

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

*An engaging community which enjoys a sustainable,
contemporary lifestyle and flourishing economy within an
unspoilt natural environment.*



The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2016

Contents	Page
1. Council Certificate	2
2. Understanding Council's Financial Statements	3
3. Primary Financial Statements:	
- Statement of Comprehensive Income	4
- Statement of Financial Position	5
- Statement of Changes in Equity	6
- Statement of Cash Flows	7
4. Notes to the Financial Statements	8
5. Independent Auditor's Report - Financial Statements	47
6. Independent Auditor's Report - Internal Controls	49
7. Certificates of Audit Independence	
- Council Certificate of Audit Independence	51
- Audit Certificate of Audit Independence	52

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2016

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 2016 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.



Colin Davies
CHIEF EXECUTIVE OFFICER



Peter Slattery
MAYOR

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2016

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year, and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income & expenses.

2. A Balance Sheet

A 30 June snapshot of Council's financial position including its assets & liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

The Flinders Ranges Council

Statement of Comprehensive Income

for the year ended 30 June 2016

\$	Notes	2016	2015
Income			
Rates Revenues	2a	2,094,411	2,050,969
Statutory Charges	2b	36,252	34,897
User Charges	2c	83,328	80,106
Grants, Subsidies and Contributions	2g	1,584,685	1,620,397
Investment Income	2d	95,035	95,900
Reimbursements	2e	81,479	104,006
Other Income	2f	386,292	388,024
Total Income		4,361,481	4,374,298
Expenses			
Employee Costs	3a	1,232,343	1,526,121
Materials, Contracts & Other Expenses	3b	2,211,089	1,520,454
Depreciation, Amortisation & Impairment	3c	1,240,615	1,336,829
Finance Costs	3d	92,840	94,707
Total Expenses		4,776,887	4,478,110
Operating Surplus / (Deficit)		(415,406)	(103,813)
Asset Disposal & Fair Value Adjustments	4	(9,959)	(4,940)
Amounts Received Specifically for New or Upgraded Assets	2g	1,110,000	1,905,000
Net Surplus / (Deficit) ¹		684,635	1,796,247
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	-	(489,957)
<i>Amounts which will be reclassified subsequently to operating result</i>			
Nil			
Total Other Comprehensive Income		-	(489,957)
Total Comprehensive Income		684,635	1,306,290
AASB1004 Recognition			
Financial Assistance Grants Received in Advance	2ga	(777,546)	777,546
Operating Surplus / (Deficit) adjusted for AASB1004		(1,192,952)	673,733
Special Local Roads Grant Received in Advance	2ga	565,000	-
Total AASB1004 Adjustments		(212,546)	777,546
Total Comprehensive Income after AASB1004		472,089	2,083,836

¹ Transferred to Equity Statement

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

page 4

The Flinders Ranges Council

Statement of Financial Position

as at 30 June 2016

\$	Notes	2016	2015
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	3,229,917	3,857,871
Trade & Other Receivables	5b	368,111	387,779
Inventories	5c	544,769	290,763
Total Current Assets		4,142,797	4,536,412
Non-Current Assets			
Financial Assets	6a	-	2,041
Infrastructure, Property, Plant & Equipment	7a	56,657,903	56,186,324
Other Non-Current Assets	6b	49,291	-
Total Non-Current Assets		56,707,194	56,188,365
TOTAL ASSETS		60,849,991	60,724,777
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	765,501	1,085,772
Borrowings	8b	195,966	206,467
Provisions	8c	721,185	802,222
Total Current Liabilities		1,682,652	2,094,461
Non-Current Liabilities			
Borrowings	8b	1,307,088	1,455,066
Provisions	8c	44,008	43,641
Total Non-Current Liabilities		1,351,095	1,498,707
TOTAL LIABILITIES		3,033,748	3,593,168
Net Assets		57,816,244	57,131,609
EQUITY			
Accumulated Surplus		16,500,415	15,594,306
Asset Revaluation Reserves	9a	38,775,047	38,775,047
Other Reserves	9b	2,540,782	2,762,256
Total Council Equity		57,816,244	57,131,609

The Flinders Ranges Council

Statement of Changes in Equity for the year ended 30 June 2016

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2016					
Balance at the end of previous reporting period		15,594,306	38,775,047	2,762,256	57,131,609
a. Net Surplus / (Deficit) for Year		684,635	-	-	684,635
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		684,635	-	-	684,635
c. Transfers between Reserves		221,474	-	(221,474)	-
Balance at the end of period		16,500,415	38,775,047	2,540,782	57,816,244
2015					
Balance at the end of previous reporting period		14,012,076	39,265,004	2,548,239	55,825,319
a. Net Surplus / (Deficit) for Year		1,796,247	-	-	1,796,247
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(489,957)	-	(489,957)
Other Comprehensive Income		-	(489,957)	-	(489,957)
Total Comprehensive Income		1,796,247	(489,957)	-	1,306,290
c. Transfers between Reserves		(214,017)	-	214,017	-
Balance at the end of period		15,594,306	38,775,047	2,762,256	57,131,609

