

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

*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 2017

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The Flinders Ranges Council

General Purpose Financial Statements

for the year ended 30 June 2017

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 2017 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: 18-Oct-17

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2017

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 2017.

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 2017

\$	Notes	2017	2016
Income			
Rates Revenues	2a	2,150,716	2,094,411
Statutory Charges	2b	40,791	36,252
User Charges	2c	79,403	83,328
Grants, Subsidies and Contributions	2g	1,495,840	1,584,685
Investment Income	2d	97,668	95,035
Reimbursements	2e	42,220	81,479
Other Income	2f	503,248	386,292
Total Income		4,409,886	4,361,481
Expenses			
Employee Costs	3a	1,665,349	1,232,343
Materials, Contracts & Other Expenses	3b	2,479,601	2,211,089
Depreciation, Amortisation & Impairment	3c	1,503,145	1,240,615
Finance Costs	3d	83,455	92,840
Total Expenses		5,731,550	4,776,887
Operating Surplus / (Deficit)		(1,321,664)	(415,406)
Asset Disposal & Fair Value Adjustments	4	(2,638)	(9,959)
Amounts Received Specifically for New or Upgraded Assets	2g	648,526	1,110,000
Net Surplus / (Deficit) ¹		(675,776)	684,635
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(3,010,339)	-
Total Other Comprehensive Income		(3,010,339)	-
Total Comprehensive Income		(3,686,115)	684,635
AASB1004 Recognition			
Financial Assistance Grants Received in Advance	2ga, 8aa	767,614	(777,546)
Operating Surplus / (Deficit) adjusted for AASB1004		(554,051)	(1,192,952)
Grants Received in Advance (SLR & CCTV)	2ga, 8aa	(526,118)	565,000
Total AASB1004 Adjustments		241,496	(212,546)
Total Comprehensive Income after AASB1004		(3,444,619)	472,089

¹ Transferred to Equity Statement

The Flinders Ranges Council

Statement of Financial Position

as at 30 June 2017

\$	Notes	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	4,246,593	3,229,917
Trade & Other Receivables	5b	472,471	372,281
Inventories	5c	443,537	544,769
Total Current Assets		5,162,601	4,146,966
Non-Current Assets			
Financial Assets	6a	39,482	45,122
Infrastructure, Property, Plant & Equipment	7a	52,865,586	56,657,903
Total Non-Current Assets		52,905,068	56,703,025
TOTAL ASSETS		58,067,669	60,849,991
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	1,251,742	765,501
Borrowings	8b	203,782	195,966
Provisions	8c	1,322,535	721,185
Total Current Liabilities		2,778,059	1,682,652
Non-Current Liabilities			
Borrowings	8b	1,103,306	1,307,088
Provisions	8c	56,175	44,008
Total Non-Current Liabilities		1,159,481	1,351,095
TOTAL LIABILITIES		3,937,540	3,033,748
Net Assets		54,130,129	57,816,244
EQUITY			
Accumulated Surplus		14,612,093	16,500,415
Asset Revaluation Reserves	9a	35,764,708	38,775,047
Other Reserves	9b	3,753,328	2,540,782
Total Council Equity		54,130,129	57,816,244

The Flinders Ranges Council

Statement of Changes in Equity for the year ended 30 June 2017

			Asset		
\$	Notes	Accumulated Surplus	Revaluation Reserve	Other Reserves	Total Equity
2017					
Balance at the end of previous reporting period		16,500,415	38,775,047	2,540,782	57,816,244
a. Net Surplus / (Deficit) for Year		(675,776)	-	-	(675,776)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(3,010,339)	-	(3,010,339)
Other Comprehensive Income		-	(3,010,339)	-	(3,010,339)
Total Comprehensive Income		(675,776)	(3,010,339)	-	(3,686,115)
c. Transfers between Reserves		(1,212,546)	-	1,212,546	-
Balance at the end of period		14,612,093	35,764,708	3,753,328	54,130,129

			Asset		
\$	Notes	Accumulated Surplus	Revaluation Reserve	Other Reserves	Total Equity
2016					
Balance at the end of previous reporting period		15,594,306	38,775,047	2,762,256	57,131,609
a. Net Surplus / (Deficit) for Year		684,635	-	-	684,635
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		684,635	-	-	684,635
c. Transfers between Reserves		221,474	-	(221,474)	-
Balance at the end of period		16,500,415	38,775,047	2,540,782	57,816,244

The Flinders Ranges Council

Statement of Cash Flows

for the year ended 30 June 2017

\$	Notes	2017	2016
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		4,418,715	4,477,511
Investment Receipts		97,668	95,035
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(3,147,598)	(4,340,600)
Finance Payments		(86,328)	(95,199)
Net Cash provided by (or used in) Operating Activities	11b	1,282,457	136,747
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		648,526	1,110,000
Sale of Replaced Assets		31,364	44,090
Repayments of Loans by Community Groups		5,463	5,932
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(44,944)	(376,329)
Expenditure on New/Upgraded Assets		(710,224)	(1,389,914)
Net Cash provided by (or used in) Investing Activities		(69,815)	(606,222)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(195,966)	(158,479)
Net Cash provided by (or used in) Financing Activities		(195,966)	(158,479)
Net Increase (Decrease) in Cash Held		1,016,676	(627,953)
plus: Cash & Cash Equivalents at beginning of period	11a	3,229,917	3,857,871
Cash & Cash Equivalents at end of period	11a	4,246,593	3,229,917

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 18 October 2017.

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

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. AASB 1004 Recognition comparatives are shown within the Statements and Notes as applicable (Notes 2 and 8).

Other 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.

