

Wattle Range Council



Annual Financial Statements 2015 - 2016



WATTLE RANGE COUNCIL

General Purpose Financial Reports for the year ended 30 June 2016

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WATTLE RANGE COUNCIL

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2016

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



Ben Gower
CHIEF EXECUTIVE OFFICER



Peter Gandolfi
MAYOR



WATTLE RANGE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
INCOME			
Rates	2	17,046	16,315
Statutory charges	2	239	232
User charges	2	1,728	1,722
Grants, subsidies and contributions	2	2,457	4,419
Investment income	2	93	27
Reimbursements	2	167	493
Other income	2	782	287
Total Income		22,512	23,495
EXPENSES			
Employee costs	3	7,532	7,168
Materials, contracts & other expenses	3	8,191	7,894
Depreciation, amortisation & impairment	3	4,626	4,455
Finance costs	3	602	678
Total Expenses		20,951	20,195
OPERATING SURPLUS / (DEFICIT)		1,561	3,300
Asset disposal & fair value adjustments	4	(171)	(591)
Amounts received specifically for new or upgraded assets	2	741	688
NET SURPLUS / (DEFICIT)		2,131	3,397
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	35,449	12,094
Impairment (expense) / recoupments offset to asset revaluation reserve	9	(85)	-
Total Other Comprehensive Income		35,364	12,094
TOTAL COMPREHENSIVE INCOME		37,495	15,491

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



WATTLE RANGE COUNCIL

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,591	3,610
Trade & other receivables	5	1,478	972
Inventories	5	457	405
Total Current Assets		6,526	4,987
Non-current Assets			
Financial Assets	6	369	405
Infrastructure, Property, Plant & Equipment	7	200,245	164,989
Total Non-current Assets		200,614	165,394
Total Assets		207,140	170,381
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	2,421	2,047
Borrowings	8	1,115	1,243
Provisions	8	1,638	1,653
Total Current Liabilities		5,174	4,943
Non-current Liabilities			
Borrowings	8	7,407	8,407
Provisions	8	209	176
Total Non-current Liabilities		7,616	8,583
Total Liabilities		12,790	13,526
NET ASSETS		194,350	156,855
EQUITY			
Accumulated Surplus		63,238	61,321
Asset Revaluation Reserves	9	130,070	94,706
Other Reserves	9	1,042	828
TOTAL EQUITY		194,350	156,855

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



WATTLE RANGE COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2016	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		61,321	94,706	828	156,855
Restated opening balance		61,321	94,706	828	156,855
Net Surplus / (Deficit) for Year		2,131	-	-	2,131
<u>Other Comprehensive Income</u>					
Gain on revaluation of infrastructure, property, plant & equipment		-	35,449	-	35,449
Impairment (expense)/ recoupments offset to asset revaluation reserve			(85)		(85)
Transfers between reserves		(214)	-	214	-
Balance at end of period		63,238	130,070	1,042	194,350

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Statement of Change in Equity Statement (Cont)

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2015	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		57,960	82,612	792	141,364
Restated opening balance		57,960	82,612	792	141,364
Net Surplus / (Deficit) for Year		3,397	-	-	3,397
<u>Other Comprehensive Income</u>					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	12,094	-	12,094
Transfers between reserves		(36)	-	36	-
Balance at end of period		61,321	94,706	828	156,855