The Flinders Ranges Council

Statement of Cash Flows

for the year ended 30 June 2016

\$	Notes	2016	2015
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		4,477,511	5,482,169
Investment Receipts		95,035	95,900
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(4,340,600)	(3,425,090)
Finance Payments		(95,199)	(66,689)
Net Cash provided by (or used in) Operating Activities	11b	136,747	2,086,289
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,110,000	1,905,000
Sale of Replaced Assets		44,090	51,182
Repayments of Loans by Community Groups		5,932	3,809
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(376,329)	(205,667)
Expenditure on New/Upgraded Assets		(1,389,914)	(3,624,875)
Net Cash provided by (or used in) Investing Activities		(606,222)	(1,870,551)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	750,000
<u>Payments</u>			
Repayments of Borrowings		(158,479)	(130,039)
Net Cash provided by (or used in) Financing Activities		(158,479)	619,961
Net Increase (Decrease) in Cash Held		(627,954)	835,700
plus: Cash & Cash Equivalents at beginning of period	11	3,857,871	3,022,172
Cash & Cash Equivalents at end of period	11	3,229,917	3,857,871

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	9
2	Income	15
3	Expenses	19
4	Asset Disposal & Fair Value Adjustments	20
	Current Assets	
5a	Cash & Cash Equivalents	21
5b	Trade & Other Receivables	21
5c	Inventories	21
	Non-Current Assets	
6a	Financial Assets	21
6b	Other Non-Current Assets	21
	Fixed Assets	
7a (i)	Infrastructure, Property, Plant & Equipment	22
7a (ii)	Investment Property	22 n/a
7b	Valuation of Infrastructure, Property, Plant & Equipment	23
	Liabilities	
8a	Trade & Other Payables	26
8b	Borrowings	26
8c	Provisions	26
	Reserves	
9a	Asset Revaluation Reserve	27
9c	Other Reserves	27
10	Assets Subject to Restrictions	28
11	Reconciliation to Statement of Cashflows	29
12a	Functions	30
12b	Components of Functions	31
13	Financial Instruments	32
14	Commitments for Expenditure	36
15	Financial Indicators	37
16	Uniform Presentation of Finances	39
17	Operating Leases	40
18	Superannuation	41
19	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	42
20	Events After the Balance Sheet Date	42
	Additional Council Disclosures	
21	Reconciliation of Grants Received	43
22	Material Budget Variations	44
23	Financial Commentary & Review	45
24	Council Information & Contact Details	46

n/a - not applicable

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements 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 21 September 2016.

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 these Notes.

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 Flinders Ranges Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 1 Seventh Street, Quorn SA 5433. 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.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

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.

Grants Commission funds received in June for the next financial year have been consistently shown as income received in advance in the Financial Reports. Therefore neither the Financial Reports nor the Budget variances are distorted.

The actual amounts of untied grants received during the reporting periods are disclosed in Note 2.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 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.

6.2 Materiality

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

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000
Buildings - new construction/extensions	\$2,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$2,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$2,000
Reticulation extensions	\$2,000
Sidelines & household connections	\$2,000
Artworks	\$2,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	3 to 5 years
Office Furniture	10 to 25 years
Vehicles and Road-making Equip	5 to 20 years
Other Plant & Equipment	5 to 50 years

Building & Other Structures

Buildings – masonry	25 to 100 years
Buildings – other construction	25 to 100 years
Park Structures – masonry	25 to 100 years
Park Structures – other construction	25 to 100 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 years
Sealed Roads – Structure	100 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	20 to 60 years
Drains	80 to 80 years
Culverts	60 years
Flood Control Structures	50 to 80 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	50 to 80 years
Reticulation Pipes – other	25 to 75 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.5 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 inflows 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.

6.6 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 other than grants 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

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 (excluding 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.

Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide 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 18.

10 Provisions

10.1 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

11 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.

12 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".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

revenue, the expected loss is recognised as an expense immediately.

13 Equity Accounted Council Businesses

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 19.

14 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.

15 New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

Not applicable to Local Government per se;

None

16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

17 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income

\$	Notes	2016	2015
(a). Rates Revenues			
General Rates			
General Rates		1,649,476	1,581,966
Less: Mandatory Rebates		(59,192)	(56,253)
Total General Rates		1,590,284	1,525,713
Other Rates (Including Service Charges)			
Natural Resource Management Levy		33,663	33,583
Waste Collection		203,065	231,615
Community Wastewater Management Systems		243,470	236,745
Total Other Rates		480,198	501,943
Other Charges			
Penalties for Late Payment		23,935	24,018
Total Other Charges		23,935	24,018
Less: Discretionary Rebates, Remissions & Write Offs		(6)	(706)
Total Rates Revenues		2,094,411	2,050,969
(b). Statutory Charges			
Development Act Fees		19,913	14,421
Health & Septic Tank Inspection Fees		214	4,569
Animal Registration Fees & Fines		12,430	12,630
Other Licences, Fees & Fines		3,695	3,277
Total Statutory Charges		36,252	34,897
(c). User Charges			
Cemetery/Crematoria Fees		16,979	18,768
Hall & Equipment Hire		7,347	9,854
Swimming Pools		34,050	25,086
Community Bus Hire		4,052	6,766
Waste Management		16,350	17,938
Airport Fees		527	216
Sundry		4,023	1,477
Total User Charges		83,328	80,106

