

# The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

---

*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 2015

Contents	Page
<b>1. Council Certificate</b>	2
<b>2. Understanding Council's Financial Statements</b>	3
<b>3. Primary Financial Statements:</b>	
- Statement of Comprehensive Income	4
- Statement of Financial Position	5
- Statement of Changes in Equity	6
- Statement of Cash Flows	7
<b>4. Notes to the Financial Statements</b>	8
<b>5. Independent Auditor's Report - Financial Statements</b>	45
<b>6. Certificates of Audit Independence</b>	
- Council Certificate of Audit Independence	46
- Audit Certificate of Audit Independence	47

## The Flinders Ranges Council

### General Purpose Financial Statements for the year ended 30 June 2015

#### Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

**In our opinion:**

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



Colin Davies  
CHIEF EXECUTIVE OFFICER



Peter Slattery  
MAYOR

**Date:** 7/9/15

# The Flinders Ranges Council

## General Purpose Financial Statements for the year ended 30 June 2015

### 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 2015.

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 2015

\$	Notes	2015	2014
<b>Income</b>			
Rates Revenues	2a	2,050,969	1,894,640
Statutory Charges	2b	34,897	33,001
User Charges	2c	80,106	77,138
Grants, Subsidies and Contributions	2g	1,620,397	1,729,589
Investment Income	2d	95,900	113,427
Reimbursements	2e	104,006	63,982
Other Income	2f	388,024	369,037
<b>Total Income</b>		<b>4,374,298</b>	<b>4,280,814</b>
<b>Expenses</b>			
Employee Costs	3a	1,526,121	1,446,585
Materials, Contracts & Other Expenses	3b	1,520,454	1,604,679
Depreciation, Amortisation & Impairment	3c	1,336,829	1,268,240
Finance Costs	3d	94,707	77,864
<b>Total Expenses</b>		<b>4,478,110</b>	<b>4,397,368</b>
<b>Operating Surplus / (Deficit)</b>		<b>(103,813)</b>	<b>(116,554)</b>
Asset Disposal & Fair Value Adjustments	4	(4,940)	(61,314)
Amounts Received Specifically for New or Upgraded Assets	2g	1,905,000	1,067,000
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>1,796,247</b>	<b>889,132</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(489,957)	7,882,556
<b>Total Other Comprehensive Income</b>		<b>(489,957)</b>	<b>7,882,556</b>
<b>Total Comprehensive Income</b>		<b>1,306,290</b>	<b>8,771,688</b>

<sup>1</sup> Transferred to Equity Statement

# The Flinders Ranges Council

## Statement of Financial Position

as at 30 June 2015

\$	Notes	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	3,857,871	3,022,172
Trade & Other Receivables	5b	387,779	313,222
Inventories	5d	290,763	602,922
<b>Total Current Assets</b>		<b>4,536,412</b>	<b>3,938,316</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	2,041	6,476
Infrastructure, Property, Plant & Equipment	7a	56,186,324	54,238,690
<b>Total Non-Current Assets</b>		<b>56,188,365</b>	<b>54,245,166</b>
<b>TOTAL ASSETS</b>		<b>60,724,777</b>	<b>58,183,482</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	1,085,772	508,629
Borrowings	8b	206,467	62,401
Provisions	8c	802,222	761,715
<b>Total Current Liabilities</b>		<b>2,094,461</b>	<b>1,332,745</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	1,455,066	979,171
Provisions	8c	43,641	46,247
<b>Total Non-Current Liabilities</b>		<b>1,498,707</b>	<b>1,025,418</b>
<b>TOTAL LIABILITIES</b>		<b>3,593,168</b>	<b>2,358,163</b>
<b>Net Assets</b>		<b>57,131,609</b>	<b>55,825,319</b>
<b>EQUITY</b>			
Accumulated Surplus		15,594,306	14,012,076
Asset Revaluation Reserves	9a	38,775,047	39,265,004
Other Reserves	9c	2,762,256	2,548,239
<b>Total Council Equity</b>		<b>57,131,609</b>	<b>55,825,319</b>

