

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

*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 2018

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The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2018

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 2018 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: 11 SEPTEMBER 2018

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2018

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 2018.

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.

More information...

A 5 year snapshot of Council's key financial figures can be found at Note 26 of the Financial Statements.

The Flinders Ranges Council

Statement of Comprehensive Income

for the year ended 30 June 2018

\$	Notes	2018	2017
Income			
Rates Revenues	2a	2,222,028	2,150,716
Statutory Charges	2b	49,170	40,791
User Charges	2c	99,868	79,403
Grants, Subsidies and Contributions	2g	1,655,354	1,495,840
Investment Income	2d	82,362	97,668
Reimbursements	2e	33,951	42,220
Other Income	2f	506,397	503,248
Total Income		4,649,130	4,409,886
Expenses			
Employee Costs	3a	1,520,048	1,665,349
Materials, Contracts & Other Expenses	3b	2,452,630	2,479,601
Depreciation, Amortisation & Impairment	3c	1,523,742	1,503,145
Finance Costs	3d	72,107	83,455
Total Expenses		5,568,526	5,731,550
Operating Surplus / (Deficit)		(919,396)	(1,321,664)
Asset Disposal & Fair Value Adjustments	4	22,896	(2,638)
Amounts Received Specifically for New or Upgraded Assets	2g	1,465,842	648,526
Net Surplus / (Deficit) ¹		569,342	(675,776)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Total Comprehensive Income		569,342	(3,686,115)
AASB1004 Recognition			
Financial Assistance Grants Received in Advance	2ga, 8aa	39,062	767,614
Operating Surplus / (Deficit) adjusted for AASB1004		(880,334)	(554,051)
Grants Received in Advance (SLR & CCTV)	2ga, 8aa	(38,882)	(526,118)
Total AASB1004 Adjustments		180	241,496
Total Comprehensive Income after AASB1004		569,521	(3,444,619)

¹ Transferred to Equity Statement

The Flinders Ranges Council

Statement of Financial Position

as at 30 June 2018

\$	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	3,259,832	4,246,593
Trade & Other Receivables	5b	470,397	472,471
Inventories	5c	503,524	443,537
Total Current Assets		4,233,753	5,162,601
Non-Current Assets			
Financial Assets	6a	34,939	39,482
Infrastructure, Property, Plant & Equipment	7a	53,127,592	52,865,586
Other Non-Current Assets	6b	521,394	-
Total Non-Current Assets		53,683,925	52,905,068
TOTAL ASSETS		57,917,679	58,067,669
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	992,518	1,251,742
Borrowings	8b	214,155	203,782
Provisions	8c	1,089,336	1,322,535
Total Current Liabilities		2,296,009	2,778,059
Non-Current Liabilities			
Trade & Other Payables	8a	-	-
Borrowings	8b	889,151	1,103,306
Provisions	8c	33,048	56,175
Total Non-Current Liabilities		922,199	1,159,481
TOTAL LIABILITIES		3,218,207	3,937,540
Net Assets		54,699,471	54,130,129
EQUITY			
Accumulated Surplus		15,902,633	14,612,093
Asset Revaluation Reserves	9a	35,764,708	35,764,708
Other Reserves	9b	3,032,130	3,753,328
Total Council Equity		54,699,471	54,130,129

The Flinders Ranges Council

Statement of Changes in Equity for the year ended 30 June 2018

		Asset		
\$	Notes	Accumulated Surplus	Revaluation Reserve	Other Reserves
				Total Equity
2018				
Balance at the end of previous reporting period		14,612,093	35,764,708	3,753,328
a. Net Surplus / (Deficit) for Year		569,342	-	-
Total Comprehensive Income		569,342	-	-
b. Transfers between Reserves		721,198	-	(721,198)
Balance at the end of period		15,902,633	35,764,708	3,032,130
2017				
Balance at the end of previous reporting period		16,500,415	38,775,047	2,540,782
a. Net Surplus / (Deficit) for Year		(675,776)	-	-
e. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(3,010,339)	-
Total Comprehensive Income		(675,776)	(3,010,339)	-
b. Transfers between Reserves		(1,212,546)	-	1,212,546
Balance at the end of period		14,612,093	35,764,708	3,753,328