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$	Notes	2016	2015
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		92,620	92,966
- Banks & Other		2,415	2,154
- Loans to Community Groups		-	780
Total Investment Income		95,035	95,900
(e). Reimbursements			
Private Works		686	11,345
Shared Services Fees		6,941	73,444
Other		73,852	19,217
Total Reimbursements		81,479	104,006
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		22,292	32,410
Rebates Received		24,001	23,096
Commercial Income		17,267	11,888
Donations		6,495	7,295
Sundry		63,136	78,107
Outback Community Authority		15,062	16,238
FRVIC		238,039	218,989
Total Other Income		386,292	388,024
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,110,000	1,905,000
Other Grants, Subsidies and Contributions		1,584,685	1,620,397
Total Grants, Subsidies, Contributions		2,694,685	3,525,397

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$	Notes	2016	2015
(ga). AASB1004 Recognition - Grants, Subsidies, Contribution			
Amounts Received Specifically for New or Upgraded Assets - AASB1004 adjustment		565,000	-
Other Grants, Subsidies and Contributions - AASB1004 adjustment		(777,546)	777,546
Total Grants, Subsidies, Contributions - AASB1004 adjustments		(212,546)	777,546
AASB1004 adjusted Total Grants, Subsidies, Contributions		2,482,139	4,302,943
The functions to which these grants relate are shown in Note 12.			
Sources of grants			
Commonwealth Government		2,613,592	3,159,504
State Government		81,093	354,500
Other		-	11,393
Total		2,694,685	3,525,397
AASB1004 adjusted Sources of grants			
Commonwealth Government		2,401,046	3,937,050
State Government		81,093	354,500
Other		-	11,393
Total		2,482,139	4,302,943

*In accordance with the Accounting Standard AASB 1004, not for profit entities must recognise a contribution immediately as revenue when it has control or the right to receive the contribution.

For this reason, the first instalment of the 2015-2016 Financial Assistance Grants, which was receipted by the Council in June 2015, must be recognised as revenue in the 2014-2015 financial year, and the Special Local Roads funding received but not expended during 2015-2016 must be recorded as revenue in the 2015-2016 financial year. The impact of these adjustments is illustrated above.

As a result of the above, the Council's operating surplus / (deficit) and total comprehensive income have been restated on the Statement of Comprehensive Income.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$	Notes	2016	2015
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		88,490	106,050
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Heritage & Cultural Services		(88,490)	(945,560)
Subtotal		(88,490)	(945,560)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Heritage & Cultural Services		-	928,000
Subtotal		-	928,000
Unexpended at the close of this reporting period		-	88,490
Net increase (decrease) in assets subject to conditions in the current reporting period		(88,490)	(17,560)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 3. Expenses

\$	Notes	2016	2015
(a). Employee Costs			
Salaries and Wages		1,281,310	1,363,540
Employee Leave Expense		35,006	108,725
Superannuation - Defined Contribution Plan Contributions	18	105,555	46,186
Superannuation - Defined Benefit Plan Contributions	18	-	74,178
Workers' Compensation Payments		1,689	16,952
Workers Compensation Insurance		-	80,404
Less: Capitalised and Distributed Costs		(191,217)	(163,865)
Total Operating Employee Costs		1,232,343	1,526,121
Total Number of Employees (full time equivalent at end of reporting period)		19	20
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		30,102	8,500
Bad and Doubtful Debts		366	-
Elected Members' Expenses		80,058	81,702
Election Expenses		463	7,202
Subtotal - Prescribed Expenses		110,988	97,403
(ii) Other Materials, Contracts and Expenses			
Contractors		731,488	414,453
Energy - Fuel & Power		77,942	107,162
Individually Significant Items		65,555	79,642
Legal Expenses		36,279	52,133
Levies Paid to Government - NRM levy		33,957	33,587
Levies - Other		3,856	4,089
Parts, Accessories & Consumables		42,876	56,883
Professional Services		36,041	6,304
Sundry		283,673	338,282
Waste Management		204,050	245,631
Insurance		124,328	115,474
Vehicle Maintenance		142,221	99,560
FBT		9,006	20,016
FRVIC		207,872	209,254
Workers Compensation Insurance		100,958	-
Quorn Swimming Pool Contract		-	1,603,955
Rubble / Crushed Rock		-	212,273
Road Construction & Maintenance		1,111,234	1,246,292
CWMS		54,375	-
Building Upgrades		21,344	-
Less: Capitalised and Distributed Costs		(1,186,953)	(3,421,938)
Subtotal - Other Material, Contracts & Expenses		2,100,101	1,423,051
Total Materials, Contracts and Other Expenses		2,211,089	1,520,454
(iii) Individually significant items			
Flood Damage Repairs (Own Funds - No State Government Support)		65,555	79,642

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 3. Expenses (continued)

\$	Notes	2016	2015
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Land & Buildings		629,549	651,687
Infrastructure		370,728	421,112
- CWMS		61,379	61,379
Plant & Equipment		149,543	157,033
Furniture & Fittings		19,898	34,566
Minor Plant		9,518	11,052
Subtotal		1,240,615	1,336,829
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		1,240,615	1,336,829
(d). Finance Costs			
Interest on Overdraft and Short-Term Drawdown		-	97
Interest on Loans		92,840	94,609
Total Finance Costs		92,840	94,707