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 2017

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	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$5,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

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 the best information available to Council, but appropriate records covering the entire life cycle of

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

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 15 years
Office Furniture	4 to 15 years
Vehicles and Road-making Equip	2 to 15 years
Other Plant & Equipment	5 to 50 years

Building & Other Structures

Buildings – masonry	25 to 100 years
Buildings – other construction	25 to 100 years
Buildings – Heritage listed s/structure	to 160 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	120 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	20 to 80 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
Effluent Lagoons	80 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.5 Impairment

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

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

assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 on-costs) measured in accordance with AASB 119.

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

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 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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

that total contract costs will exceed total contract 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.

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

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The Flinders Ranges Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result, Council has disclosed more information about related

parties and transactions with those related parties. This information is presented in Note 21.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* AASB 1057 *Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

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 2017

Note 2. Income

\$	Notes	2017	2016
(a). Rates Revenues			
General Rates			
General Rates		1,712,821	1,649,476
Less: Mandatory Rebates		(60,359)	(59,192)
Total General Rates		1,652,462	1,590,284
Other Rates (Including Service Charges)			
Natural Resource Management Levy		41,868	33,663
Waste Collection		191,250	203,065
Community Wastewater Management Systems		241,920	243,470
Total Other Rates		475,038	480,198
Other Charges			
Penalties for Late Payment		23,216	23,935
Total Other Charges		23,216	23,935
Less: Discretionary Rebates, Remissions & Write Offs		-	(6)
Total Rates Revenues		2,150,716	2,094,411
(b). Statutory Charges			
Development Act Fees		21,372	19,913
Health & Septic Tank Inspection Fees		-	214
Animal Registration Fees & Fines		16,384	12,430
Other Licences, Fees & Fines		3,035	3,695
Total Statutory Charges		40,791	36,252
(c). User Charges			
Cemetery/Crematoria Fees		13,665	16,979
Hall & Equipment Hire		3,739	7,347
Sundry		2,236	4,023
Swimming Pools		31,619	34,050
Community Bus Hire		8,419	4,052
Waste Management		19,107	16,350
Airport Fees		618	527
Total User Charges		79,403	83,328

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		92,097	92,620
- Banks & Other		2,105	2,415
- Loans to Community Groups		3,466	-
Total Investment Income		97,668	95,035
(e). Reimbursements			
Private Works		22,152	686
Shared Services Fees		8,758	6,941
Recreation & Sport - Oval		5,507	-
Workers Insurance		3,158	-
Other		2,645	73,852
Total Reimbursements		42,220	81,479
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		56,324	22,292
Rebates & Incentives Received		56,942	24,001
Sundry		17,242	63,136
Commercial Income		53,992	17,267
Donations		13,975	6,495
Outback Community Authority		14,198	15,062
FRVIC		266,142	238,039
Warren's Gorge		24,433	-
Total Other Income		503,248	386,292

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		648,526	1,110,000
Other Grants, Subsidies and Contributions		1,495,840	1,584,685
Total Grants, Subsidies, Contributions		2,144,366	2,694,685
(ga). AASB1004 Recognition - Grants, Subsidies, Contribution			
Amounts Received Specifically for New or Upgraded Assets - AASB1004 adjustment		(526,118)	565,000
Other Grants, Subsidies and Contributions - AASB1004 adjustment		767,614	(777,546)
Total Grants, Subsidies, Contributions - AASB1004 adjustments		241,496	(212,546)
AASB1004 adjusted Total Grants, Subsidies, Contributions		2,385,862	2,482,139
The functions to which these grants relate are shown in Note 12.			
Sources of grants			
Commonwealth Government		1,964,849	2,613,592
State Government		179,518	81,093
Total		2,144,367	2,694,685
AASB1004 adjusted Sources of grants			
Commonwealth Government		2,167,463	2,401,046
State Government		218,400	81,093
Total		2,385,863	2,482,139

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

For this reason, the first instalment of the 2017-2018 Financial Assistance Grants, which was receipted by the Council in June 2017, must be recognised as revenue in the 2016-2017 financial year, and the CCTV Grant funding received but not expended during 2016-2017 must be recorded as revenue in the 2016-2017 financial year. The impact of these adjustments is illustrated above.

As a result of the above, the Council's operating surplus / (deficit) and total comprehensive income have been restated on the Statement of Comprehensive Income. See also Note 8 (aa).

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		-	88,490
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Heritage & Cultural Services		-	(88,490)
Subtotal		-	(88,490)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		390,230	-
Heritage & Cultural Services		67,500	-
Sporting & Recreation Services		7,359	-
Subtotal		465,089	-
Unexpended at the close of this reporting period		465,089	-
Net increase (decrease) in assets subject to conditions in the current reporting period		465,089	(88,490)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 3. Expenses

\$	Notes	2017	2016
(a). Employee Costs			
Salaries and Wages		1,347,036	1,281,310
Employee Leave Expense		198,040	35,006
Superannuation - Defined Contribution Plan Contributions	18	123,072	105,555
Workers' Compensation Payments		1,069	1,689
Less: Capitalised and Distributed Costs		(3,868)	(191,217)
Total Operating Employee Costs		1,665,349	1,232,343
Total Number of Employees (full time equivalent at end of reporting period)		22	19
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		26,461	30,102
Bad and Doubtful Debts		-	366
Elected Members' Expenses		87,001	80,058
Election Expenses		483	463
Subtotal - Prescribed Expenses		113,945	110,988
(ii) Other Materials, Contracts and Expenses			
Contractors		572,022	731,488
Energy - Fuel & Power		74,288	77,942
Individually Significant Items		-	65,555
Legal Expenses		23,632	36,279
Levies Paid to Government - NRM levy		40,684	33,957
Levies - Other		3,753	3,856
Parts, Accessories & Consumables		40,848	42,876
Professional Services		32,731	36,041
Sundry		252,784	283,673
Waste Management		198,526	204,050
Insurance		112,692	124,328
Vehicle Maintenance		90,457	142,221
FBT		14,188	9,006
FRVIC		274,457	207,872
Workers Compensation Insurance		81,602	100,958
Rubble / Crushed Rock		44,150	-
Road Construction & Maintenance		1,235,623	1,111,234
CWMS		24,520	54,375
Building Upgrades		-	21,344
Less: Capitalised and Distributed Costs		(751,301)	(1,186,953)
Subtotal - Other Material, Contracts & Expenses		2,365,656	2,100,101
Total Materials, Contracts and Other Expenses		2,479,601	2,211,089
(iii) Individually significant items			
Flood Damage Repairs (Own Funds - No State Government Support)		-	65,555