The Flinders Ranges Council

Statement of Cash Flows

for the year ended 30 June 2018

\$	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		5,008,856	4,418,715
Investment Receipts		82,362	97,668
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(4,985,028)	(3,147,598)
Finance Payments		(75,112)	(86,328)
Net Cash provided by (or used in) Operating Activities	11b	31,077	1,282,457
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,465,842	648,526
Sale of Replaced Assets		115,182	31,364
Repayments of Loans by Community Groups		4,347	5,463
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(868,488)	(44,944)
Expenditure on New/Upgraded Assets		(1,530,939)	(710,224)
Net Cash provided by (or used in) Investing Activities		(814,057)	(69,815)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(203,782)	(195,966)
Net Cash provided by (or used in) Financing Activities		(203,782)	(195,966)
Net Increase (Decrease) in Cash Held		(986,761)	1,016,676
plus: Cash & Cash Equivalents at beginning of period	11	4,246,593	3,229,917
Total Cash, Cash Equivalents & Investments		3,259,832	4,246,593

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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 on a going concern basis using the historical cost convention 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 11 September 2018.

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).

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.

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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	\$10,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

Updated by policy review 'Accounting for Assets' at July 2018.

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 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
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The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 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, are not subject to impairment testing.

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 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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

(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.

Council also makes contribution to other superannuation schemes selected by employees under the 'choice of fund' legislation.

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 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"

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

- 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.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

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

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to

impairment losses however the standard is not expected to have a material impact overall.

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

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 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

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

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

- 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 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*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*

- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts (Appendix D)*

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 2018

Note 2. Income

\$	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		1,791,573	1,712,821
Less: Mandatory Rebates		(71,911)	(60,359)
Total General Rates		1,719,662	1,652,462
Other Rates (Including Service Charges)			
Natural Resource Management Levy		43,512	41,868
Waste Collection		192,900	191,250
Community Wastewater Management Systems		240,720	241,920
Total Other Rates		477,132	475,038
Other Charges			
Penalties for Late Payment		25,254	23,216
Total Other Charges		25,254	23,216
Less: Discretionary Rebates, Remissions & Write Offs		(20)	-
Total Rates Revenues		2,222,028	2,150,716
(b). Statutory Charges			
Development Act Fees		23,047	21,372
Animal Registration Fees & Fines		22,976	16,384
Other Licences, Fees & Fines		3,146	3,035
Total Statutory Charges		49,170	40,791
(c). User Charges			
Cemetery/Crematoria Fees		24,040	13,665
Hall & Equipment Hire		8,767	3,739
Sundry		2,188	2,236
Swimming Pools		34,830	31,619
Community Bus Hire		5,656	8,419
Waste Management		17,097	19,107
Airport Fees		224	618
Film Industry Support		7,068	-
Total User Charges		99,868	79,403

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$	Notes	2018	2017
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		79,517	92,097
- Banks & Other		999	2,105
- Loans to Community Groups		1,846	3,466
Total Investment Income		82,362	97,668
(e). Reimbursements			
Private Works		6,108	22,152
Shared Services Fees		11,999	8,758
Recreation & Sport - Oval		10,910	5,507
Workers Insurance		-	3,158
Other		4,934	2,645
Total Reimbursements		33,951	42,220
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		71,663	56,324
Rebates & Incentives Received		59,164	56,942
Sundry		13,854	17,242
Commercial Income		44,735	53,992
Donations		10,826	13,975
Outback Community Authority		20,938	14,198
FRVIC		266,990	266,142
Warren's Gorge		18,227	24,433
Total Other Income		506,397	503,248
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,465,842	648,526
Total Amounts Received Specifically for New or Upgraded Assets		1,465,842	648,526
Other Grants, Subsidies and Contributions		1,506,006	1,495,840
Individually Significant Item - Additional Grants Commission Payment (refer below)		149,348	-
Total Other Grants, Subsidies and Contributions		1,655,354	1,495,840
Total Grants, Subsidies, Contributions		3,121,196	2,144,367