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



WATTLE RANGE COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		17,047	16,226
Fees & other charges		258	250
User charges		1,400	2,119
Investment receipts		81	22
Grants utilised for operating purposes		2,641	4,750
Reimbursements		184	542
Other revenues		1,825	926
<u>Payments</u>			
Employee Costs		(7,438)	(7,237)
Materials, contracts & other expenses		(9,385)	(9,537)
Finance payments		(594)	(802)
Net Cash provided by (or used in) Operating Activities	10	6,019	7,259
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		741	688
Sale of replaced assets		156	71
Sale of surplus assets		189	294
Repayments of loans by community groups		38	59
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,647)	(3,348)
Expenditure on new/upgraded assets		(1,387)	(971)
Net Cash provided by (or used in) Investing Activities		(3,910)	(3,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	1,935
<u>Payments</u>			
Repayments of Borrowings		(1,128)	(3,195)
Net Cash provided by (or used in) Financing Activities		(1,128)	(1,260)
Net Increase (Decrease) in cash held		981	2,792
Cash & cash equivalents at beginning of period	10	3,610	818
Cash & cash equivalents at end of period	10	4,591	3,610

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



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Preparation

1.1. Compliance with Australian Accounting Standards

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

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

1.2. Historical Cost Convention

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

1.3. Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4. Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2. The Local Government Reporting Entity

Wattle Range Council is incorporated under the *Local Government Act 1999* and has its principal place of business at 1 George Street, Millicent. 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.

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.



Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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

	Cash Payment Received	Annual Allocation	Difference	
2013/14	\$1,644,782	\$2,845,217	-	(\$1,200,435)
2014/15	\$3,702,235	\$2,445,769	+	\$1,256,466
2015/16	\$1,198,074	\$2,454,540	-	(\$1,256,466)

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

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

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

3. Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

4. Inventories

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

5. Infrastructure, Property, Plant & Equipment

5.1. Land Under Roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.2. Initial Recognition

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



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

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

5.3. Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of Capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.4. Subsequent Recognition

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

5.5. Depreciation of Non-Current Assets

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

5.6. Impairment

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

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

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



6. Payables

6.1. 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.

6.2. Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7. Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

8. Employee Benefits

8.1. 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.

<i>Weighted average discount rate</i>	<i>2.340% (2015, 3.730%)</i>
<i>Weighted average settlement period</i>	<i>10 years (2015, 10 years)</i>

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

8.2. Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

9. Leases

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

In respect of finance leases, where Council substantially carries the entire 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.

10. GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11. Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

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

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

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

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

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

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 2 – INCOME

	Notes	2016 \$'000	2015 \$'000
RATES REVENUES			
<u>General Rates</u>		14,508	13,953
Less: Mandatory Rebates		(124)	(120)
Less: Discretionary rebates, remissions & write offs		(84)	(129)
		14,300	13,704
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		299	292
Waste Collection & Disposal		1,292	1,233
Community Wastewater Management Systems (CWMS)		1,088	1,028
		2,679	2,553
<u>Other Charges</u>			
Penalties for late payment		67	58
		67	58
Total		17,046	16,315
STATUTORY CHARGES			
Development Act fees		116	122
Health & Septic Tank Inspection fees		15	11
Animal registration fees & fines		83	75
Other Licences / fines / expiation fees		25	24
		239	232
USER CHARGES			
Cemetery fees		121	103
Childcare fees		577	530
Caravan Park fees		577	540
Livestock Saleyards		122	123
Rental / Lease fees		130	135
Beachport Boatyard		86	85
Aerodrome fees		27	29
Hall Hire		11	13
Sundry		77	164
		1,728	1,722
INVESTMENT INCOME			
Local Government Finance Authority		80	26
Banks & Other		1	1
Loans to Community Organisations		12	-
		93	27

NOTE 2 - INCOME (continued)

	Notes	2016 \$'000	2015 \$'000
REIMBURSEMENTS			
- for private works		47	62
- other		120	431
		<u>167</u>	<u>493</u>
OTHER INCOME			
Insurance & Other Recoupments		184	219
Sundry		598	68
		<u>782</u>	<u>287</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		741	688
Other grants, subsidies and contributions		2,457	4,419
	2016	2015	
Untied - Financial Assistance Grant	939	2,901	
Roads to Recovery	1,363	1,264	
Library & Communications	26	32	
Sundry	129	222	
Sub Total	2,457	4,419	
		<u>3,198</u>	<u>5,107</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
- Sources of grants			
Commonwealth government		189	688
State government		3,006	4,414
Other		3	5
		<u>3,198</u>	<u>5,107</u>
- Individually Significant Item			
On 28 June 2015, Council received payment of the first two instalments of the 2015/16 Grant Commission (FAG) grant. In 2015/16 no prepayments were received.		-	1,256

This has materially increased Council's operating results in the previous year, as this amount was recognised as income upon receipt. Similarly material adverse effects will be experienced when grant payments are restored.