# The Flinders Ranges Council

## Statement of Changes in Equity for the year ended 30 June 2015

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
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
Other Comprehensive Income		-	(489,957)	-	(489,957)
Total Comprehensive Income		1,796,247	(489,957)	-	1,306,290
b. 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
2014					
Balance at the end of previous reporting period		12,979,663	31,382,448	2,691,520	47,053,631
a. Net Surplus / (Deficit) for Year		889,132	-	-	889,132
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	7,882,556	-	7,882,556
Other Comprehensive Income		-	7,882,556	-	7,882,556
Total Comprehensive Income		889,132	7,882,556	-	8,771,688
c. Transfers between Reserves		143,281	-	(143,281)	-
Balance at the end of period		14,012,076	39,265,004	2,548,239	55,825,319

# The Flinders Ranges Council

## Statement of Cash Flows

for the year ended 30 June 2015

\$	Notes	2015	2014
<b>Cash Flows from Operating Activities</b>			
<b><u>Receipts</u></b>			
Operating Receipts		5,482,169	3,707,729
Investment Receipts		95,900	114,821
<b><u>Payments</u></b>			
Operating Payments to Suppliers and Employees		(3,425,090)	(3,272,125)
Finance Payments		(66,689)	(101,942)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>2,086,289</b>	<b>448,483</b>
<b>Cash Flows from Investing Activities</b>			
<b><u>Receipts</u></b>			
Amounts Received Specifically for New/Upgraded Assets		1,905,000	1,067,000
Sale of Replaced Assets		51,182	61,636
Repayments of Loans by Community Groups		3,809	3,265
<b><u>Payments</u></b>			
Expenditure on Renewal/Replacement of Assets		(205,667)	(902,571)
Expenditure on New/Upgraded Assets		(3,624,875)	(1,416,095)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(1,870,551)</b>	<b>(1,186,765)</b>
<b>Cash Flows from Financing Activities</b>			
<b><u>Receipts</u></b>			
Proceeds from Borrowings		750,000	-
<b><u>Payments</u></b>			
Repayments of Borrowings		(130,039)	(58,520)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>619,961</b>	<b>(58,520)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>835,700</b>	<b>(796,802)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	3,022,172	3,818,974
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>3,857,872</b>	<b>3,022,172</b>



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	9
2	Income	15
3	Expenses	18
4	Asset Disposal & Fair Value Adjustments	19
	<b>Current Assets</b>	
5a	Cash & Cash Equivalents	20
5b	Trade & Other Receivables	20
5c	Inventories	20
	<b>Non-Current Assets</b>	
6a	Financial Assets	20
	<b>Fixed Assets</b>	
7a	Infrastructure, Property, Plant & Equipment	21
7b	Valuation of Infrastructure, Property, Plant & Equipment	22
	<b>Liabilities</b>	
8a	Trade & Other Payables	26
8b	Borrowings	26
8c	Provisions	26
	<b>Reserves</b>	
9a	Asset Revaluation Reserve	27
9b	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	37
15	Financial Indicators	38
16	Uniform Presentation of Finances	40
17	Operating Leases	41
18	Superannuation	42
19	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	43
20	Events After the Balance Sheet Date	43
21	Reconciliation of Grants Received	44

n/a - not applicable

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### 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 7 September 2015.

##### 1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

##### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

##### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

#### 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 2015

### 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 2015

### 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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### 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 (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

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 2015

### 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 2015

### 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 2015

### Note 2. Income

\$	Notes	2015	2014
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		1,581,966	1,462,476
Less: Mandatory Rebates		(56,253)	(40,865)
Less: Discretionary Rebates, Remissions & Write Offs		-	(30,478)
<b>Total General Rates</b>		<b>1,525,713</b>	<b>1,391,133</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		33,583	33,042
Waste Collection		231,615	212,240
Community Wastewater Management Systems		236,745	234,300
<b>Total Other Rates</b>		<b>501,943</b>	<b>479,582</b>
<b>Other Charges</b>			
Penalties for Late Payment		24,018	23,925
<b>Total Other Charges</b>		<b>24,018</b>	<b>23,925</b>
Less: Discretionary Rebates, Remissions & Write Offs		(706)	-
<b>Total Rates Revenues</b>		<b>2,050,969</b>	<b>1,894,640</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		14,421	11,801
Town Planning Fees		-	3,907
Health & Septic Tank Inspection Fees		4,569	-
Animal Registration Fees & Fines		12,630	12,689
Other Licences, Fees & Fines		3,277	4,604
<b>Total Statutory Charges</b>		<b>34,897</b>	<b>33,001</b>
<b>(c). User Charges</b>			
Cemetery/Crematoria Fees		18,768	19,723
Hall & Equipment Hire		9,854	7,526
Swimming Pools		25,086	26,750
Community Bus Hire		6,766	3,315
Waste Management		17,938	18,553
Airport Fees		216	160
Sundry		1,477	1,111
<b>Total User Charges</b>		<b>80,106</b>	<b>77,138</b>