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$	Notes	2018	2017
(ga). AASB1004 Recognition - Grants, Subsidies, Contribution			
Amounts Received Specifically for New or Upgraded Assets - AASB1004 adjustment		(38,882)	(526,118)
Other Grants, Subsidies and Contributions - AASB1004 adjustment		39,062	767,614
Total Grants, Subsidies, Contributions - AASB1004 adjustments		180	241,496
AASB1004 adjusted Total Grants, Subsidies, Contributions		3,121,376	2,385,863
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		3,055,992	1,964,849
State Government		65,204	179,518
Total		3,121,196	2,144,367
AASB1004 adjusted Sources of grants			
Commonwealth Government		3,075,054	2,167,463
State Government		46,322	218,400
Total		3,121,376	2,385,863

*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 2018, must be recognised as revenue in the 2017-2018 financial year, and other Commonwealth grants received but not expended during 2017-2018 must be recorded as revenue in the 2018-2019 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 2018

Note 2. Income (continued)

\$	Notes	2018	2017
(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		465,089	-
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		(390,230)	-
Heritage & Cultural Services		(67,500)	-
Sporting & Recreation Services		(7,359)	-
Subtotal		(465,089)	-
<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		59,270	67,500
Sporting & Recreation Services		160,438	7,359
Subtotal		219,708	465,089
Unexpended at the close of this reporting period		219,708	465,089
Net increase (decrease) in assets subject to conditions in the current reporting period		(245,381)	465,089

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		1,257,653	1,347,036
Employee Leave Expense		143,967	198,040
Superannuation - Defined Contribution Plan Contributions	18	111,678	123,072
Workers' Compensation Payments		10,557	1,069
Less: Capitalised and Distributed Costs		(3,808)	(3,868)
Total Operating Employee Costs		1,520,048	1,665,349
Total Number of Employees (full time equivalent at end of reporting period)		19	22

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$	Notes	2018	2017
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		27,307	26,461
Elected Members' Expenses		78,178	87,001
Election Expenses		9,438	483
Subtotal - Prescribed Expenses		114,923	113,945
(ii) Other Materials, Contracts and Expenses			
Contractors		988,686	572,022
Energy - Fuel & Power		96,137	74,288
Plant and Equipment Capital Purchases		506,697	44,945
Legal Expenses		13,623	23,632
Levies Paid to Government - NRM levy		43,452	40,684
Levies - Other		4,036	3,753
Parts, Accessories & Consumables		40,314	40,848
Professional Services		20,141	32,731
Sundry		322,444	199,293
Waste Management		245,851	133,220
Insurance		87,588	112,692
Vehicle Maintenance		125,305	90,457
FBT		11,831	14,188
FRVIC		190,338	274,457
Workers Compensation Insurance		63,346	81,602
LG Systems Contract		55,650	53,491
Rubble / Crushed Rock		(42,887)	44,150
Road Construction & Maintenance		1,201,591	1,235,623
CWMS		7,770	24,520
Building Upgrades		156,982	46,945
Water		76,844	65,306
Less: Capitalised and Distributed Costs		(1,878,034)	(843,191)
Subtotal - Other Material, Contracts & Expenses		2,337,706	2,365,656
Total Materials, Contracts and Other Expenses		2,452,630	2,479,601

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$	Notes	2018	2017
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Infrastructure		505,022	477,864
CWMS		72,354	72,354
Plant & Equipment		149,451	146,438
Furniture & Fittings		25,383	28,233
Buildings		771,532	778,256
Subtotal		1,523,742	1,503,145
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		1,523,742	1,503,145
(d). Finance Costs			
Interest on Loans		72,107	83,455
Total Finance Costs		72,107	83,455

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		115,182	31,364
Less: Carrying Amount of Assets Sold		(92,286)	(34,002)
Gain (Loss) on Disposal		22,896	(2,638)
Net Gain (Loss) on Disposal or Revaluation of Assets		22,896	(2,638)