Note 2 - INCOME (continued)

	Notes	2016 \$'000	2015 \$'000
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows</i>			
Unexpended at the close of the previous reporting period		26	-
Less: expended during the current period from revenues recognised in previous reporting periods			
Childcare		(30)	(16)
Subtotal		(30)	(16)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Childcare		20	42
Subtotal		20	42
Unexpended at the close of this reporting period		16	26
Net increase (decrease) in assets subject to conditions in the current reporting period		(10)	26



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 3 – EXPENSES

	Notes	2016 \$'000	2015 \$'000
EMPLOYEE COSTS			
Salaries and Wages		6,218	5,837
Employee leave expense		642	642
Superannuation - defined plan contributions	17	454	437
Superannuation - defined benefit plan contributions	17	155	121
Workers' Compensation Insurance		322	301
Income Protection Insurance		111	89
Less: Capitalised and distributed costs		(370)	(259)
Total Operating Employee Costs		7,532	7,168
Total Number of Employees		97	95
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		28	20
Elected Members' Expenses		255	249
Election Expenses		3	39
Operating Lease Rentals – non-cancellable leases	16	1	-
Subtotal - Prescribed Expenses		287	308
<u>Other Materials, Contracts & Expenses</u>			
Contractors		4,224	3,751
Energy		384	426
Materials		1,031	854
Fuel		437	513
Insurance		502	489
Legal Expenses		89	103
Levies paid to government - NRM levy		302	293
Telephone		117	122
Water		121	89
Subscriptions		187	152
Sundry		510	794
Subtotal - Other Materials, Contracts & Expenses		7,904	7,586
Total Other Materials, Contracts & Other Expenses		8,191	7,894

Note 3 - EXPENSES (cont)

	Notes	2016 \$'000	2015 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
<u>Depreciation</u>			
Buildings & Other Structures		1,278	1,229
Infrastructure			
- Unsealed Roads		760	855
- Sealed Roads		876	869
- Kerb & Gutter		260	231
- Footpaths		123	121
- CWMS (Community Wastewater Management Schemes)		448	439
- Stormwater Drainage		36	35
Plant & Machinery		639	605
Furniture & Fittings		13	14
Library Books		193	57
<u>Impairment</u>			
Buildings & Other Structures		85	-
		4,711	4,455
Less: Impairment expense offset to asset revaluation reserve	9	(85)	-
Total Depreciation, Amortisation & Impairment		4,626	4,455
FINANCE COSTS			
Interest on Loans		602	678
Total Finance Costs		602	678



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2016 \$'000	2015 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		156	71
Less: Carrying amount of assets sold		290	717
Gain (Loss) on disposal		(134)	(646)
<i>Assets surplus to requirements</i>			
Proceeds from disposal		189	294
Less: Carrying amount of assets sold		226	239
Gain (Loss) on disposal		(37)	55
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(171)	(591)



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 5 - CURRENT ASSETS

	Notes	2016 \$'000	2015 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		375	386
Short Term Deposits & Bills, etc		4,216	3,224
		4,591	3,610
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		594	595
Accrued Revenues		19	7
Debtors - general		657	123
GST Recoupment		166	182
Prepayments		26	27
Loans to community organisations		39	41
Total		1,501	975
Less: Allowance for Doubtful Debts		23	3
		1,478	972
 INVENTORIES			
Stores & Materials		457	405
		457	405