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 3. Expenses (continued)

\$	Notes	2017	2016
(c). Depreciation, Amortisation and Impairment			
Infrastructure		477,864	370,728
CWMS		72,354	61,379
Plant & Equipment		146,438	149,543
Furniture & Fittings		28,233	19,898
Buildings		778,256	629,549
Total Depreciation, Amortisation and Impairment		1,503,145	1,240,615
(d). Finance Costs			
Interest on Loans		83,455	92,840
Total Finance Costs		83,455	92,840

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

Assets Renewed or Directly Replaced

Proceeds from Disposal	31,364	(9,959)
Less: Carrying Amount of Assets Sold	(34,002)	-
Gain (Loss) on Disposal	(2,638)	(9,959)
Net Gain (Loss) on Disposal or Revaluation of Assets	(2,638)	(9,959)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 5. Current Assets

\$	Notes	2017	2016
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		98,243	(18,386)
Deposits at Call		398,350	498,303
Short Term Deposits & Bills, etc.		3,750,000	2,750,000
Total Cash & Cash Equivalents		4,246,593	3,229,917

(b). Trade & Other Receivables

Rates - General & Other	294,719	276,761
Accrued Interest	21,689	20,398
Debtors - General	74,583	67,274
Prepayments	21,479	-
Loans to Community Organisations	4,347	4,170
Accrued Income - ATO	44,781	-
Other	10,873	3,677
Subtotal	472,471	372,281
Less: Allowance for Doubtful Debts	-	-
Total Trade & Other Receivables	472,471	372,281

(c). Inventories

Stores & Materials	407,780	495,566
Trading Stock	35,757	49,203
Total Inventories	443,537	544,769

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations	39,482	45,122
Subtotal	39,482	45,122
Less: Allowance for Doubtful Debts	-	-
Total Financial Assets	39,482	45,122

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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

\$		Fair Value Level	as at 30/6/2016				Asset Movements during the Reporting Period					as at 30/6/2017				
			At Fair Value	At Cost	Accumulated		Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Net Revaluation to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
					Dep'n	Impairment	New / Upgrade	Renewals						Dep'n	Impairment	
Infrastructure	3		39,610,598	-	5,207,176	-	663,276	-	-	(477,864)	(2,040,374)	39,187,037	-	6,638,577	-	32,548,460
CWMS	3		3,845,593	-	1,071,729	-	-	-	-	(72,354)	47,631	4,124,928	-	1,375,787	-	2,749,141
Plant & Equipment	3		2,833,007	-	1,341,705	-	-	44,945	(34,002)	(146,438)	(39,193)	2,934,982	-	1,618,369	-	1,316,613
Furniture & Fittings	3		552,989	-	286,439	-	-	-	-	(28,233)	(89,104)	242,500	-	93,287	-	149,213
Buildings	3		26,736,153	-	11,631,654	-	46,948	-	-	(778,256)	(1,120,396)	28,673,188	-	15,420,393	-	13,252,795
Land	2		-	-	-	-	-	-	-	-	1,641,465	1,641,465	-	-	-	1,641,465
Land	3		2,574,000	-	-	-	-	-	-	-	(1,366,101)	1,207,899	-	-	-	1,207,899
Minor Plant	3		141,562	-	97,295	-	-	-	-	-	(44,267)	-	-	-	-	-
Total Infrastructure, Property, Plant & Equipment			76,293,901	-	19,635,998	-	710,224	44,945	(34,002)	(1,503,145)	(3,010,339)	78,011,999	-	25,146,413	-	52,865,586
Comparatives			74,645,157	-	18,458,833	-	1,389,914	376,329	(54,050)	(1,240,615)	-	76,293,901	-	19,635,998	-	56,657,903

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

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

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 (written down) 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 2017

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.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

Highest and best use

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.

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

Infrastructure

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Transportation assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney's as at 30 June 2017 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Community Wastewater Management Systems

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Community wastewater management system infrastructure was valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Plant & Equipment

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Plant & equipment assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Furniture & Fittings

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Furniture & fittings were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

Land, Land Improvements, Buildings & Other Structures

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

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 at written down current replacement cost, deriving from a valuation at 30 June 2017 by Maloney's. Additions are recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land. Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the written down current replacement cost basis, deriving from a valuation at 30 June 2017 by Maloney's. Additions are recognised at cost.