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 5. Current Assets

\$	Notes	2018	2017
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		33,291	98,243
Deposits at Call		401,442	398,350
Short Term Deposits & Bills, etc.		2,825,099	3,750,000
Total Cash & Cash Equivalents		3,259,832	4,246,593
(b). Trade & Other Receivables			
Rates - General & Other		341,076	294,719
Accrued Interest		3,006	21,689
Debtors - General		55,670	74,583
Prepayments		-	21,479
Loans to Community Organisations		4,542	4,347
Accrued Income - ATO		66,103	44,781
Other		-	10,873
Total Trade & Other Receivables		470,397	472,471
(c). Inventories			
Stores & Materials		474,604	407,780
Trading Stock		28,920	35,757
Total Inventories		503,524	443,537

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations	34,939	39,482
Total Receivables	34,939	39,482
Total Financial Assets	34,939	39,482

(b). Other Non-Current Assets

Capital Works-in-Progress	521,394	-
Total Other Non-Current Assets	521,394	-

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7a. Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2017				Asset Movements during the Reporting Period						as at 30/6/2018			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
						New / Upgrade	Renewals								
Infrastructure	3	39,187,037	-	6,638,577	32,548,460	1,201,591	-	-	(505,022)	-	-	39,187,037	1,201,591	7,143,599	33,245,029
CWMS	3	4,124,928	-	1,375,787	2,749,141	-	-	-	(72,354)	-	-	4,124,928	-	1,448,141	2,676,787
Plant & Equipment	3	2,934,982	-	1,618,369	1,316,613	80,000	334,332	(92,286)	(149,451)	-	-	2,560,955	414,332	1,486,079	1,489,208
Furniture & Fittings	3	242,500	-	93,287	149,213	92,366	12,763	-	(25,383)	-	-	242,500	105,129	118,670	228,959
Buildings	3	28,673,188	-	15,420,393	13,252,795	156,982	-	-	(771,532)	-	-	28,673,188	156,982	16,191,924	12,638,245
Land	2	1,641,465	-	-	1,641,465	-	-	-	-	-	-	1,641,465	-	-	1,641,465
Land	3	1,207,899	-	-	1,207,899	-	-	-	-	-	-	1,207,899	-	-	1,207,899
Total Infrastructure, Property, Plant & Equipment		78,011,999	-	25,146,413	52,865,586	1,530,939	347,095	(92,286)	(1,523,742)	-	-	77,637,972	1,878,034	26,388,413	53,127,592
Comparatives		76,293,901	-	19,635,998	56,657,903	710,224	44,945	(34,002)	(1,503,145)	(57,372,564)	54,362,225	78,011,999	-	25,146,413	52,865,586

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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 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 2018

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 2018

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 2018

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 2018

Note 8. Liabilities

		2018	2018	2017	2017
\$	Notes	Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		104,806	-	381,325	-
Payments Received in Advance		806,676	-	806,496	-
Accrued Expenses - Employee Entitlements		34,074	-	29,269	-
Accrued Expenses - Finance Costs		19,780	-	22,786	-
Accrued Expenses - Other		27,182	-	11,866	-
Total Trade and Other Payables		992,518	-	1,251,742	-

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

Payments Received in Advance - AASB1004 adjustment			
FAGs Received in Advance	(19,062)		(767,614)
Other Grants Received in Advance (CCTV)	38,882		(38,882)
Other Grants Received in Advance (SLR 2016)	-		565,000
Other Grants Received in Advance (PRRPS)	(20,000)		-
Total AASB1004 Adjustments	(180)		(241,496)
AASB 1004 Adjusted Trade & Other	992,338		1,010,246

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	214,155	889,151	203,782	1,103,306
Total Borrowings	214,155	889,151	203,782	1,103,306

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

(c). Provisions

Employee Entitlements (including oncosts)	424,853	33,048	415,949	56,175
Future Reinstatement / Restoration, etc	431,212	-	431,212	-
Unspent Grants	219,708	-	465,090	-
Other	13,563	-	10,284	-
Total Provisions	1,089,336	33,048	1,322,535	56,175