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment			
Assets Renewed or Directly Replaced			
Proceeds from Disposal		(9,959)	51,182
Less: Carrying Amount of Assets Sold		-	(56,122)
Gain (Loss) on Disposal		(9,959)	(4,940)
Net Gain (Loss) on Disposal or Revaluation of Assets		(9,959)	(4,940)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 5. Current Assets

\$	Notes	2016	2015
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		(18,386)	44,169
Deposits at Call		498,303	1,563,702
Short Term Deposits & Bills, etc.		2,750,000	2,250,000
Total Cash & Cash Equivalents		3,229,917	3,857,871
(b). Trade & Other Receivables			
Rates - General & Other		276,762	253,824
Accrued Interest		20,398	20,766
Debtors - General		67,274	63,142
GST Recoupment		-	32,858
Prepayments		-	12,500
Loans to Community Organisations		-	3,891
Other		3,677	798
Total Trade & Other Receivables		368,111	387,779
(c). Inventories			
Stores & Materials		495,566	238,495
Trading Stock		49,203	52,268
Total Inventories		544,769	290,763

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations	-	2,041
Total Receivables	-	2,041
Total Financial Assets	-	2,041

(b). Other Non-Current Assets

Other	49,291	-
Total Other Non-Current Assets	49,291	-

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2015					Asset Movements during the Reporting Period						as at 30/6/2016				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Reversal (via P/L)	Revaluation Decrements to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals							Dep'n	Impairment	
Land & Buildings	3	29,155,892	-	11,002,105	-	18,153,787	87,462	66,798	-	(629,549)	-	-	29,310,153	-	11,631,654	-	17,678,499
Infrastructure	3	38,308,146	-	4,836,448	-	33,471,698	1,302,452	-	-	(370,728)	-	-	39,610,598	-	5,207,176	-	34,403,422
- CWMS	3	3,791,218	-	1,010,350	-	2,780,868	-	54,375	-	(61,379)	-	-	3,845,593	-	1,071,729	-	2,773,864
Plant & Equipment	3	2,708,711	-	1,255,612	-	1,453,099	-	241,796	(54,050)	(149,543)	-	-	2,833,007	-	1,341,705	-	1,491,302
Furniture & Fittings	3	539,628	-	266,541	-	273,087	-	13,360	-	(19,898)	-	-	552,989	-	286,439	-	266,550
Minor Plant	3	141,562	-	87,777	-	53,785	-	-	-	(9,518)	-	-	141,562	-	97,295	-	44,267
Total Infrastructure, Property, Plant & Equipment		74,645,157	-	18,458,833	-	56,186,324	1,389,914	376,329	(54,050)	(1,240,615)	-	-	76,293,901	-	19,635,998	-	56,657,903
Comparatives		72,540,674	-	18,301,984	-	54,238,690	3,624,873	205,667	(56,122)	(1,336,829)	489,957	(489,957)	74,645,157	-	18,458,833	-	56,186,324

Note 7a (ii). Investment Property

Nil

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are restated 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.

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.

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.

There is no known market for buildings, infrastructure and other assets. These assets 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

Other Information

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

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, current replacement cost is taken to be the fair value.

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.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

Plant, Furniture & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis, deriving from a valuation at 01 July 2013 at current replacement cost. Additions are recognised at cost.

Land, Land Improvements, Buildings & Other Structures

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.

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised on the cost basis, deriving from a valuation at 01 July 2013 at current replacement cost. Additions are recognised at cost. 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, deriving from a valuation at 01 July 2013 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.

Pursuant to Council's election, buildings and other structures are recognised on the cost basis, deriving from a valuation at 01 July 2013 at current replacement cost. Additions are recognised at cost.

Infrastructure

Transportation assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2013 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney's as at 01 July 2013 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2013 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2013 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

All other Assets

Pursuant to Council's election, these assets are recognised on the cost basis, deriving from a valuation at 01 July 2013 at current replacement cost. Additions are recognised at cost.

Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 8. Liabilities

\$	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
(a). Trade and Other Payables					
Goods & Services		531	-	39,521	-
Payments Received in Advance		621,738	-	778,980	-
Accrued Expenses - Employee Entitlements		-	-	32,805	-
Accrued Expenses - Finance Costs		25,658	-	28,017	-
Accrued Expenses - Other		117,574	-	117,960	-
Other		-	-	88,490	-
Total Trade and Other Payables		765,501	-	1,085,772	-

(b). Borrowings

Loans		195,966	1,307,088	206,467	1,455,066
Total Borrowings		195,966	1,307,088	206,467	1,455,066

All interest bearing liabilities are secured over the future revenues of the Council

(c). Provisions

Employee Entitlements (including oncosts)		278,382	44,008	371,010	43,641
Future Reinstatement / Restoration, etc		431,212	-	431,212	-
Other		11,590	-	-	-
Total Provisions		721,185	44,008	802,222	43,641