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 6 – NON - CURRENT ASSETS

		2016	2015
FINANCIAL ASSETS	Notes	\$'000	\$'000
RECEIVABLES			
Loans to Community Organisations		369	405
		369	405



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2015 \$'000				2016 \$'000			
ASSET CATEGORY	FAIR VALUE LEVEL	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	3	7,598	-	-	7,598	7,598	-	-	7,598
Land - Other	2	5,088	-	-	5,088	4,862	-	-	4,862
Building & Structures	2	42,597	675	(24,789)	18,483	42,283	964	(25,377)	17,870
Building & Structures	3	18,976	4,270	(9,429)	13,817	18,976	4,453	(9,890)	13,539
Infrastructure									
- Unsealed Roads	3	38,165	-	(8,327)	29,838	38,337	-	(10,343)	27,994
- Sealed Roads	3	55,213	-	(7,789)	47,424	114,723	-	(31,533)	83,190
- Kerb & Gutter	3	17,731	-	(4,324)	13,407	20,695	-	(5,187)	15,508
- Footpaths	3	4,207	-	(980)	3,227	4,669	-	(753)	3,916
- CWMS	3	14,646	8,733	(5,421)	17,958	14,646	8,733	(5,869)	17,510
- Stormwater	3	4,410	38	(963)	3,485	4,485	-	(1,150)	3,335
Plant & Equipment	2	8,563	1,216	(5,451)	4,328	7,963	2,347	(5,742)	4,568
Furniture & Fittings	2	253	18	(182)	89	253	30	(195)	88
Library Books	2	2,163	96	(2,102)	157	2,163	132	(2,295)	-
WIP	-	-	90	-	90	-	267	-	267
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT		219,610	15,136	(69,757)	164,989	281,653	16,926	(98,334)	200,245
Comparative Totals		219,602	13,507	(79,122)	153,987	219,610	15,136	(69,757)	164,989

This Note continues on the following pages.

Note 7 (Cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000							2016 \$'000
Asset Category	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land - Community	7,598	-	-	-	-	-	-	-	7,598
Land - Other	5,088	-	-	(226)	-	-	-	-	4,862
Building & Structures Level 2	18,483	-	289	-	(817)	(85)	-	-	17,870
Building & Structures Level 3	13,817	-	183	-	(461)	-	-	-	13,549
Infrastructure									
- Unsealed Roads	29,838	-	753	-	(760)	-	(234)	(1,603)	27,994
- Sealed Roads	47,424	687	1,439	-	(876)	-	324	34,192	83,190
- Kerb & Gutter	13,407	-	71	-	(260)	-	-	2,290	15,508
- Footpaths	3,227	91	37	(38)	(123)	-	-	722	3,916
- CWMS	17,958	-	-	-	(448)	-	-	-	17,510
- Stormwater	3,485	-	38	-	(36)	-	-	(152)	3,335
Plant & Equipment	4,328	432	699	(252)	(639)	-	-	-	4,568
Furniture & Fittings	89	-	12	-	(13)	-	-	-	88
Library Books	157	-	36	-	(193)	-	-	-	-
WIP	90	177	90	-	-	-	(90)	-	267
TOTAL I.P.P & E	164,989	1,387	3,647	(516)	(4,626)	(85)	-	35,449	200,245
2015 Comparative Totals	153,987	971	3,348	(956)	(4,455)	-	-	12,094	164,989

This Note continues on the following pages.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

Capitalisation Thresholds

	2015- 2016	2014- 2015
Buildings - new construction/extensions	\$5,000	\$1,000
Other structures	\$5,000	\$1,000
Road construction & reconstruction	\$5,000	\$1,000
Paving & Footpaths, Kerb & Gutter	\$1,000	\$1,000
Stormwater	\$1,000	\$1,000
CWMS	\$5,000	\$1,000
Office Furniture & Equipment	\$1,000	\$1,000
Other Plant & Equipment	\$2,000	\$1,000
Library Books	\$1,000	\$1,000
Other Assets	\$1,000	\$1,000