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves

\$	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve					
Infrastructure	15,739,843	-	-	-	15,739,843
CWMS	816,063	-	-	-	816,063
Plant & Equipment	(106,236)	-	-	-	(106,236)
Furniture & Fittings	36,278	-	-	-	36,278
Buildings	10,593,820	-	-	-	10,593,820
Minor Plant	15,926	-	-	-	15,926
Other Assets	8,669,014	-	-	-	8,669,014
Total Asset Revaluation Reserve	35,764,708	-	-	-	35,764,708
Comparatives	38,775,047	(3,010,339)	-	-	35,764,708

\$	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
(b). Other Reserves					
NRM Levy	1,419	55	-	-	1,474
Land & Buildings	69,975	60,024	(10,000)	-	120,000
Plant Replacement	250,000	2,493	(202,493)	-	50,000
Other	1,421,040	61,088	(282,013)	-	1,200,115
Garbage Service Charge	166,057	3,977	(25,790)	-	144,243
Stormwater Dams	2,043	49	(92)	-	2,000
Legal Costs	-	5,000	-	-	5,000
Community Trust Funds	32,989	73,044	(72,766)	-	33,267
Hawker CWMS Service Charge	196,133	53,248	(2,431)	-	246,950
Quorn CWMS Service Charge	1,014,367	30,820	(16,106)	-	1,029,081
Airstrips	150,000	1,233	(151,233)	-	-
Roads	400,000	152,086	(402,086)	-	150,000
Community Buses	49,306	1,181	(487)	-	50,000
Total Other Reserves	3,753,328	444,298	(1,165,496)	-	3,032,130
Comparatives	2,540,782	1,294,260	(81,714)	-	3,753,328

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 2018

Note 10. Assets Subject to Restrictions

\$	Notes	2018	2017
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
CWMS Annual Service Charge		1,276,031	1,210,499
Garbage Annual Service Charge		144,244	166,057
NRM Levy		1,474	1,418
Unexpended Grant funds		219,708	465,090
Employee Entitlements		457,900	404,783
Total Cash & Financial Assets		2,099,357	2,247,847
Total Assets Subject to Externally Imposed Restrictions		2,099,357	2,247,847

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	3,259,832	4,246,593
Balances per Statement of Cash Flows		3,259,832	4,246,593

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$	Notes	2018	2017
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		569,342	(675,776)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,523,742	1,503,145
Non-Cash Asset Acquisitions		-	149,734
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,465,842)	(648,526)
Net (Gain) Loss on Disposals		(22,896)	2,638
		604,345	331,215
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		2,269	(100,013)
Net (Increase)/Decrease in Inventories		(59,987)	101,232
Net Increase/(Decrease) in Trade & Other Payables		(259,224)	486,240
Net Increase/(Decrease) in Unpaid Employee Benefits		(14,224)	-
Net Increase/(Decrease) in Other Provisions		(242,103)	463,783
Net Cash provided by (or used in) operations		31,077	1,282,457

(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	11,000
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 2018

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 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$										
Administration	3,067,306	3,011,415	317,278	302,137	2,750,029	2,709,278	1,181,629	1,201,504	-	-
Public Order & Health	23,278	3,246	89,431	74,442	(66,153)	(71,196)	24,500	-	-	-
Social Security & Welfare	7,934	9,909	30,565	17,274	(22,631)	(7,365)	-	-	-	-
Community Amenities	474,756	469,556	945,340	897,248	(470,584)	(427,692)	-	3,636	-	-
Recreation & Culture	118,137	106,454	1,629,015	1,685,480	(1,510,879)	(1,579,025)	1,111	1,112	-	-
Agricultural Services	43,512	41,868	47,174	41,073	(3,662)	795	-	-	-	-
Regulatory Services	51,212	47,001	138,723	197,336	(87,511)	(150,335)	-	-	-	-
Transport & Communication	448,114	289,588	1,374,770	1,334,892	(926,656)	(1,045,304)	448,114	289,588	-	-
Economic Development	275,703	267,822	537,018	547,581	(261,315)	(279,759)	-	-	-	-
Not Elsewhere Classified	139,177	163,027	191,896	268,387	(52,719)	(105,360)	-	-	-	-
Works Overheads	-	-	267,316	365,701	(267,316)	(365,701)	-	-	-	-
Other Functions/Activities	-	-	-	-	-	-	-	-	57,917,679	58,067,669
Total Functions/Activities	4,649,130	4,409,886	5,568,526	5,731,550	(919,396)	(1,321,664)	1,655,354	1,495,840	57,917,679	58,067,669