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

Pursuant to Council's election, buildings and other structures are recognised on the written down current replacement cost basis, deriving from the valuation at 30 June 2017 by Maloney's. Additions are recognised at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Minor Plant

- Basis of valuation: Depreciated (Written Down) Current Replacement Cost
- Date of valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Minor plant assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 8. Liabilities

		2017	2017	2016	2016
\$	Notes	Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		381,325	-	531	-
Payments Received in Advance		806,496	-	621,738	-
Accrued Expenses - Employee Entitlements		29,269	-	-	-
Accrued Expenses - Finance Costs		22,786	-	25,658	-
Accrued Expenses - Other		11,866	-	117,574	-
Total Trade and Other Payables		1,251,742	-	765,501	-

(aa). AASB 1004 Recognition - Trade and Other Payables

Payments Received in Advance - AASB1004 adjustment			
FAGs Received in Advance	(767,614)		777,546
Other Grants Received in Advance (CCTV)	(38,882)		-
Other Grants Received in Advance (SLR 2016)	565,000		(565,000)
Total AASB1004 Adjustments	(241,496)		212,546
AASB 1004 Adjusted Trade & Other Payables	1,010,246		978,047

The above restatement of Trade and Other Payables has been prepared to demonstrate the effect on the financials had AASB 1004 been applied.

(b). Borrowings

Loans	203,782	1,103,306	195,966	1,307,088
Total Borrowings	203,782	1,103,306	195,966	1,307,088

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

(c). Provisions

Employee Entitlements (including oncosts)	415,949	56,175	278,382	44,008
Future Reinstatement / Restoration, etc	431,212	-	431,212	-
Unspent Grants	465,090	-	-	-
Other	10,284	-	11,590	-
Total Provisions	1,322,535	56,175	721,185	44,008

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 9. Reserves

\$	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Infrastructure	17,780,217	(2,040,374)	-	-	15,739,843
CWMS	768,432	47,631	-	-	816,063
Plant & Equipment	(67,043)	(39,193)	-	-	(106,236)
Furniture & Fittings	125,382	(89,104)	-	-	36,278
Buildings	11,438,852	(845,032)	-	-	10,593,820
Minor Plant	60,193	(44,267)	-	-	15,926
Other Assets	8,669,014	-	-	-	8,669,014
Total Asset Revaluation Reserve	38,775,047	(3,010,339)	-	-	35,764,708
Comparatives	38,775,047	-	-	-	38,775,047

\$	1/7/2016	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2017
(b). Other Reserves					
NRM Levy	230	1,189	-	-	1,419
Land & Buildings	100,000	1,614	(31,639)	-	69,975
Plant Replacement	-	250,000	-	-	250,000
Other	1,052,248	375,432	(6,640)	-	1,421,040
Garbage Service Charge	120,331	45,726	-	-	166,057
Stormwater Dams	2,000	43	-	-	2,043
Community Trust Funds	21,522	11,467	-	-	32,989
Hawker CWMS Service Charge	160,791	35,342	-	-	196,133
Quorn CWMS Service Charge	1,035,399	22,403	(43,435)	-	1,014,367
Airstrips	-	150,000	-	-	150,000
Roads	-	400,000	-	-	400,000
Community Buses	48,262	1,044	-	-	49,306
Total Other Reserves	2,540,782	1,294,260	(81,714)	-	3,753,328
Comparatives	2,762,256	117,101	(338,575)	-	2,540,782

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 2017

Note 10. Assets Subject to Restrictions

\$	Notes	2017	2016
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
CWMS Annual Service Charge		1,210,499	1,196,190
Garbage Annual Service Charge		166,057	120,331
NRM Levy		1,418	230
Unexpended Grant funds		465,090	-
Employee Entitlements		404,783	322,390
Total Cash & Financial Assets		2,247,847	1,639,141
Total Assets Subject to Externally Imposed Restrictions		2,247,847	1,639,141

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2017	2016
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	4,246,593	3,229,917
Balances per Statement of Cash Flows		4,246,593	3,229,917

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

Net Surplus/(Deficit)	(675,776)	684,635
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	1,503,145	1,240,615
Net Increase/(Decrease) in Unpaid Employee Benefits	149,734	(92,261)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(648,526)	(1,110,000)
Net (Gain) Loss on Disposals	2,638	9,959
	331,215	732,948
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(100,013)	15,776
Net (Increase)/Decrease in Inventories	101,232	(254,006)
Net (Increase)/Decrease in Other Current Assets	(0)	(49,291)
Net Increase/(Decrease) in Trade & Other Payables	486,240	(320,271)
Net Increase/(Decrease) in Other Provisions	463,783	11,590
Net Cash provided by (or used in) operations	1,282,457	136,747

(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	11,000	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 South Australia.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2017

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 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$										
Administration	3,011,415	2,914,047	302,137	255,508	2,709,278	2,658,539	1,201,504	1,218,241	-	-
Public Order & Health	3,246	1,675	74,442	35,621	(71,196)	(33,946)	-	-	-	-
Social Security & Welfare	9,909	6,563	17,274	25,886	(7,365)	(19,323)	-	-	-	-
Community Amenities	469,556	480,773	897,248	824,983	(427,692)	(344,210)	3,636	909	-	-
Recreation & Culture	106,454	71,100	1,685,480	1,260,560	(1,579,025)	(1,189,460)	1,112	1,112	-	-
Agricultural Services	41,868	37,685	41,073	41,234	795	(3,549)	-	4,022	-	-
Regulatory Services	47,001	39,953	197,336	186,149	(150,335)	(146,196)	-	-	-	-
Transport & Communication	289,588	304,857	1,334,892	1,078,379	(1,045,304)	(773,522)	289,588	304,857	-	-
Economic Development	267,822	240,098	547,581	450,967	(279,759)	(210,869)	-	-	-	-
Not Elsewhere Classified	163,027	264,730	268,387	428,314	(105,360)	(163,584)	-	55,544	-	-
Works Overheads	-	-	365,701	189,286	(365,701)	(189,286)	-	-	-	-
Other Functions/Activities	-	-	-	-	-	-	-	-	58,067,669	60,849,991
Total Functions/Activities	4,409,886	4,361,481	5,731,550	4,776,887	(1,321,664)	(415,406)	1,495,840	1,584,685	58,067,669	60,849,991