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 2. Income (continued)

\$	Notes	2015	2014
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		92,966	104,116
- Banks & Other		2,154	8,361
- Loans to Community Groups		780	950
<b>Total Investment Income</b>		<b>95,900</b>	<b>113,427</b>
<b>(e). Reimbursements</b>			
Private Works		11,345	14,334
Shared Services Fees		73,444	15,284
Other		19,217	34,364
<b>Total Reimbursements</b>		<b>104,006</b>	<b>63,982</b>
<b>(f). Other Income</b>			
Insurance & Other Recoupments - Infrastructure, IPP&E		32,410	-
Rebates Received		23,096	27,386
Commercial Income		11,888	19,369
Donations		7,295	27,071
Sundry		78,107	78,594
Outback Community Authority		16,238	15,319
FRVIC		218,989	201,298
<b>Total Other Income</b>		<b>388,024</b>	<b>369,037</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		1,905,000	1,067,000
Other Grants, Subsidies and Contributions		1,620,397	1,729,589
<b>Total Grants, Subsidies, Contributions</b>		<b>3,525,397</b>	<b>2,796,589</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		3,159,504	2,741,780
State Government		354,500	44,809
Other		11,393	10,000
<b>Total</b>		<b>3,525,397</b>	<b>2,796,589</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 2. Income (continued)

\$	Notes	2015	2014
<b>(h). Conditions over Grants &amp; Contributions</b>			
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:			
<b>Unexpended at the close of the previous reporting period</b>		106,050	17,680
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Heritage & Cultural Services		(945,560)	(72,673)
<b>Subtotal</b>		<b>(945,560)</b>	<b>(72,673)</b>
<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	161,043
<b>Subtotal</b>		<b>928,000</b>	<b>161,043</b>
<b>Unexpended at the close of this reporting period</b>		<b>88,490</b>	<b>106,050</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>(17,560)</b>	<b>88,370</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 3. Expenses

\$	Notes	2015	2014
<b>(a). Employee Costs</b>			
Salaries and Wages		1,363,540	1,181,705
Employee Leave Expense		108,725	137,776
Superannuation - Defined Contribution Plan Contributions	18	46,186	45,145
Superannuation - Defined Benefit Plan Contributions	18	74,178	72,073
Workers' Compensation Payments		16,952	-
Workers Compensation Insurance		80,404	82,111
Less: Capitalised and Distributed Costs		(163,865)	(72,225)
<b>Total Operating Employee Costs</b>		<b>1,526,121</b>	<b>1,446,585</b>
Total Number of Employees (full time equivalent at end of reporting period)		20	21
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		8,500	8,500
Elected Members' Expenses		81,702	74,354
Election Expenses		7,202	468
<b>Subtotal - Prescribed Expenses</b>		<b>97,403</b>	<b>83,322</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		414,453	521,754
Energy - Fuel & Power		107,162	288,647
Individually Significant Items		79,642	25,611
Legal Expenses		52,133	91,959
Levies Paid to Government - NRM levy		33,587	32,853
Levies - Other		4,089	22,252
Parts, Accessories & Consumables		56,883	36,864
Professional Services		6,304	3,456
Sundry		338,282	550,929
Waste Management		245,631	313,656
Insurance		115,474	67,100
Vehicle Maintenance		99,560	125,996
FBT		20,016	8,652
FRVIC		209,254	211,972
Quorn Swimming Pool Contract		1,603,955	-
Rubble / Crushed Rock		212,273	-
Road Construction & Maintenance		1,246,292	950,904
Less: Capitalised and Distributed Costs		(3,421,938)	(1,731,248)
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>1,423,051</b>	<b>1,521,357</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>1,520,454</b>	<b>1,604,679</b>
<b>(iii) Individually significant items</b>			
Flood Damage Repairs ( Own Funds - No State Government Support)		79,642	25,611