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 9. Reserves

\$	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
(a). Asset Revaluation Reserve					
Land & Buildings	11,438,852	-	-	-	11,438,852
Infrastructure	17,780,217	-	-	-	17,780,217
- CWMS	768,432	-	-	-	768,432
Plant & Equipment	(67,043)	-	-	-	(67,043)
Furniture & Fittings	125,382	-	-	-	125,382
Minor Plant	60,193	-	-	-	60,193
Other Assets	8,669,014	-	-	-	8,669,014
Total Asset Revaluation Reserve	38,775,047	-	-	-	38,775,047
Comparatives	39,265,004	(489,957)	-	-	38,775,047

\$	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
(b). Other Reserves					
NRM Levy	523	11	(304)	-	230
Land & Buildings	80,000	20,000	-	-	100,000
Plant Replacement	75,000	1,130	(76,130)	-	-
Other	1,077,204	16,232	(41,188)	-	1,052,248
Garbage Service Charge	72,191	48,140	-	-	120,331
Stormwater Dams	2,000	42	(42)	-	2,000
Community Trust Funds	20,810	2,062	(1,351)	-	21,521
Hawker CWMS Service Charge	168,412	3,549	(11,170)	-	160,791
Quorn CWMS Service Charge	1,049,116	22,111	(35,828)	-	1,035,399
Roads	170,000	2,562	(172,562)	-	-
Community Buses	47,000	1,262	-	-	48,262
Total Other Reserves	2,762,256	117,101	(338,575)	-	2,540,782
Comparatives	2,548,239	858,092	(644,074)	(1)	2,762,256

PURPOSES OF RESERVES

Asset Revaluation Reserves

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).

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 10. Assets Subject to Restrictions

\$	Notes	2016	2015
<p>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.</p>			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
CWMS Annual Service Charge		1,196,190	1,217,528
Garbage Annual Service Charge		120,331	72,191
NRM Levy		230	523
Unexpended Grant funds		-	88,490
Employee Entitlements		322,390	414,650
Total Cash & Financial Assets		1,639,141	1,793,382
Total Assets Subject to Externally Imposed Restrictions		1,639,141	1,793,382

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2016	2015
(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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	3,229,917	3,857,871
Less: Short-Term Borrowings	8	-	-
Balances per Statement of Cash Flows		3,229,917	3,857,871

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

Net Surplus/(Deficit)		684,635	1,796,247
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,240,615	1,336,829
Net Increase/(Decrease) in Unpaid Employee Benefits		(92,261)	37,901
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,110,000)	(1,905,000)
Net (Gain) Loss on Disposals		9,959	4,940
		732,948	1,270,916
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		15,776	(73,931)
Net (Increase)/Decrease in Inventories		(254,006)	312,159
Net (Increase)/Decrease in Other Current Assets		(49,291)	-
Net Increase/(Decrease) in Trade & Other Payables		(320,271)	577,143
Net Increase/(Decrease) in Other Provisions		11,590	1
Net Cash provided by (or used in) operations		136,747	2,086,289

(c). Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	8,000	8,000
LGFA Cash Advance Debenture Facility	1,000,000	1,000,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
\$										
Administration	2,914,047	2,871,536	255,508	342,549	2,658,539	2,528,987	1,218,241	1,226,353	-	-
Public Order & Health	1,675	1,288	35,621	45,358	(33,946)	(44,070)	-	3,000	-	-
Social Security & Welfare	6,563	14,845	25,886	38,431	(19,323)	(23,586)	-	-	-	-
Community Amenities	480,773	505,066	824,983	921,184	(344,210)	(416,118)	909	-	-	-
Recreation & Culture	71,100	136,099	1,260,560	1,165,243	(1,189,460)	(1,029,144)	1,112	79,667	-	-
Agricultural Services	37,685	38,439	41,234	39,295	(3,549)	(856)	4,022	4,856	-	-
Regulatory Services	39,953	95,719	186,149	108,701	(146,196)	(12,982)	-	-	-	-
Transport & Communication	304,857	319,916	1,078,379	1,246,292	(773,522)	(926,376)	304,857	293,484	-	-
Economic Development	240,098	225,580	450,967	425,800	(210,869)	(200,220)	-	2,500	-	-
Not Elsewhere Classified	264,730	165,810	428,314	100,236	(163,584)	65,574	55,544	10,537	-	-
Works Overheads	-	-	189,286	45,022	(189,286)	(45,022)	-	-	-	-
Other Functions/Activities	-	-	-	-	-	-	-	-	60,849,991	60,724,777
Total Functions/Activities	4,361,481	4,374,298	4,776,887	4,478,111	(415,406)	(103,813)	1,584,685	1,620,397	60,849,991	60,724,777

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 12b. Components of Functions

\$

The activities relating to Council functions are as follows:

COUNCIL ADMINISTRATION

Governance, Administration NEC., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, 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 & HEALTH

Immunisation, Fire Protection, Vandalism, ESL, SES/CFS support

SOCIAL SECURITY & WELFARE

Northern Passenger Transport Scheme, Youth Advisory Council, Youth programs, Community Buses, Aged Homes support, Hospitals support, Community support programs

COMMUNITY AMENITIES

Waste collection and disposal, Cemeteries/Crematoria, Public Conveniences, Street Cleaning, Heritage Advisor, CWMS

RECREATION & CULTURE

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Indoor, Swimming Centres – Outdoor, and Other Recreation. Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services, Civic & community Halls

AGRICULTURAL SERVICES

NRM Levy, Corella Control, Animal & Pest Plant expenditure

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

TRANSPORT & COMMUNICATION

Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), Drainage, Signs, guide posts, line marking

ECONOMIC DEVELOPMENT

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development, VIC, Art & craft Shop

NOT ELSEWHERE CLASSIFIED (NEC)

Airstrips, shared services, advertising signs, private works, interest, Natural Disaster Mitigation

WORKS - INDIRECT

Depots, Machinery maintenance & operating costs, minor plant, WHS, signage, training,

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments

\$

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 3% (2015: 2% and 3%). Short term deposits have an average maturity of 30 days and an average interest rate of 2.0% (2015: 30 days and 2.3%).