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 2017

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 – Outdoor, 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, 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 2017

Note 13. Financial Instruments

\$

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.5% and 2.4% (2016: 2% and 3%). Short term deposits have an average maturity of 30 days and an average interest rate of 2.4% (2016: 30 days and 2%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.5833% per month (2016: 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 2017

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 2017

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 six monthly; interest is charged at fixed rates on fixed term borrowings and at variable rates on short term cash advance with rates between 4.00% & 6.65% (2016: 4.55% & 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 2017

Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2017					
Financial Assets					
Cash & Equivalents	4,246,593	-	-	4,246,593	4,246,593
Receivables	173,405	-	-	173,405	173,405
Other Financial Assets	4,346	19,433	20,049	43,828	43,828
Total Financial Assets	4,424,344	19,433	20,049	4,463,826	4,463,826

Financial Liabilities					
Payables	433,379	-	-	433,379	433,379
Current Borrowings	203,782	-	-	203,782	203,782
Non-Current Borrowings	-	1,083,257	20,049	1,103,306	1,103,306
Total Financial Liabilities	637,161	1,083,257	20,049	1,740,467	1,740,467

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2016					
Financial Assets					
Cash & Equivalents	3,229,917	-	-	3,229,917	3,229,917
Receivables	91,350	-	-	91,350	91,350
Other Financial Assets	5,463	23,779	20,049	49,291	49,291
Total Financial Assets	3,326,730	23,779	20,049	3,370,558	3,370,558

Financial Liabilities					
Payables	26,190	-	-	26,190	26,190
Current Borrowings	195,966	-	-	195,966	195,966
Non-Current Borrowings	-	1,281,856	25,232	1,307,088	1,307,088
Total Financial Liabilities	222,156	1,281,856	25,232	1,529,244	1,529,244

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

	30 June 2017		30 June 2016	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	7.92%	-	8.02%	-
Other Variable Rates	3.75%	-	4.00%	-
Fixed Interest Rates	5.94%	1,307,088	5.82%	1,503,054
		1,307,088		1,503,054

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 2017

Note 13. Financial Instruments (continued)

\$

Risk Exposures

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

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

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

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

Note 14. Commitments for Expenditure

\$

Notes

2017

2016

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

Audit Services	57,000	76,000
Employee Remuneration Contracts	681,751	576,000
	738,751	652,000

These expenditures are payable:

Not later than one year	300,751	307,000
Later than one year and not later than 5 years	438,000	345,000
Later than 5 years	-	-
	738,751	652,000

The Flinders Ranges Council

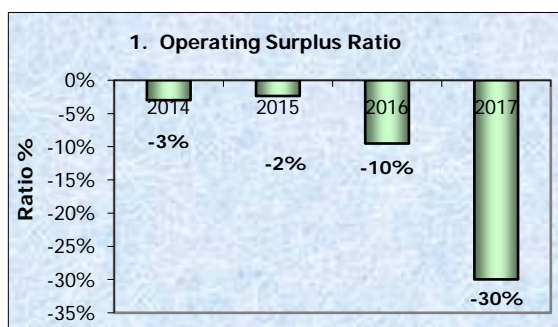
Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 15. Financial Indicators

\$	Amounts 2017	Indicator 2017	Prior Periods 2016	2015
<p>These Financial Indicators have been calculated in accordance with <i>Information paper 9 - Local Government Financial Indicators</i> prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</p>				
1. Operating Surplus Ratio				
Operating Surplus	(1,321,664)			
Total Operating Revenue	4,409,886	(30%)	(10%)	(2%)
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>				
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 compliance with AASB 1004 disclosures and the resultant distortion in the operating result for each year.	(554,050) 5,177,500	(11%)	(33%)	13%
2. Net Financial Liabilities Ratio				
Net Financial Liabilities	(821,006)			
Total Operating Revenue	4,409,886	(19%)	(14%)	(15%)
<p><i>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.</i></p>				
2a. Adjusted Net Financial Liabilities Ratio				
Similarly to indicator 1a (above), the Adjusted Net Financial Liabilities Ratio adjusts for compliance with AASB 1004 disclosures and the resultant distortion in the financial position for each year.	(1,588,620) 5,177,500	(31%)	5%	(28%)
3. Asset Sustainability Ratio				
Net Asset Renewals	44,944			
Infrastructure & Asset Management Plan required expenditure	1,503,145	3%	30%	15%
<p><i>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.</i></p>				
3a. Adjusted Asset Sustainability Ratio				
Net Asset Renewals, Additions & Upgrades	755,168			
Infrastructure & Asset Management Plan required expenditure	1,503,145	50%	142%	260%
<p><i>Within this adjusted ratio, Net Asset Renewals, Additions and Upgrades expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and <u>includes</u> new capital expenditure on the acquisition of additional assets. Council considers this to be a better indicator of how Council's asset based is being maintained and improved.</i></p>				

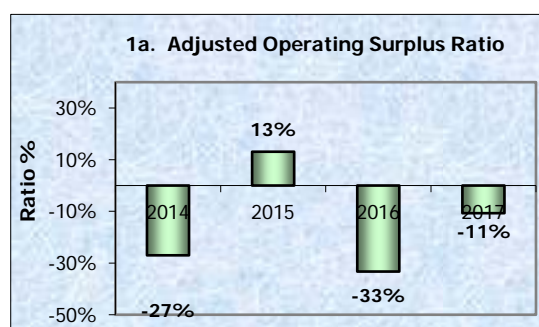
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 15. Financial Indicators - Graphs (continued)