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 3. Expenses (continued)

\$	Notes	2015	2014
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Land & Buildings		651,687	643,448
Infrastructure		421,112	346,773
- CWMS		61,379	61,019
Plant & Equipment		157,033	161,784
Furniture & Fittings		34,566	43,979
Minor Plant		11,052	11,237
<b>Subtotal</b>		<b>1,336,829</b>	<b>1,268,240</b>
<b>(ii) Impairment</b>			
Nil			
<b>Total Depreciation, Amortisation and Impairment</b>		<b>1,336,829</b>	<b>1,268,240</b>
<b>(d). Finance Costs</b>			
Interest on Overdraft and Short-Term Drawdown		97	-
Interest on Loans		94,609	77,864
<b>Total Finance Costs</b>		<b>94,707</b>	<b>77,864</b>

### Note 4. Asset Disposal & Fair Value Adjustments

<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		51,182	61,636
Less: Carrying Amount of Assets Sold		(56,122)	(122,950)
<b>Gain (Loss) on Disposal</b>		<b>(4,940)</b>	<b>(61,314)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(4,940)</b>	<b>(61,314)</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 5. Current Assets

\$	Notes	2015	2014
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		44,169	28,092
Deposits at Call		1,563,702	494,080
Short Term Deposits & Bills, etc.		2,250,000	2,500,000
<b>Total Cash &amp; Cash Equivalents</b>		<b>3,857,871</b>	<b>3,022,172</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		253,824	255,723
Accrued Interest		20,766	25,486
Debtors - General		63,142	28,748
GST Recoupment		32,858	-
Prepayments		12,500	-
Loans to Community Organisations		3,891	3,265
Other		798	-
<b>Subtotal</b>		<b>387,779</b>	<b>313,222</b>
Less: Allowance for Doubtful Debts		-	-
<b>Total Trade &amp; Other Receivables</b>		<b>387,779</b>	<b>313,222</b>
<b>(c). Inventories</b>			
Stores & Materials		238,495	551,783
Trading Stock		52,268	51,139
<b>Total Inventories</b>		<b>290,763</b>	<b>602,922</b>

### Note 6. Non-Current Assets

#### (a). Financial Assets

##### Receivables

Loans to Community Organisations	2,041	6,476
<b>Total Receivables</b>	<b>2,041</b>	<b>6,476</b>
<b>Total Financial Assets</b>	<b>2,041</b>	<b>6,476</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

Note 7a. Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015				
		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)	Revaluation Increments 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	28,875,425	-	11,490,755	-	17,384,670	1,891,919	18,842		(651,687)	489,957	(489,957)	-	29,155,892	-	11,002,105	-	18,153,787
Infrastructure	3	36,600,015	-	4,415,336	-	32,184,679	1,708,130	-	-	(421,112)	-	-	-	38,308,146	-	4,836,448	-	33,471,698
- CWMS	3	3,766,395	-	948,972	-	2,817,423	24,824	-	-	(61,379)	-	-	-	3,791,218	-	1,010,350	-	2,780,868
Plant & Equipment	3	2,634,463	-	1,136,768	-	1,497,695	-	167,411	(54,975)	(157,033)	-	-	-	2,708,711	-	1,255,612	-	1,453,099
Furniture & Fittings	3	520,214	-	231,975	-	288,239	-	19,414	-	(34,566)	-	-	-	539,628	-	266,541	-	273,087
Minor Plant	3	144,162	-	78,178	-	65,984	-	-	(1,147)	(11,052)	-	-	-	141,562	-	87,777	-	53,785
Total Infrastructure, Property, Plant & Equipment		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
Comparatives		59,897,863	1,690,586	16,159,791	-	45,428,658	1,155,097	1,163,569	(122,950)	(1,268,240)	-	-	7,882,556	72,540,674	-	18,301,984	-	54,238,690

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

### 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 2015

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

##### Highest and best use

The following non financial assets of Council are being utilised at other than their 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.



## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

---

\$

---

#### Valuation of Assets (continued)

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

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

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

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

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### 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.

##### 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. 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 at fair value being written down replacement cost.