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 2018

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 2018

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% (2017: 1.5% and 2.4%). Short term deposits have an average maturity of 9 days and an average interest rate of 1.75% (2017: 30 days and 2.4%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legal & 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 0.56250% (2017: 0.5833%). 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 2018

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 2018

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

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

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.45% and 6.65% (2017: 4.00% and 6.65%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	3,259,832	-	-	3,259,832	3,259,832
Receivables	124,779	-	-	124,779	124,779
Other Financial Assets	4,542	25,968	8,972	39,482	39,482
Total Financial Assets	3,389,154	25,968	8,972	3,424,093	3,424,093
Financial Liabilities					
Payables	185,842	-	-	185,842	185,842
Current Borrowings	214,155	-	-	214,155	214,155
Non-Current Borrowings	-	880,179	8,972	889,151	889,151
Total Financial Liabilities	399,997	880,179	8,972	1,289,148	1,289,148
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

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

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.11%	1,103,306	5.94%	1,307,088
		1,103,306		1,307,088

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 2018

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	2018	2017
--	-------	------	------

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

Audit Services	39,846	57,000
Employee Remuneration Contracts	1,292,354	681,751
	1,332,200	738,751

These expenditures are payable:

Not later than one year	391,100	300,751
Later than one year and not later than 5 years	941,100	438,000
Later than 5 years	-	-
	1,332,200	738,751

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2018	2018	2017	2016

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	(919,396)	(20%)	(30%)	(10%)
Total Operating Income	4,649,130			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(546,962)	(12%)	(19%)	(14%)
Total Operating Income	4,649,130			

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.

Adjustments to Ratios

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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio	(31%)	(40%)	10%
Adjusted Net Financial Liabilities Ratio	(25%)	(31%)	5%

3. Asset Sustainability Ratio

Net Asset Renewals	753,307	97%	6%	30%
Infrastructure & Asset Management Plan required expenditure	775,000			

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 16. Uniform Presentation of Finances

\$	2018	2017
<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	4,649,130	4,409,886
less Expenses	(5,568,526)	(5,731,550)
Operating Surplus / (Deficit)	(919,396)	(1,321,664)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(868,488)	(44,944)
<i>add back</i> Depreciation, Amortisation and Impairment	1,523,742	1,503,145
<i>add back</i> Proceeds from Sale of Replaced Assets	115,182	31,364
Subtotal	770,435	1,489,564
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,530,939)	(710,224)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	1,465,842	648,526
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	(65,097)	(61,698)
Net Lending / (Borrowing) for Financial Year	(214,058)	106,202

Note 17. Operating Leases

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	12,000	16,000
Later than 5 years	-	-
	16,000	20,000

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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 2017/18; 9.50% in 2016/17). 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 2016/17) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 2018

Note 19. Interests in Other Entities

\$

Council has no interest in any Equity Accounted Businesses such as Joint Ventures, Associates & Joint Operations.

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. 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 \$34,939.25 (2017: \$39,482) 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 no notice of 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, 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 10/10/18.

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

Note 23. Related Party Transactions

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 23. Related Party Transactions (continued)

\$	2018	2017
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	526,000	454,000
Post-Employment Benefits	67,000	62,000
Long-Term Benefits	48,000	52,000
Total	641,000	568,000

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

Of these amounts, \$496,120.42 has been paid, \$143,172.74 is payable by Council and \$1,125.17 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:

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 \$446.00 with the full amount paid prior to 30 June 2018.