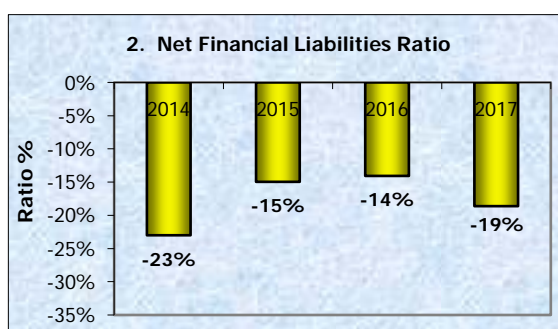


Purpose of Operating Surplus Ratio

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

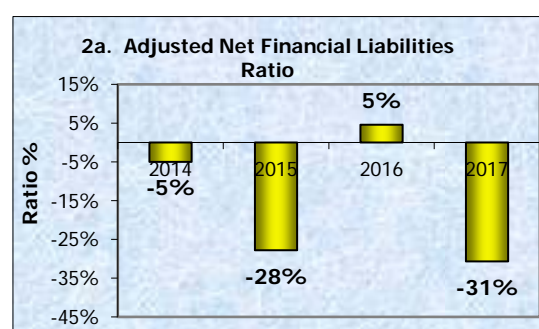


2016/17 Ratio -30%

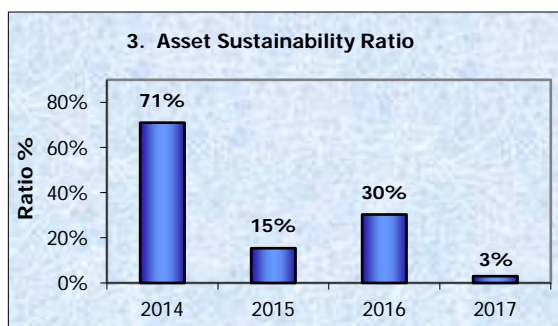


Purpose of Net Financial Liabilities Ratio

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

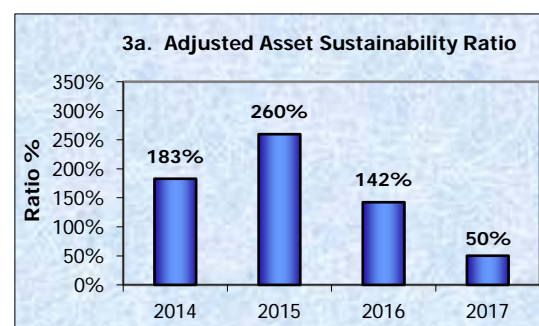


2016/17 Ratio -19%



Purpose of Asset Sustainability Ratio

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



2016/17 Ratio 3%

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 16. Uniform Presentation of Finances

\$	2017	2016
<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	4,409,886	4,361,481
less Expenses	(5,731,550)	(4,776,887)
Operating Surplus / (Deficit)	(1,321,664)	(415,406)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	44,944	376,329
less Depreciation, Amortisation and Impairment	(1,503,145)	(1,240,615)
less Proceeds from Sale of Replaced Assets	(31,364)	(44,090)
Subtotal	(1,489,565)	(908,376)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	710,224	1,389,914
less Amounts Received Specifically for New and Upgraded Assets	(648,526)	(1,110,000)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	61,698	279,914
Net Lending / (Borrowing) for Financial Year	106,203	213,056

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 17. Operating Leases

\$	2017	2016
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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.

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

Not later than one year	4,000	4,000
Later than one year and not later than 5 years	16,000	16,000
Later than 5 years	-	4,000
	<u>20,000</u>	<u>24,000</u>

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 2016/17; 9.50% in 2015/16). 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 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 2017

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.

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 \$43,828 (2016: \$49,291) 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 2017, 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 03/11/17.

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 2017

Note 21. Related Party Transactions

\$

2017

Key Management Personnel

Transactions with Key Management Personnel

AASB 124 *Related Party Disclosures* defines a **Related Party Transaction** as a transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

A **Related Party** is defined in AASB 124 as a person or entity that is related to Council (as the reporting entity) and includes a person that:- has control or joint control of the Council; has significant influence over the Council; or is a member of the **Key Management Personnel** of the Council. It is noted that this definition includes a person or a close member of the person's family (those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and includes:- the person's children, spouse or domestic partner; children of the spouse or domestic partner; and dependants of the person or that person's spouse or domestic partner).

AASB 124 defines **Key Management Personnel** as those persons having authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed Officers under section 112 of the *Local Government Act 1999*. In all, 12 persons are considered Key Management Personnel.

Key Management Personnel - Compensation

Paragraph 17 of AASB 124 requires Council to disclose all forms of Key Management Personnel compensation that is paid, payable or provided by the council (or on its behalf) in exchange for services rendered. The following table details the number of individual benefits provided by Council to Key Management Personnel and their collective values.

	#	\$
Short-Term Benefits	30	454,180
Post-Employment Benefits	3	62,425
Long-Term Benefits	3	52,463
Total	36	569,068

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Of these amounts, \$419,388 has been paid, \$148,406 is payable by Council and \$1,304 has been provided for as at the reporting date. The amounts detailed as "payable" and "provided for" relate entirely to accrued Employee Leave Entitlements as at the reporting date, and are total amounts and not the net movement for the reporting period.

Key Management Personnel - Receipts From

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 21. Related Party Transactions (continued)

\$

2017

Parties Related to Key Management Personnel

Paragraph 18 of AASB 124 requires that if Council has had related party transactions during the reporting period, that Council shall disclose the nature of the related party relationship, together with information about those transactions including outstanding balances, commitments and provisions and / or expenses during the reporting period relating to bad or doubtful debts.