##### Infrastructure

Transportation assets were valued by Maloneys at written down current replacement cost during the reporting period ended 30 June 2015 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 Maloneys as at 30 June 2015 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2015 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 Maloneys at written down current replacement cost during the reporting period ended 30 June 2015 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. 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 2015

### Note 8. Liabilities

\$	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		39,521	-	372,591	-
Payments Received in Advance		778,980	-	198	-
Accrued Expenses - Employee Entitlements		32,805	-	9,838	-
Accrued Expenses - Finance Costs		28,017	-	-	-
Accrued Expenses - Other		117,960	-	19,952	-
Other		88,490	-	106,050	-
<b>Total Trade and Other Payables</b>		<b>1,085,772</b>	<b>-</b>	<b>508,629</b>	<b>-</b>
<b>(b). Borrowings</b>					
Loans		206,467	1,455,066	62,401	979,171
<b>Total Borrowings</b>		<b>206,467</b>	<b>1,455,066</b>	<b>62,401</b>	<b>979,171</b>
All interest bearing liabilities are secured over the future revenues of the Council					
<b>(c). Provisions</b>					
Employee Entitlements (including oncosts)		371,010	43,641	330,503	46,247
Future Reinstatement / Restoration, etc		431,212	-	431,212	-
<b>Total Provisions</b>		<b>802,222</b>	<b>43,641</b>	<b>761,715</b>	<b>46,247</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 9. Reserves

\$	1/7/2014	Increments (Decrements)	Transfers	Impairments	30/6/2015
<b>(a). Asset Revaluation Reserve</b>					
Land & Buildings	11,928,809	(489,957)	-	-	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
<b>Total Asset Revaluation Reserve</b>	<b>39,265,004</b>	<b>(489,957)</b>	<b>-</b>	<b>-</b>	<b>38,775,047</b>
<b>Comparatives</b>	<b>31,382,448</b>	<b>7,882,556</b>	<b>-</b>	<b>-</b>	<b>39,265,004</b>

\$	1/7/2014	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2015
<b>(b). Other Reserves</b>					
NRM Levy	528	14	(18)	(1)	523
Land & Buildings	63,640	16,360	-	-	80,000
Plant Replacement	75,228	2,003	(2,231)	-	75,000
Other	1,435,965	-	(358,761)	-	1,077,204
Garbage Service Charge	23,656	48,535	-	-	72,191
Stormwater Dams	22,315	-	(20,315)	-	2,000
Hawker Swimming Pool	2,153	-	(2,153)	-	-
Community Trust Funds	19,982	828	-	-	20,810
Quorn Swimming Pool	53,833	-	(53,833)	-	-
Hawker CWMS Service Charge	159,010	9,402	-	-	168,412
Quorn CWMS Service Charge	360,466	779,562	(90,912)	-	1,049,116
Airstrips	6,036	161	(6,197)	-	-
Roads	279,328	-	(109,328)	-	170,000
Community Buses	46,099	1,227	(326)	-	47,000
<b>Total Other Reserves</b>	<b>2,548,239</b>	<b>858,092</b>	<b>(644,074)</b>	<b>(1)</b>	<b>2,762,256</b>
<b>Comparatives</b>	<b>2,691,520</b>	<b>119,857</b>	<b>(263,138)</b>	<b>-</b>	<b>2,548,239</b>

### 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 2015

### Note 10. Assets Subject to Restrictions

\$	Notes	2015	2014
<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>			
<b>Cash &amp; Financial Assets</b>			
<b>Unexpended amounts received from Federal Government</b>			
CWMS Annual Service Charge		1,217,528	519,476
Garbage Annual Service Charge		72,191	23,656
NRM Levy		523	528
Unexpended Grant funds		88,490	106,050
Employee Entitlements		414,650	376,750
<b>Total Cash &amp; Financial Assets</b>		<b>1,793,382</b>	<b>1,026,460</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>		<b>1,793,382</b>	<b>1,026,460</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2015	2014
<b>(a). Reconciliation of Cash</b>			
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	3,857,871	3,022,172
Less: Short-Term Borrowings	8	-	-
<b>Balances per Statement of Cash Flows</b>		<b>3,857,871</b>	<b>3,022,172</b>