Estimated Lives

	2015 – 2016	2014 – 2015
Plant, Furniture & Equipment		
Office Equipment	5 to 10 years	5 to 10 years
Office Furniture	10 to 20 years	10 to 20 years
Vehicles and Road-Making Equip	5 to 8 years	5 to 8 years
Other Plant & Equipment	5 to 15 years	5 to 15 years
Building & Other Structures		
Buildings – Masonry	50 to 100 years	50 to 100 years
Buildings – Other Construction	20 to 40 years	20 to 40 years
Park Structures – Masonry	50 to 100 years	50 to 100 years
Park Structures – Other Construction	20 to 40 years	20 to 40 years
Playground Equipment	5 to 15 years	5 to 15 years
Benches, Seats etc.	10 to 20 years	10 to 20 years
Infrastructure		
Sealed Roads – Surface	25 to 150 years	20 years
Sealed Roads – Pavement /Sub Base	150 to 900 years	65 years
Unsealed Roads	35 to 175 years	40 years
Paving & Footpaths, Kerb & Gutter	15 to 80 years	15 to 80 years
Drains	80 to 100 years	80 to 100 years
Culverts	50 to 75 years	50 to 75 years
Bores	10 to 40 years	10 to 40 years
Stormwater - Pipes	60 to 80 years	60 to 80 years
Stormwater - Other	15 to 100 years	15 to 100 years
CWMS – Pipes	60 to 80 years	60 to 80 years
CWMS – Mechanical & Electrical	10 to 15 years	10 to 15 years
CWMS – Other	15 to 100 years	15 to 100 years
Other Assets		
Library Books	0 years	25 to 45 years
Various Other Assets	5 to 50 years	5 to 50 years

Land

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

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

Land is recognised at Fair Value. The last revaluation was derived by utilising the valuations as at 30th June 2012 by the Valuer Generals Office. Additions are recognised on the cost basis.

Buildings & Structures

Pursuant to Council's Election the building and other structures assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective date of valuation are recorded at cost.

**Infrastructure**

Pursuant to Council's Election the transportation assets were valued by Assetic Pty Ltd based on a condition assessment of Moloney Asset Management Systems. The condition assessment and assets were valued at depreciated current replacement cost as at the 30th June 2016.

As a consequence of the significant revaluation movement in sealed roads resulting from changes in unit rates and useful lives of the transportation assets; it is anticipated that there will be a corresponding impact on the depreciation recorded in 2016/17 by an amount of \$278,000.

Pursuant to Council's Election the Stormwater Drainage assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30th June 2014. All acquisitions made after the respective dates of valuation are recorded at cost.

Pursuant to Council's Election the Community Wastewater Management Schemes were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

Pursuant to Council's Election, the plant, furniture & equipment assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective date of valuations are recognised at cost.

All other assets

Pursuant to Council's Election, these assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective dates of valuation are recorded at cost. Library books and other lending materials are capitalised in bulk, and fully depreciated in the year of purchase.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 8 - LIABILITIES

		2016 \$'000		2015 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		1,690	-	1,425	-
Amounts Received in Advance		175	-	142	-
Accrued Expenses - employee entitlements		166	-	90	-
Accrued Expenses - other		109	-	101	-
Deposits, Retentions & Bonds		281	-	289	-
		<u>2,421</u>	<u>-</u>	<u>2,047</u>	<u>-</u>
BORROWINGS					
Loans		1,115	7,407	1,243	8,407
		<u>1,115</u>	<u>7,407</u>	<u>1,243</u>	<u>8,407</u>
All interest bearing liabilities are secured over the future revenues of the Council.					
PROVISIONS					
Employee Entitlements (including on costs)		1,638	209	1,653	176
		<u>1,638</u>	<u>209</u>	<u>1,653</u>	<u>176</u>