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 0.5833% (2015: 0.6042%). 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. 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).

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments

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.

Receivables

Retirement Home Contributions

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:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

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 4.55% and 6.65% (2015: 4.55% and 6.65%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2016					
Financial Assets					
Cash & Equivalents	3,229,917	-	-	3,229,917	3,229,917
Receivables	91,350	-	-	91,350	91,350
Total Financial Assets	3,321,267	-	-	3,321,267	3,321,267

Financial Liabilities					
Payables	26,190	-	-	26,190	26,190
Current Borrowings	195,966	-	-	195,966	195,966
Non-Current Borrowings	-	1,307,088	-	1,307,088	1,307,088
Total Financial Liabilities	222,156	1,307,088	-	1,529,244	1,529,244

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2015					
Financial Assets					
Cash & Equivalents	3,857,871	-	-	3,857,871	3,857,871
Receivables	350,655	-	-	350,655	383,513
Other Financial Assets	3,434	2,873	-	6,307	6,307
Total Financial Assets	4,211,960	2,873	-	4,214,833	4,247,691

Financial Liabilities					
Payables	1,052,914	-	-	1,052,914	1,085,232
Current Borrowings	206,467	-	-	206,467	206,467
Non-Current Borrowings	-	1,455,065	-	1,455,065	1,455,066
Total Financial Liabilities	1,259,381	1,455,065	-	2,714,446	2,746,765

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

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.90%	1,503,054	5.90%	1,661,533
		1,503,054		1,661,533

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$

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.

Note 14. Commitments for Expenditure

\$	Notes	2016	2015
----	-------	------	------

(a). Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	76,000	-
Employee Remuneration Contracts	576,000	1,053,722
	652,000	1,053,722

These expenditures are payable:

Not later than one year	307,000	435,806
Later than one year and not later than 5 years	345,000	617,916
Later than 5 years	-	-
	652,000	1,053,722

(b). Finance Lease Commitments

Council has no Finance Leases.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2016	2016	2015	2014

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.

1. Operating Surplus Ratio

Operating Surplus	(415,406)	(10%)	(2%)	(3%)
Total Operating Revenue	4,361,481			

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

1a. Adjusted Operating Surplus Ratio

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.	(1,192,952)	(33%)	13%	(3%)
	3,583,935			

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(564,280)	(13%)	(15%)	(23%)
Total Operating Revenue	4,361,481			

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.

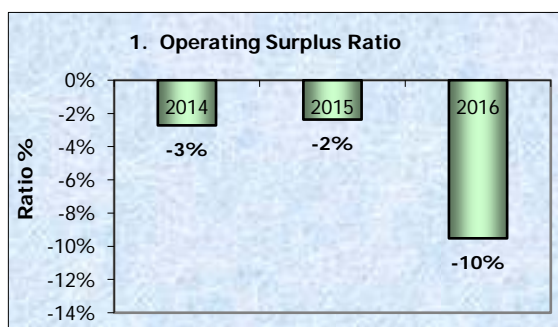
3. Asset Sustainability Ratio

Net Asset Renewals	332,240	27%	12%	66%
Infrastructure & Asset Management Plan required expenditure	1,240,615			

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

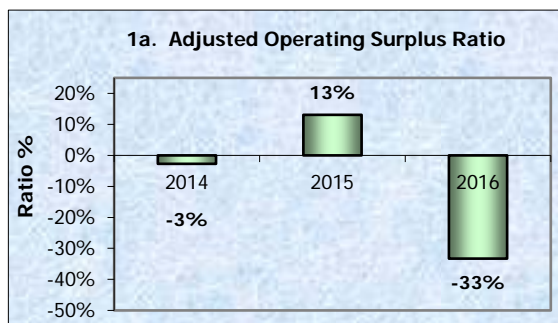
Note 15. Financial Indicators - Graphs (continued)



Purpose of Operating Surplus Ratio

This indicator is to determine the percentage the operating revenue varies from operating expenditure

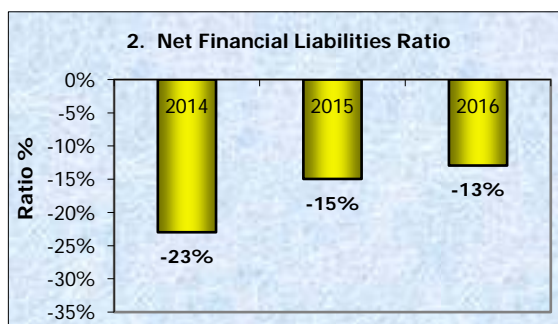
2015/16 Ratio -10%



Purpose of Adjusted Operating Surplus Ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