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

<b>Net Surplus/(Deficit)</b>		<b>1,796,247</b>	<b>889,132</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,336,829	1,268,240
Net Increase/(Decrease) in Unpaid Employee Benefits		37,901	69,526
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,905,000)	(1,067,000)
Net (Gain) Loss on Disposals		4,940	61,314
		<b>1,270,917</b>	<b>1,221,212</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(73,931)	(10,369)
Net (Increase)/Decrease in Inventories		312,159	(90,753)
Net Increase/(Decrease) in Trade & Other Payables		577,143	(602,819)
Net Increase/(Decrease) in Other Provisions		1	(68,788)
<b>Net Cash provided by (or used in) operations</b>		<b>2,086,289</b>	<b>448,483</b>

### **(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 2015

### 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 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
\$										
Administration	2,871,536	2,744,288	342,549	350,653	2,528,987	2,393,635	1,226,353	1,224,247	-	-
Public Order & Health	1,288	-	45,358	48,518	(44,070)	(48,518)	3,000	-	-	-
Social Security & Welfare	14,845	8,956	38,431	35,428	(23,586)	(26,472)	-	-	-	-
Community Amenities	505,066	485,480	921,184	848,232	(416,118)	(362,752)	-	-	-	-
Recreation & Culture	136,099	102,986	1,165,243	1,251,628	(1,029,144)	(1,148,642)	79,667	27,796	-	-
Agricultural Services	38,439	38,163	39,295	35,948	(856)	2,215	4,856	5,122	-	-
Regulatory Services	95,719	46,025	108,701	101,020	(12,982)	(54,995)	-	-	-	-
Transport & Communication	319,916	445,486	1,246,292	950,903	(926,376)	(505,417)	293,484	426,489	-	-
Economic Development	225,580	235,168	425,800	420,317	(200,220)	(185,149)	2,500	45,935	-	-
Not Elsewhere Classified	165,810	174,262	100,236	123,872	65,574	50,390	10,537	-	-	-
Works Overheads	-	-	45,022	230,849	(45,022)	(230,849)	-	-	-	-
Other Functions/Activities	-	-	-	-	-	-	-	-	60,691,919	54,238,690
<b>Total Functions/Activities</b>	<b>4,374,298</b>	<b>4,280,814</b>	<b>4,478,111</b>	<b>4,397,368</b>	<b>(103,813)</b>	<b>(116,554)</b>	<b>1,620,397</b>	<b>1,729,589</b>	<b>60,724,777</b>	<b>54,238,690</b>

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 2015

### 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 2015

### 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:

Fixed Deposits are returning fixed interest rates between 2% and 3% (2014: 3.0% and 4.7%). Short term deposits have an average maturity of 30 days and an average interest rate of 2.3% (2014: 30 days and 2.75%).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables

##### Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

##### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

##### Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.4375% (2014: 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 2015

### 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 2015

### 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 half yearly; interest is charged at fixed rates between 4.55% and 6.65% (2014: 6.3% 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 2015

### Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
<b>2015</b>					
<b>Financial Assets</b>					
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
<b>Total Financial Assets</b>	<b>4,211,960</b>	<b>2,873</b>	<b>-</b>	<b>4,214,833</b>	<b>4,247,691</b>

<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities</b>	<b>1,259,381</b>	<b>1,455,065</b>	<b>-</b>	<b>2,714,446</b>	<b>2,746,765</b>

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
<b>2014</b>					
<b>Financial Assets</b>					
Cash & Equivalents	3,022,171	-	-	3,022,171	3,022,172
Receivables	63,975	-	-	63,975	63,975
Other Financial Assets	3,265	6,476	-	9,741	9,741
<b>Total Financial Assets</b>	<b>3,089,411</b>	<b>6,476</b>	<b>-</b>	<b>3,095,887</b>	<b>3,095,888</b>

<b>Financial Liabilities</b>					
Payables	478,839	-	-	478,839	478,839
Current Borrowings	62,401	-	-	62,401	62,401
Non-Current Borrowings	-	442,337	536,834	979,171	979,171
<b>Total Financial Liabilities</b>	<b>541,240</b>	<b>442,337</b>	<b>536,834</b>	<b>1,520,411</b>	<b>1,520,411</b>

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

	30 June 2015		30 June 2014	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.90%	1,661,533	6.6%	1,041,572
		<b>1,661,533</b>		<b>1,041,572</b>

### 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 2015

### 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.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 14. Commitments for Expenditure