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2015	Net Increments (Decrements)	Transfers, Impairments	30/6/2016
	Notes	\$'000	\$'000	\$'000	\$'000
Land - Community		2,510	-	-	2,510
Buildings & Other Structures		16,285	-	(85)	16,200
Infrastructure		73,710	35,449	-	109,159
Plant & Equipment		2,201	-	-	2,201
TOTAL		94,706	35,449	(85)	130,070
2015 Totals		82,612	12,094	-	94,706

OTHER RESERVES		1/7/2015	Transfers to Reserve	Transfers from Reserve	30/6/2016
	Notes	\$'000	\$'000	\$'000	\$'000
Specific Fund		618	1,435	(1,225)	828
Aged Accommodation		14	-	-	14
Other Reserves		96	-	-	96
Land Development		92	-	-	92
Service Station		8	4	-	12
TOTAL OTHER RESERVES		828	1,439	(1,225)	1,042
2015 Totals		792	1,367	(1,331)	828



Note 9 (Cont) - RESERVES

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Other Reserves

Specific Fund

The specific fund is used to record transactions related to rates for a specific purpose ie CWMS and waste collection/disposal. The funds in this reserve are available for future maintenance of CWMS and waste collection/disposal.

Aged Accommodation

The aged accommodation reserve was originally for establishment of an Aged Care and Medical Facility at Beachport. There was a subsequent community agreement to use the reserve to purchase equipment for Beachport Medical Clinic.

Other Reserve

Other Reserve consists of a number of miscellaneous reserves that have been in existence for a number of years for a multitude of activities. Over the next twelve months these reserves will be reviewed and the number of specific items reduced.

Land Development

This reserve holds the funds received (net of expenditure) following the sale of Mount Burr House.

Service Station Sinking Fund

As per the Lease with the Service Station a contribution can be charged which will be used for future works associated with the Service Station, Millicent.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2016 \$'000	2015 \$'000
Total cash & equivalent assets	5	4,591	3,610
Balances per Cash Flow Statement		4,591	3,610

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

Net Surplus (Deficit)	2,131	3,397
Non-cash items in Income Statement		
- Depreciation, amortisation & impairment	4,626	4,455
- Net increase (decrease) in unpaid employee benefits	94	(69)
- Change in allowances for under recovery	20	-
- Grants for capital acquisitions treated as Investing Activity	(741)	(688)
- Net (Gain) Loss on Disposals	171	591
	6,301	7,686
Add (Less): Changes in Net Current Assets		
- Net (increase) decrease in receivables	(528)	123
- Net (increase) decrease in inventories	(52)	(163)
- Net increase (decrease) in trade & other payables	298	(387)
Net Cash provided by (or used in) operations	6,019	7,259

(c) Non-Cash Financing and Investing Activities

	-	-
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(d) Financing Arrangements

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

Bank Overdrafts	-	-
Corporate Credit Cards	17	13
LGFA Cash Advance Debenture Facility	9,010	9,010

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.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 11 – FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

FUNCTION	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON- CURRENT)	
	ACTUAL 2016 \$'000	ACTUAL 2015 \$'000	ACTUAL 2016 \$'000	ACTUAL 2015 \$'000	ACTUAL 2016 \$'000	ACTUAL 2015 \$'000	ACTUAL 2016 \$'000	ACTUAL 2015 \$'000	ACTUAL 2016 \$'000	ACTUAL 2015 \$'000
Business Undertakings	1,068	1,373	2,036	1,843	(969)	(470)	-	488	12,220	12,209
Community Services	810	757	1,823	1,723	(1,013)	(966)	66	102	10,991	11,079
Culture	20	19	107	95	(87)	(76)	-	-	95	102
Library Services	36	40	872	751	(836)	(711)	26	32	55	85
Economic Development	126	190	613	536	(487)	(346)	-	57	15	-
Environment	72	272	674	583	(602)	(311)	63	258	240	222
Recreation	67	46	1,935	2,148	(1,868)	(2,102)	76	-	23,960	23,947
Regulatory Services	276	283	797	708	(521)	(425)	-	-	680	630
Transport	1,407	1,293	4,831	4,781	(3,424)	(3,488)	2,029	1,265	125,958	83,505
Governance Services	18,264	19,119	7,161	6,834	11,103	12,285	938	2,905	30,231	35,942
Unclassified Activities	366	103	102	193	264	(90)	-	-	2,695	2,660
TOTALS	22,512	23,495	20,951	20,195	1,561	3,300	3,198	5,107	207,140	170,381