One (1) Key Management Personnel are on the Executive of the Pichi Richi Railway Preservation Society Inc. Council collected ticket sale income of \$108,472.65 for the organisation and paid this to the organisation during the reporting period. No money remained payable to the organisation by Council at 30 June 2017.

Council paid the organisation for memberships, and signage \$1200 during the reporting

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 23. Related Party Transactions (continued)

\$

Parties Related to Key Management Personnel (continued)

One (1) Key Management Personnel Chairs the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$1814.97.

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 six grants under the Department's National Radioactive Waste Management Facility Community Benefit Programme totalling \$640,711.00 Of this amount, \$370,483.00 was received in the reporting period, with the balance \$270,228.00 to be received in 2018/2019.

One (1) Key Management Personnel is on the Board of the Hawker Community Sports Centre Inc. 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.

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 \$12,282.72 during the reporting period. At 30 June 2017, a balance of \$1,368.53 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 \$22,229.77 to the organisation. As at 30 June 2018, no amounts were outstanding.

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 \$2,551 discretionary rate rebate. As at 30 June 2018, no amounts were outstanding.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 24. Reconciliation of Grants Received

\$	Notes	Opening Balance	Movements Received	Expended	Closing Balance
Grants					
General Purpose - Commonwealth					
Grants Commission Grant - General Purpose		-	1,181,629	(1,181,629)	-
Grants Commission Grant - Local Roads		-	448,114	(448,114)	-
Total General Purpose Grants		-	1,629,743	(1,629,743)	-
Specific Purpose					
Hawker Hall		67,500	-	(67,500)	-
Hawker Pool		7,359	-	(7,359)	-
Libraries		-	1,111	(1,111)	-
National Disaster Resilience Program		-	24,500	(24,500)	-
Total Specific Purpose Grants		74,859	25,611	(100,470)	-
Total Other Grants		74,859	1,655,354	(1,730,213)	-
Comparatives		-	1,595,704	(1,520,845)	74,859
Grants Specifically for New/Upgraded Assets					
Specific Purpose					
Roads to Recovery		-	685,543	(685,543)	-
Specific Local Roads Grant		390,230	440,230	(830,460)	-
Cradock War Memorial		-	7,064	(7,064)	-
Skate Park		-	96,217	(96,217)	-
Hawker Pool		-	11,359	(11,359)	-
Hawker Hall		-	74,318	(74,318)	-
History Walk		-	8,715	(8,715)	-
Hawker Aerodrome Refuel Facility		-	89,401	(89,401)	-
CCTV		-	51,843	(51,843)	-
Hawker Gymnasium		-	1,150	(1,150)	-
Total Grants Specifically for New/Upgraded Assets		390,230	1,465,842	(1,856,072)	-
Comparatives		-	1,006,849	(616,619)	390,230

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 25. 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

\$	2018 Budget	2018 Actual	2018 ----- Variance* -----	
REVENUES				
Rates Revenues	2,225,600	2,222,028	(3,572)	(0%) U
Statutory Charges	38,000	49,170	11,170	29% F
Increase in animal registrations and development applications.				
User Charges	79,600	99,868	20,268	25% F
Increase in cemetery fees and hall hire in relation to a long term booking arrangement. Increase in swimming pool fees and film industry support.				
Grants, Subsidies & Contributions	1,718,900	1,655,354	(63,546)	(4%) U
Investment Income	50,300	82,362	32,062	64% F
Directly related to reduction in cash and cash equivalents held during 2017/18.				
Reimbursements	27,100	33,951	6,851	25% F
Defrayment of expenses via the provision of shared services				
Other Income	380,200	506,397	126,197	33% F
Attributed to insurance claim recoupments during 2017/18.				
EXPENSES				
Employee Costs	1,638,500	1,520,048	(118,452)	(7%) F
Materials, Contracts & Other Expenses	2,513,500	2,452,630	(60,870)	(2%) F
Depreciation, Amortisation & Impairment	1,060,300	1,523,742	463,442	44% U
Due to the timing of asset revaluations being received post budget at 30 June 2018.				
Finance Costs	79,900	72,107	(7,793)	(10%) F
New self-serving loan to support local community group to upgrade infrastructure.				
CAPITAL REVENUES / EXPENSES				
Amounts Received for New/Upgraded Assets	835,100	1,465,842	630,742	76% F
Successful grant applications for The Flinders Ranges Skate Park and other initiatives under the Community Benefit Benefit Program.				