Key Management Personnel or close family members lodged a total of one (1) planning and building application during the reporting period. In accordance with the Local Government Act 1999, these persons took no part in the assessment or approval process for this application. Total fees for this application were \$198.75 with the full amount paid prior to 30 June 2017.

Two (2) Key Management Personnel are members of the Hawker Community Development Board Incorporated which lodged a total of one (1) planning and building application during the reporting period. In accordance with the Local Government Act 1999, these persons took no part in the assessment or approval process for this application. No fees for this application were raised as the development was on Council land.

Three (3) Key Management Personnel are on the Executive of the Pichi Richi Railway Preservation Society Inc. Council collected ticket sale income of \$160,873.13 for the organisation and paid this to the organisation during the reporting period. A further amount of \$17,013.64 remained payable to the organisation by Council at 30 June 2017. Council paid the organisation lease fees of \$27,500 during the reporting period. A further amount of \$13,750 remained payable to the organisation by Council at 30 June 2017. Council paid the organisation for memberships, donations taken & other items totalling \$300 during the reporting period. Council provided the organisation with discretionary rate rebates of \$5,642.20 during the reporting period. Council provided in-kind works to the organisation during the reporting period. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

One (1) Key Management Personnel Chairs the Quorn Men's Shed Association. During the reporting period, Council auspiced a grant of \$8,000 on behalf of the organisation from the Department for Communities and Social Inclusion. This amount was received by Council and subsequently paid to the organisation. No amounts are outstanding at 30 June 2017. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

Two (2) Key Management Personnel sit on the Barndioota Consultative Committee established by the Australian Government's Department of Industry, Innovation and Science. Council received two grants under the Department's National Radioactive Waste Management Facility Community Benefit Programme totalling \$115,000. Of this amount, \$103,500 was received in the reporting period, with the balance \$11,500 to be received in 2017 / 2018.

One (1) Key Management Personnel is on the Board of the Hawker Community Sports Centre Inc. Council paid this organisation \$4,166.67 for water for the Hawker Swimming Pool and \$144 for Elected Member meals. Council provided the organisation with discretionary rate rebates of \$4,050 during the reporting period. No amounts are outstanding at 30 June 2017. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this. Council provided in-kind works to the organisation during the reporting period.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 21. Related Party Transactions (continued)

\$

2017

Parties Related to Key Management Personnel (continued)

One (1) Key Management Personnel is an employee of the Department for Environment, Water & Natural Resources. Council collected and paid to the Department an amount of \$41,630 for the Northern and Yorke NRM levy. For undertaking this, Council received a payment of \$3,010.60 from the Department. Council purchased maps, park entry and camping permits from the Department totalling \$7,378.68 which were sold through the Visitor Information Centre. Council received commissions of \$379.67 for undertaking this. Council paid the Department a Heritage Referral Fee of \$173. Council paid the Department an amount of \$1,179.41 for the Dog and Cat Management Board. Council received a payment of \$190 from the Department for Venue Hire. At the end of the reporting period, an amount of \$536.82 was payable by Council to the Department.

One (1) Key Management Personnel is an employee of the Department for Education and Child Development. Council provided in-kind works during the reporting period at the Quorn Kindergarten.

One (1) Key Management Personnel and a close member of the person's family are involved in a business from which Council made purchases totalling \$11,456.93 during the reporting period. At 30 June 2017, a balance of \$420.36 remained payable by Council.

Two (2) Key Management Personnel are members of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$20,985.06 to the organisation. As at 30 June 2017, no amounts were outstanding.

One (1) Key Management Personnel is a member of the Quorn Bowling Club. During the reporting period, Council received payments from the organisation of \$3,741.92 for water and insurance reimbursements. The organisation also paid Council an amount of \$5,231.90 in loan repayments. The total loan principal outstanding at 30 June 2017 was \$43,828.30. An amount of \$3,124.63 remained payable to Council. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this. Council provided in-kind works to the organisation during the reporting period.

One (1) Key Management Personnel is on the Board of Hawker Community Development Board Inc. During the reporting period, Council received \$1,445.19 from the organisation for cleaning, electricity and freight reimbursements. Council made payments of \$70 to the organisation for subscription and materials. As at 30 June 2017, an amount of \$153.24 remained payable to Council by the organisation. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

One (1) Key Management Personnel is on the Board of Wirreanda Cottage. During the reporting period, Council provided the organisation with a \$2,190 discretionary rate rebate. As at 30 June 2017, no amounts were outstanding.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 22. Reconciliation of Grants Received

\$	Notes	Opening Balance	Movements Received	Expended	Closing Balance
Grants					
General Purpose - Commonwealth					
Grants Commission Grant - General Purpose		-	1,201,504	(1,201,504)	-
Grants Commission Grant - Local Roads		-	289,588	(289,588)	-
Total General Purpose Grants		-	1,491,092	(1,491,092)	-
Specific Purpose					
Hawker Hall		-	67,500	-	67,500
Hawker Pool		-	36,000	(28,641)	7,359
Libraries		-	1,112	(1,112)	-
Total Specific Purpose Grants		-	104,612	(29,753)	74,859
Total Other Grants		-	1,595,704	(1,520,845)	74,859
Comparatives		-	-	-	-
Grants Specifically for New/Upgraded Assets					
Specific Purpose					
Roads to Recovery		-	441,516	(441,516)	-
Specific Local Roads Grant		-	565,333	(175,103)	390,230
Total Grants Specifically for New/Upgraded Assets		-	1,006,849	(616,619)	390,230
Comparatives		-	-	-	-

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2017

Note 23. Material Budget Variations

\$

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

Note that for Variations* of Budget to Actual :