Excludes 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.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings:

Effluent Drainage, Caravan Parks, Council Housing, Saleyards, Land Development, Private Works

Community Services:

Childcare Centre, Community Halls, Public Toilets (Clean and Maintain), Community Grant Scheme, Community Event Support, Community and Youth Development, Civic and Arts Centre.

Culture:

Local History and Galleries.

Library Services:

Millicent and Branch Libraries.

Economic Development:

Millicent, Beachport and Penola Visitor Centres Operation, Limestone Coast Regional and Promotional Marketing.

Environment:

Storm Water Drainage (Construct and Maintain), Street Lighting, Street Cleaning, Coastal Protection, Operate and Maintain Domestic Waste Disposal and Collection Dumps and Transfer Stations.

Recreation:

Parks and Gardens Maintenance, Sport Facilities, Sport and Recreation Grant Scheme, Swimming Lake and Pools.

Regulatory:

Development, Planning and Building Services, Dog Regulation and Control, Health Inspection, Fire Prevention and Parking Control.

Transport:

Sealed and Unsealed Road Construction and Maintenance, Footpaths and Kerbing.

Governance and Support Services:

Elected Member Support, Council Offices, Legislative Compliance and Reporting, Risk Management, Corporate Services, Engineering Administration.

Unclassified Activities:

Public Debt Transactions, Plant and Machinery Operations, Depot Expenses.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 12 - 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: Short term deposits have an average maturity of 1 day and average interest rates of between 1.75% and 2.25% (2015: 1 day, 2.0% and 2.50%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	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 0.600% (2015: 0.640%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - other levels of government	Accounting Policy: Carried at nominal value.
	Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.
	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.
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 over-stated for longer tenancies.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.00% and 7.55% (2015: 4.75% and 7.55%)
	Carrying amount: approximates fair value.
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2016	Due < 1 year \$'000	Due > 1 year; ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash & Equivalents	4,591	-	-	4,591	4,591
Receivables	570	440	253	1,263	1,276
Total	5,161	440	253	5,854	5,867
Financial Liabilities					
Payables	2,146	-	-	2,146	2,146
Current Borrowings	1,598	-	-	1,598	1,115
Non-Current Borrowings	-	5,436	4,793	10,229	7,407
Total	3,381	4,551	2,737	13,973	10,668

2015	Due < 1 year \$'000	Due > 1 year; ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash & Equivalents	3,610	-	-	3,610	3,610
Receivables	420	209	165	794	785
Total	4,030	209	165	4,404	4,395
Financial Liabilities					
Payables	1,862	-	-	1,862	1,856
Current Borrowings	1,243	-	-	1,243	1,243
Non-Current Borrowings	-	4,660	3,747	8,407	8,407
Total	3,105	4,660	3,747	11,512	11,506

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate %	Carrying Value \$'000	Weighted Average Interest Rate %	Carrying Value \$'000
Other Variable Rates	4.00	0	4.55	0
Fixed Interest Rates	6.20	8,522	6.20	9,650
		8,522		9,650



Net Fair Value

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

Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 adverse manner.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 13 - COMMITMENTS FOR EXPENDITURE