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 26. Financial Commentary & Review

\$

Key Financial Figures of Council over the past 5 years

Financial Performance Figures	2018	2017	2016	2015	2014
Inflows:					
Rates	2,222,028	2,150,716	2,094,411	2,050,969	1,894,640
Statutory Charges	49,170	40,791	36,252	34,897	33,001
User Charges	99,868	79,403	83,328	80,106	77,138
Grants, Subsidies & Contributions	1,655,354	1,495,840	1,584,685	1,620,397	1,729,589
Investment Income	82,362	97,668	95,035	95,900	113,427
Total Income from Continuing Operations	4,649,130	4,409,886	4,361,481	4,374,298	4,280,814
Sale Proceeds from I,PP&E	1,581,024	679,890	1,154,090	-	-
New Loan Borrowings & Advances	-	-	-	750,000	-
Outflows:					
Employee Costs	1,520,048	1,665,349	1,232,343	1,526,121	1,446,585
Materials, Contracts & Other Expenses	2,452,630	2,479,601	2,211,089	1,520,454	1,604,679
Finance Costs	72,107	83,455	92,840	94,707	77,864
Total Expenses from Continuing Operations	5,568,526	5,731,550	4,776,887	4,478,110	4,397,368
Total Cash purchases of I,PP&E	(2,399,427)	(755,168)	(1,766,243)	(3,830,542)	(2,318,666)
Total Loan Repayments (incl. Finance Leases)	(203,782)	(195,966)	(158,479)	(130,039)	(58,520)
Operating Surplus/(Deficit) (excl. Capital Income)	(919,396)	(1,321,664)	(415,406)	(103,813)	(116,554)
Financial Position Figures	2018	2017	2016	2015	2014
Current Assets	4,233,753	5,162,601	4,146,966	4,536,412	3,938,316
Current Liabilities	2,296,009	2,778,059	1,682,652	2,094,461	1,332,745
Net Current Assets	1,937,745	2,384,541	2,464,314	2,441,951	2,605,571
Cash & Investments	3,259,832	4,246,593	3,229,917	3,857,871	3,022,172
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	1,103,306	1,307,088	1,503,054	1,661,533	1,041,572
Total Value of I,PP&E (excl. Land & Land Imp'mts)	79,516,006	78,011,999	76,293,901	74,645,157	72,540,674
Total Accumulated Depreciation	26,388,413	25,146,413	19,635,998	18,458,833	18,301,984
Indicative Remaining Useful Life (as a % of GBV)	67%	68%	74%	75%	75%

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 2018

Note 27. Council Information & Contact Details

Principal Place of Business:

1 Seventh Street
QUORN SA 5433

Contact Details

Mailing Address:

PO Box 43
QUORN SA 5433

Opening Hours:

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

Telephone: 08 8620 0500

Internet: <http://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 Patsy Reynolds
Cr Andrew Smith

Other Information

ABN: 43 952 255 151

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



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Norwood

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W: www.galpins.com.au

ABN: 30 630 511 757

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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 2018, 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 2018, 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

10 / 10 / 2018

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renee Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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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 2017 to 30 June 2018 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 2017 to 30 June 2018.

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 2017 to 30 June 2018. 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

10 / 10 / 2018

The Flinders Ranges Council

General Purpose Financial Statements

for the year ended 30 June 2018

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 2018, 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: 14 September 2018

General Purpose Financial Statements
for the year ended 30 June 2018

Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Tim Muhlhausler
Galpins Accountants, Auditors and Business Consultants

Dated this 10th day of October 2018.