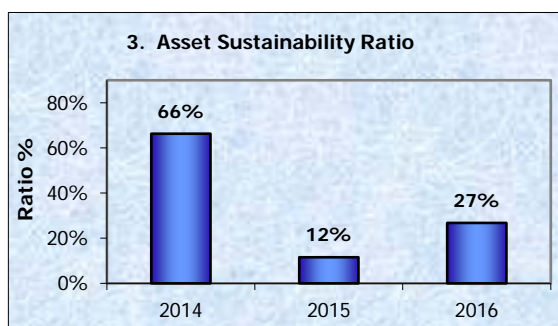
2015/16 Ratio -33%



Purpose of Net Financial Liabilities Ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

2015/16 Ratio -13%



Purpose of Asset Sustainability Ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

2015/16 Ratio 27%

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 16. Uniform Presentation of Finances

\$	2016	2015
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	4,361,481	4,374,298
less Expenses	(4,776,887)	(4,478,110)
Operating Surplus / (Deficit)	(415,406)	(103,812)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	376,329	205,667
less Depreciation, Amortisation and Impairment	(1,240,615)	(1,336,829)
less Proceeds from Sale of Replaced Assets	(44,090)	(51,182)
Subtotal	(908,376)	(1,182,344)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	1,389,914	3,624,873
less Amounts Received Specifically for New and Upgraded Assets	(1,110,000)	(1,905,000)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	279,914	1,719,873
Net Lending / (Borrowing) for Financial Year	213,056	(641,341)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 17. Operating Leases

\$	2016	2015
----	------	------

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.

(i) 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

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

Not later than one year	4,000	4,000
Later than one year and not later than 5 years	16,000	16,000
Later than 5 years	4,000	8,000
	<u>24,000</u>	<u>28,000</u>

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 18. 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 2015/16; 9.50% in 2014/15). 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 2014/15) 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

Note 19. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

As reported in the Financial 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 the 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 1262 km of road reserves of average width 8 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$49,291 (2015: \$5,932) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 20. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 08/11/16.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 21. Reconciliation of Grants Received

\$	Notes	Opening Balance	Movements Received	Expended	Closing Balance
Grants					
General Purpose - Commonwealth					
Grants Commission Grant - General Purpose		-	1,218,241	(1,218,241)	-
Grants Commission Grant - Local Roads		-	290,351	(290,351)	-
Total General Purpose Grants		-	1,508,592	(1,508,592)	-
Specific Purpose					
Quorn Pool Upgrade		-	5,000	(5,000)	-
Water Security Plan		14,505	-	(14,505)	-
Libraries		-	1,112	(1,112)	-
Corella Management Plan		4,022	-	(4,022)	-
Security Cameras		36,212	-	(36,212)	-
Video Conferencing		33,751	-	(33,751)	-
KEB Recycle Bins		-	909	(909)	-
Total Specific Purpose Grants		88,490	7,021	(95,511)	-
Total Other Grants		88,490	1,515,613	(1,604,103)	-
Comparatives		106,050	3,507,837	(3,525,397)	88,490
Grants Specifically for New/Upgraded Assets					
Specific Purpose					
Roads to Recovery		-	1,105,000	(1,105,000)	-
Total Grants Specifically for New/Upgraded Assets		-	1,105,000	(1,105,000)	-
Comparatives		-	1,060,000	(1,060,000)	-
Recognised as revenue in advance of expenditure		-			-
Current receivable - Other levels of Government	5	-			-
		-			-

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

Note 22. Material Budget Variations

\$

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual Results for the year as per the Income Statement - even though such variations may have been adjusted for during each Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$	2016 Budget	2016 Actual	2016 ----- Variance* -----	
REVENUES				
Rates Revenues	2,128,100	2,094,411	(33,689)	(2%) U
Statutory Charges	32,100	36,252	4,152	13% F
Full-time General Inspector appointed which increased compliance				
User Charges	79,800	83,328	3,528	4% F
Grants, Subsidies & Contributions	1,803,400	1,584,685	(218,715)	(12%) U
Grant for Warren Gorge and Skate Parks not successful - offset by expense not being paid.				
Investment Income	74,100	95,035	20,935	28% F
Cash flow improved due to funds allocated for Council share of grant projects not being spent.				
Reimbursements	64,200	81,479	17,279	27% F
Additional rebates paid by LGAWCS, LGAMLS & LGAAMF				
Other Income	55,700	386,292	330,592	594% F
Commercial income from FRVIC				
EXPENSES				
Employee Costs	1,500,300	1,232,343	(267,957)	(18%) U
Personnel lost through natural attrition were not replaced pending shared service arrangements with PACC				
Materials, Contracts & Other Expenses	2,438,100	2,211,089	(227,011)	(9%) U
Depreciation, Amortisation & Impairment	1,314,400	1,240,615	(73,785)	(6%) U
Finance Costs	99,000	92,840	(6,160)	(6%) U
CAPITAL REVENUES / EXPENSES				
Asset Disposal & Fair Value Adjustments	-	(9,959)	(9,959)	0% U
Amounts Received for New/Upgraded Assets	893,300	1,110,000	216,700	24% F
Additional monies received from RTR due to recovery of additional costs				

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 23. Financial Commentary & Review