	Notes	2016 \$'000	2015 \$'000
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		75	-
Waste Management Services		1,487	2,740
Employee Remuneration Contracts		2,106	2,080
Cleaning Contract		681	90
		4,349	4,910
These expenditures are payable:			
Not later than one year		2,159	1,943
Later than one year and not later than 5 years		2,190	2,967
Later than 5 years		-	-
		4,349	4,910



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 14 - FINANCIAL INDICATORS

	2016	2015	2014
<i>These Financial Indicators have been calculated in accordance with Information Paper 9 Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.</i>			
Operating Surplus Ratio	6.9%	14.0%	2.0%
This ratio expresses the operating surplus as a percentage of total operating revenue.			
Adjusted Operating Surplus Ratio	13%	9%	8%
In recent years the Federal Government has made advance payments prior to 30 th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.			
Net Financial Liabilities Ratio	28%	36%	64%
Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.			
Asset Sustainability Ratio	94%	89%	66%
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 divided by the optimal level of such expenditure per I& as noted in the Long Term Financial Plan.			



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 15 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2016 \$'000	2015 \$'000
Income	22,512	23,495
less Expenses	<u>20,951</u>	<u>20,195</u>
	<u>1,561</u>	<u>3,300</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	3,647	3,348
less Depreciation, Amortisation and Impairment	4,626	4,455
less Proceeds from Sale of Replaced Assets	<u>156</u>	<u>71</u>
	<u>(1,135)</u>	<u>(1,178)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,387	971
less Amounts received specifically for New and Upgraded Assets	741	688
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>189</u>	<u>294</u>
	<u>457</u>	<u>(11)</u>
Net Lending / (Borrowing) for Financial Year	<u><u>2,239</u></u>	<u><u>4,489</u></u>



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 16 – OPERATING LEASES

	<u>Notes</u>	2016 \$'000	2015 \$'000
<i>Lease payment commitments of Council</i>			
Council as entered into a non-cancellable operating lease for photocopying equipment. The lease does not impose any additional restrictions on Council in relation to additional debt or further leasing. The lease in relation to the photocopying equipment permits Council, at expiry of the lease to elect to re-lease, return or acquire the equipment leased. The lease does not contain any escalation clauses.			
Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows;			
These expenditures are payable:			
Not later than one year		3	-
Later than one year and not later than 5 years		11	-
Later than 5 years		-	-
		<u>14</u>	<u>-</u>



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 17 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the 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 Fund 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.



WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

a) LAND UNDER ROADS

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

At reporting date, Council controlled 2,441 km of road reserves of average width 20 metres.

b) 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 a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

c) BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$169,000 (2015: \$290,000) at reporting date.

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

d) LEGAL EXPENSES

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 one appeal 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WATTLE RANGE COUNCIL

We have audited the accompanying financial report of the Wattle Range Council, which comprises the Statement of Comprehensive Income for the year ended 30 June 2016, the Statement of Financial Position as at 30 June 2016, the Statement of Changes in Equity for the year ended 30 June 2016, the Statement of Cash Flows for the year ended 30 June 2016, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Wattle Range Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control 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 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 and 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 Chief Executive Officer, 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 an audit opinion.

Independence

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Wattle Range Council as of 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 17th day of November 2016,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE WATTLE RANGE COUNCIL

We have audited the Internal Controls of the Wattle Range Council (the Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Inherent Limitations

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

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

Independence

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



Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 17th day of November 2016
at 214 Melbourne Street, North Adelaide, South Australia, 5006



WATTLE RANGE COUNCIL


ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2016

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Wattle Range Council for the year ended 30 June 2016, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



Ben Gower
CHIEF EXECUTIVE OFFICER

Michael Schultz
**PRESIDING MEMBER
AUDIT COMMITTEE**

Dated this 4th day of October 2016



WATTLE RANGE COUNCIL

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2016

STATEMENT BY AUDITOR

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of Wattle Range Council for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

Jim Keogh

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 17th day of November 2016