:
 - (a) material liabilities or contingent liabilities
 - (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion
9. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
10. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
11. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed in the financial report.

Environmental Matters

15. There are no violations or possible violation of laws or regulations where effects should be considered for disclosure in the financial report or as a basis for recording an expense.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours sincerely,



Cr Helen Kroemer

Chairperson

Audit Committee

District Council of Tumby Bay