\$

Key Financial Figures of Council over the past 5 years

Financial Performance Figures	2016	2015	2014	2013	2012
Inflows:					
Rates	2,094,411	2,050,969	1,894,640	1,750,311	1,585,520
Statutory Charges	36,252	34,897	33,001	40,092	32,137
User Charges	83,328	80,106	77,138	75,179	74,563
Grants, Subsidies & Contributions	1,584,685	1,620,397	1,729,589	1,594,883	2,220,024
Investment Income	95,035	95,900	113,427	132,601	182,113
Total Income from Continuing Operations	4,361,481	4,374,298	4,280,814	4,070,512	4,571,995
Sale Proceeds from I,PP&E	1,154,090	1,956,182	1,128,636	868,907	1,670,868
New Loan Borrowings & Advances	-	750,000	-	-	-
Outflows:					
Employee Costs	1,232,343	1,526,121	1,446,585	1,338,917	1,272,064
Materials, Contracts & Other Expenses	2,211,089	1,520,454	1,604,679	1,787,657	1,600,366
Finance Costs	92,840	94,707	77,864	81,275	83,948
Total Expenses from Continuing Operations	4,776,887	4,478,110	4,397,368	4,059,810	3,752,479
Total Cash purchases of I,PP&E	(1,766,243)	(3,830,542)	(2,318,666)	(1,561,768)	(2,510,987)
Total Loan Repayments (incl. Finance Leases)	(158,479)	(130,039)	(58,520)	(57,866)	(69,203)
Operating Surplus/(Deficit) (excl. Capital Income)	(415,406)	(103,813)	(116,554)	10,702	819,516
Financial Position Figures	2016	2015	2014	2013	2012
Current Assets	4,142,797	4,536,412	3,938,316	4,633,943	4,432,184
Current Liabilities	1,682,652	2,094,461	1,332,745	1,944,974	1,858,373
Net Current Assets	2,460,145	2,441,952	2,605,571	2,688,969	2,573,811
Cash & Investments	3,229,917	3,857,871	3,022,172	3,818,974	3,867,328
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	1,503,054	1,661,533	1,041,572	1,100,092	1,157,958
Total Value of I,PP&E (excl. Land & Land Imp'ts)	76,293,901	74,645,157	72,540,674	61,588,449	59,892,867
Total Accumulated Depreciation	19,635,998	18,458,833	18,301,984	16,159,791	15,345,510
Indicative Remaining Useful Life (as a % of GBV)	74%	75%	75%	74%	74%

Source: Published audited financial statements of Council (current year & prior year)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 24. Council Information & Contact Details

Principal Place of Business:

1 Seventh Street
QUORN SA 5433

Contact Details

Mailing Address:

PO Box 43
QUORN SA 5433

Opening Hours:

Monday to Friday - 9:00am to 5:00pm
Saturday & Sunday - Closed
Public Holidays - Closed

Telephone: 08 8620 0500

Internet: www.frc.sa.gov.au

Email: council@frc.sa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Colin Davies

PUBLIC OFFICER

Colin Davies

AUDITORS

Galpins Accountants, Auditors and Business Consultants
PO Box 4067, Norwood South SA 5067

Elected Members

MAYOR

Peter Slattery

COUNCILLORS

Cr Ken Anderson
Cr Mopsy Daniel
Cr Nicole Downing
Cr Greg Flint
Cr Julian Hipwell
Cr Scott Reubenicht
Cr Clinton Ryks-Jones
Cr Garry Thompson

Other Information

ABN: 43 952 255 151



Accountants, Auditors
& Business Consultants

David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CPA

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e admin@galpins.com.au

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f 08 8339 1266
e stirling@galpins.com.au

Norwood
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p 08 8332 3433
f 08 8332 3466
e norwood@galpins.com.au

w www.galpins.com.au

ABN 30 630 511 757

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under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE THE FLINDERS RANGES COUNCIL

Report on the Financial Report

We have audited the accompanying financial report of the Flinders Ranges Council, which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Flinders Ranges Council.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial report that gives a true and fair view 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 Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Audit Opinion

In our opinion, the financial report of the Flinders Ranges Council for the year ended 30 June 2016 is properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the Council's state of affairs as at 30 June 2016 and its operating result and cash flows for the year ended on that date; and
 - (ii) the other matters required by Division IV of the Local Government Act 1999 to be dealt with in the accounts;
- (b) in accordance with the provisions of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler, CA Registered Company Auditor
Partner

08/11/2016



Accountants, Auditors
& Business Consultants

David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CPA

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE THE FLINDERS RANGES COUNCIL

Independent Assurance Report on the Internal Controls of the Flinders Ranges Council

We have audited the compliance of the Flinders Ranges Council (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Independence

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

Opinion

In our opinion, the Flinders Ranges Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler, CA Registered Company Auditor
Partner

08/11/2016

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2016

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Flinders Ranges Council for the year ended 30 June 2016, 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*.



Colin Davies
CHIEF EXECUTIVE OFFICER



Richard Perkins
PRESIDING MEMBER, AUDIT COMMITTEE

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2016

Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2016, 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*.



Tim Muhlhausler
Galpins Accountants, Auditors and Business Consultants

Dated this 8th day of November 2016.