\$	Notes	2015	2014
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Buildings - Quorn Swimming Pool		-	1,142,000
		<b>-</b>	<b>1,142,000</b>
<b>These expenditures are payable:</b>			
Not later than one year		-	1,142,000
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>-</b>	<b>1,142,000</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		-	8,500
Employee Remuneration Contracts		1,053,722	2,205,375
		<b>1,053,722</b>	<b>2,213,875</b>
<b>These expenditures are payable:</b>			
Not later than one year		435,806	574,500
Later than one year and not later than 5 years		617,916	1,639,375
Later than 5 years		-	-
		<b>1,053,722</b>	<b>2,213,875</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2015	2015	2014	2013

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	(103,813)	(5%)	(6%)	1%
Rates - General & Other Less NRM levy	2,017,386			

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

#### 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.

(103,813)	(5%)	(6%)	1%
2,017,386			

#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	(654,522)	(15%)	(23%)	(28%)
Total Operating Revenue	4,374,298			

*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	154,485	12%	66%	68%
Infrastructure & Asset Management Plan required expenditure	1,336,829			

*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 2015

Note 15. Financial Indicators - Graphs (continued)

<div><div><div>1. Operating Surplus Ratio</div><div><div><div>Ratio %</div><div><div><div>90.0%</div><div>70.0%</div><div>50.0%</div><div>30.0%</div><div>10.0%</div><div>-10.0%</div><div>-30.0%</div><div>-50.0%</div></div></div><div><div><div>53%</div><div>1%</div><div>-6%</div><div>-5%</div></div><div><div>2012</div><div>2013</div><div>2014</div><div>2015</div></div></div></div></div></div></div>	<div><div><div>Purpose of Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the major controllable revenue source varies from operating expenditure</div></div></div></div>	<div><div><div>2014/15 Ratio</div><div>-5%</div></div></div>
<div><div><div>1a. Adjusted Operating Surplus Ratio</div><div><div><div>Ratio %</div><div><div><div>20.0%</div><div>10.0%</div><div>0.0%</div><div>-10.0%</div><div>-20.0%</div></div></div><div><div><div>15%</div><div>1%</div><div>-6%</div><div>-5%</div></div><div><div>2012</div><div>2013</div><div>2014</div><div>2015</div></div></div></div></div></div></div>	<div><div><div>Purpose of Adjusted Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the major controllable revenue source (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div></div></div>	<div><div><div>2014/15 Ratio</div><div>-5%</div></div></div>
<div><div><div>2. Net Financial Liabilities Ratio</div><div><div><div>Ratio %</div><div><div><div>15.0%</div><div>5.0%</div><div>-5.0%</div><div>-15.0%</div><div>-25.0%</div><div>-35.0%</div><div>-45.0%</div></div></div><div><div><div>-28%</div><div>-28%</div><div>-23%</div><div>-15%</div></div><div><div>2012</div><div>2013</div><div>2014</div><div>2015</div></div></div></div></div></div></div>	<div><div><div>Purpose of Net Financial Liabilities Ratio</div><div><div>This indicator shows the significance of the net amount owed to others, compared to operating revenue</div></div></div></div>	<div><div><div>2014/15 Ratio</div><div>-15%</div></div></div>
<div><div><div>3. Asset Sustainability Ratio</div><div><div><div>Ratio %</div><div><div><div>150.0%</div><div>100.0%</div><div>50.0%</div><div>0.0%</div><div>-50.0%</div><div>-100.0%</div></div></div><div><div><div>-12%</div><div>68%</div><div>66%</div><div>12%</div></div><div><div>2012</div><div>2013</div><div>2014</div><div>2015</div></div></div></div></div></div></div>	<div><div><div>Purpose of Asset Sustainability Ratio</div><div><div>This indicator aims to determine if assets are being renewed and replaced in an optimal way</div></div></div></div>	<div><div><div>2014/15 Ratio</div><div>12%</div></div></div>



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 16. Uniform Presentation of Finances

\$	2015	2014
<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	4,374,298	4,280,814
less Expenses	(4,478,110)	(4,397,368)
<b>Operating Surplus / (Deficit)</b>	<b>(103,813)</b>	<b>(116,554)</b>
less <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	205,667	902,571
less Depreciation, Amortisation and Impairment	(1,336,829)	(1,268,240)
less Proceeds from Sale of Replaced Assets	(51,182)	(61,636)
<b>Subtotal</b>	<b>(1,182,344)</b>	<b>(427,305)</b>
less <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	3,624,873	1,416,095
less Amounts Received Specifically for New and Upgraded Assets	(1,905,000)	(1,067,000)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>1,719,873</b>	<b>349,095</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(641,342)</b>	<b>(38,344)</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 17. Operating Leases

\$	2015	2014
----	------	------

#### 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	8,000	12,000
	<b>28,000</b>	<b>32,000</b>

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

### 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 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) Members**

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

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

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

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

#### **Contributions to Other Superannuation Schemes**

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 19. Contingencies & Assets/Liabilities Not Recognised in the 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 1,262 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.