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

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

\$	2017 Budget	2017 Actual	2017 ----- Variance* -----	
REVENUES				
Rates Revenues	2,156,300	2,150,716	(5,585)	(0%) U
Statutory Charges	35,900	40,791	4,891	14% F
Development fees and dog registration fees and fines higher than anticipated				
User Charges	74,800	79,403	4,603	6% F
Grants, Subsidies & Contributions	1,524,600	1,495,840	(28,760)	(2%) U
Investment Income	58,200	97,668	39,468	68% F
More funds on hand to invest due to income received in advance				
Reimbursements	19,000	42,220	23,220	122% F
Health & Dev. Services reimb. unbudgeted and large Workers Compensation Insurance reimb. received				
Other Income	313,400	503,248	189,848	61% F
Commercial Activity income significantly higher, and Insurance, Training and Fuel Rebates higher than anticipated.				
EXPENSES				
Employee Costs	1,593,400	1,665,349	71,949	5% U
Materials, Contracts & Other Expenses	2,931,400	2,479,601	(451,799)	(15%) F
Primarily timing issues (see last year), contract replacement staff used				
Depreciation, Amortisation & Impairment	1,131,800	1,503,145	371,345	33% U
Depreciation higher than anticipated following full asset revaluation process.				
Finance Costs	88,200	83,455	(4,745)	(5%) F
CAPITAL REVENUES / EXPENSES				
Asset Disposal & Fair Value Adjustments	-	(2,638)	(2,638)	0% U
Amounts Received for New/Upgraded Assets	1,031,200	648,526	(382,674)	(37%) U
Grants received in advance and unspent project grants				

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 24. Financial Commentary & Review

\$

Key Financial Figures of Council over the past 5 years

Financial Performance Figures	2017	2016	2015	2014	2013
Inflows:					
Rates	2,150,716	2,094,411	2,050,969	1,894,640	1,750,311
Statutory Charges	40,791	36,252	34,897	33,001	40,092
User Charges	79,403	83,328	80,106	77,138	75,179
Grants, Subsidies & Contributions	1,495,840	1,584,685	1,620,397	1,729,589	1,594,883
Investment Income	97,668	95,035	95,900	113,427	132,601
Total Income from Continuing Operations	4,409,886	4,361,481	4,374,298	4,280,814	4,070,512
Amounts Received Specifically for					
New/Upg Assets	648,526	1,110,000	1,956,182	1,128,636	868,907
Sale of Replaced Assets	31,364	44,090	-	-	-
Repayments of Loans from Community Groups	5,463	5,932	-	-	-
New Loan Borrowings & Advances	-	-	750,000	-	-
Outflows:					
Employee Costs	1,665,349	1,232,343	1,526,121	1,446,585	1,338,917
Materials, Contracts & Other Expenses	2,479,601	2,211,089	1,520,454	1,604,679	1,787,657
Finance Costs	83,455	92,840	94,707	77,864	81,275
Total Expenses from Continuing Operations	5,731,550	4,776,887	4,478,110	4,397,368	4,059,810
Exp. on Renewal/Replacement of Assets	(44,944)	(376,329)	(3,830,542)	(2,318,666)	(1,561,768)
Exp. on New/Upgraded Assets	(710,224)	(1,389,914)	-	-	-
Total Loan Repayments (incl. Finance Leases)	(195,966)	(158,479)	(130,039)	(58,520)	(57,866)
Operating Surplus/(Deficit) (excl. Capital Income)	(1,321,664)	(415,406)	(103,813)	(116,554)	10,702
Financial Position Figures	2017	2016	2015	2014	2013
Current Assets	5,162,601	4,146,966	4,536,412	3,938,316	4,633,943
Current Liabilities	2,778,059	1,682,652	2,094,461	1,332,745	1,944,974
Net Current Assets	2,384,542	2,464,314	2,441,952	2,605,571	2,688,969
Cash & Investments	4,246,593	3,229,917	3,857,871	3,022,172	3,818,974
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	1,307,088	1,503,054	1,661,533	1,041,572	1,100,092
Total Value of I,PP&E (excl. Land & Land Imp'ments)	78,011,999	76,293,901	74,645,157	72,540,674	61,588,449
Total Accumulated Depreciation	25,146,413	19,635,998	18,458,833	18,301,984	16,159,791
Indicative Remaining Useful Life (as a % of GBV)	68%	74%	75%	75%	74%

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 25. Council Information & Contact Details

Principal Place of Business:

1 Seventh Street
QUORN SA 5433

Contact Details

Mailing Address:

PO Box 43
QUORN SA 5433

Opening Hours:

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

Telephone: 08 8620 0500

Facsimile:

Internet: www.frc.sa.gov.au

Email: council@frc.sa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Colin Davies

PUBLIC OFFICER

Colin Davies

AUDITORS

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

Elected Members

MAYOR

Peter Slattery

COUNCILLORS

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

Other Information

ABN: 43 952 255 151

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

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E: stirling@galpins.com.au

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W: www.galpins.com.au

ABN: 30 630 511 757

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under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of the Flinders Ranges Council

Opinion

We have audited the accompanying financial report of the Flinders Ranges Council, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Flinders Ranges Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

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 the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

13 / 11 / 2017

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Flinders Ranges Council

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

Opinion

We have audited the compliance of the Flinders Ranges Council with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 have been conducted properly and in accordance with law.

In our opinion, the Flinders Ranges Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2016 to 30 June 2017.

Basis for Opinion

We conducted our engagement 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 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for 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, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

8 / 11 / 2017

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2017

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 2017, the Council's Auditor, Galpins Accountants, Auditors and Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Colin Davies
CHIEF EXECUTIVE OFFICER



Richard Perkins
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 18/10/2017

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2017

Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Tim Muhlhaasler
Galpins Accountants, Auditors and Business Consultants

Dated this 13 day of November 2017.