#### 2. POTENTIAL INSURANCE LOSSES (continued)

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 \$5,932 (2014: \$9,582) 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 2015, 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 20 October 2015.

**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 2015

### Note 21. Reconciliation of Grants Received

\$	Notes	Opening Balance	Movements Received	Expended	Closing Balance
<b>Grants</b>					
<b>General Purpose - Commonwealth</b>					
Grants Commission Grant - General Purpose		-	1,226,353	(1,226,353)	-
Grants Commission Grant - Local Roads		-	293,484	(293,484)	-
Grants Commission Grant - Supplemental Local Roads		-	1,060,000	(1,060,000)	-
<b>Total General Purpose Grants</b>		-	<b>2,579,837</b>	<b>(2,579,837)</b>	-
<b>Specific Purpose</b>					
LG Stimulus		79,667	-	(79,667)	-
Quorn Pool Upgrade		-	845,000	(845,000)	-
Water Security Plan		14,505	-	-	14,505
Corella Management Plan		8,878	-	(4,856)	4,022
Men's Shed		-	2,500	(2,500)	-
ANZAC Memorial - Quorn		-	2,000	(2,000)	-
ANZAC Memorial - Hawker		-	5,000	(5,000)	-
Security Cameras		-	37,500	(1,288)	36,212
YAC		3,000	-	(3,000)	-
Video Conferencing		-	36,000	(2,249)	33,751
<b>Total Specific Purpose Grants</b>		<b>106,050</b>	<b>928,000</b>	<b>(945,560)</b>	<b>88,490</b>
<b>Total Other Grants</b>		<b>106,050</b>	<b>3,507,837</b>	<b>(3,525,397)</b>	<b>88,490</b>
<b>Comparatives</b>		<b>17,680</b>	<b>1,811,779</b>	<b>(1,723,409)</b>	<b>106,050</b>
<b>Grants Specifically for New/Upgraded Assets</b>					
<b>Specific Purpose</b>					
Specific Local Roads Grant		-	1,060,000	(1,060,000)	-
<b>Total Grants Specifically for New/Upgraded Assets</b>		-	<b>1,060,000</b>	<b>(1,060,000)</b>	-
<b>Comparatives</b>		-	<b>1,067,000</b>	<b>(1,067,000)</b>	-
Recognised as revenue in advance of expenditure					-
Current receivable - Other levels of Government	5	-			-
		-			-





## **Independent Audit Report to the Members of The Flinders Ranges Council**

We have audited the accompanying financial report of The Flinders Ranges Council which comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2015.

### **Chief Executive Officer's Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

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

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

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

### **Independence**

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

### **Auditor's Opinion**

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

A handwritten signature in black ink, appearing to read 'Ian G Mc Donald'.

**Ian G Mc Donald FCA**  
**Chartered Accountant**  
**Registered Company Auditor**

Liability limited by a scheme approved under Professional Standards Legislation

Signed 5 of October 2015, at Adelaide, South Australia

234 Waymouth St  
Adelaide SA 5000

PO Box 75  
Henley Beach SA 5022

☎ 0419 620 906 / 0408 832 848  
📠 08 8356 6397

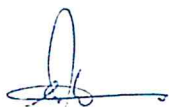
## The Flinders Ranges Council

### General Purpose Financial Statements for the year ended 30 June 2015

#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Flinders Ranges Council for the year ended 30 June 2015, the Council's Auditor, Creative Auditing Pty Ltd 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

Date: 7/9/15



**The Flinders Ranges Council**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2015**

**STATEMENT BY AUDITOR**

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

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

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

**Ian G McDonald FCA**

Dated this 8<sup>th</sup> day of September 2015

Liability limited by a scheme approved under Professional Standards Legislation