



The Flinders
Ranges Council

THE FLINDERS RANGES COUNCIL

FINANCIAL REPORT

2013-2014

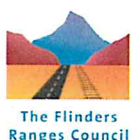


THE FLINDERS RANGES COUNCIL

General Purpose Financial Reports for the year ended 30 June 2014

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N9
Note 4 - Gain or Loss on Disposal of Assets	N11
Note 5 - Current Assets	N12
Note 6 - Non-Current Assets	N13
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N14
Note 8 - Liabilities	N17
Note 9 - Reserves	N18
Note 10 - Assets Subject to Restrictions	N19
Note 11 - Reconciliation of Cash Flow Statement	N20
Note 12 - Functions	N21
Note 13 - Financial Instruments	N23
Note 14 - Expenditure Commitments	N25
Note 15 - Financial Indicators	N26
Note 16 - Uniform Presentation of Finances	N27
Note 17 - Operating Leases	N28
Note 18 - Superannuation	N29
Note 19 - Joint Ventures & Associated Entities	N30
Note 20 - Discontinued Operations and Non-Current Assets held for sale	N31
Note 21 - Assets & Liabilities not Recognised	N32
Note 22 - Events Occurring After Reporting Date	N33
Note 23 - Reconciliation of Grants Received	N34
Council Certificate of Audit Independence	6
Audit Certificate of Audit Independence & Audit Report	7



THE FLINDERS RANGES COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF FINANCIAL STATEMENTS

The Mayor and Chief Executive Officer, pursuant to Section 14 of the Local Government (Financial Management) Regulations 2011, have been authorised by The Flinders Ranges Council at the Ordinary Meeting of Council held on 14 October 2014 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 the Australian Accounting Standards.
- ✓ the financial statements present a true and fair view of the Council's financial position at 30 June 2014 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

Date: 1/10/14

Peter Slattery
MAYOR

Date: 01/10/14



THE FLINDERS RANGES COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
INCOME			
Rates	2	1,894,640	1,750,311
Statutory charges	2	33,001	40,092
User charges	2	77,138	75,179
Grants, subsidies and contributions	2	1,729,589	1,594,883
Investment income	2	113,427	132,601
Reimbursements	2	63,982	91,673
Other income	2	369,037	385,773
Total Income		4,280,814	4,070,512
EXPENSES			
Employee costs	3	1,446,585	1,338,917
Materials, contracts & other expenses	3	1,604,679	1,787,657
Depreciation, amortisation & impairment	3	1,268,240	851,961
Finance costs	3	77,864	81,275
Total Expenses		4,397,368	4,059,810
OPERATING SURPLUS / (DEFICIT)		(116,554)	10,702
Asset disposal & fair value adjustments	4	(61,314)	(6,764)
Amounts received specifically for new or upgraded assets	2	1,067,000	832,363
Physical resources received free of charge	2	-	214,803
NET SURPLUS / (DEFICIT)		889,132	1,051,104
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	7,882,556	-
Total Other Comprehensive Income		7,882,556	-
TOTAL COMPREHENSIVE INCOME		8,771,688	1,051,104

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



THE FLINDERS RANGES COUNCIL

BALANCE SHEET as at 30 June 2014

		2014	2013
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,022,172	3,818,974
Trade & other receivables	5	313,222	302,800
Inventories	5	602,922	512,169
Total Current Assets		3,938,316	4,633,943
Non-current Assets			
Financial Assets	6	6,476	9,794
Infrastructure, Property, Plant & Equipment	7	54,238,690	45,428,658
Total Non-current Assets		54,245,166	45,438,452
Total Assets		58,183,482	50,072,395
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	508,629	1,110,724
Borrowings	8	62,401	58,520
Provisions	8	761,715	775,730
Total Current Liabilities		1,332,745	1,944,974
Non-current Liabilities			
Borrowings	8	979,171	1,041,572
Provisions	8	46,247	32,218
Total Non-current Liabilities		1,025,418	1,073,790
Total Liabilities		2,358,163	3,018,764
NET ASSETS		55,825,319	47,053,631
EQUITY			
Accumulated Surplus		14,012,076	12,979,663
Asset Revaluation Reserves	9	39,265,004	31,382,448
Other Reserves	9	2,548,239	2,691,520
Total Council Equity		55,825,319	47,053,631
TOTAL EQUITY		55,825,319	47,053,631

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

THE FLINDERS RANGES COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2014

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Council Equity	TOTAL EQUITY
2014		\$	\$	\$	\$	\$
Balance at end of previous reporting period		12,979,663	31,382,448	2,691,520	47,053,631	47,053,631
Restated opening balance		12,979,663	31,382,448	2,691,520	47,053,631	47,053,631
Net Surplus / (Deficit) for Year		889,132			889,132	889,132
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment			7,882,556		7,882,556	7,882,556
Transfers between reserves		143,281		(143,281)	-	-
Balance at end of period		14,012,076	39,265,004	2,548,239	55,825,319	55,825,319
2013						
Balance at end of previous reporting period		12,198,506	31,382,448	2,421,574	46,002,528	46,002,528
Restated opening balance		12,198,506	31,382,448	2,421,574	46,002,528	46,002,528
Net Surplus / (Deficit) for Year		1,051,104			1,051,104	1,051,104
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment			-		-	-
Transfers between reserves		(269,947)		269,946	(1)	(1)
Balance at end of period		12,979,663	31,382,448	2,691,520	47,053,631	47,053,631

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

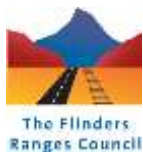


THE FLINDERS RANGES COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		3,707,729	4,355,283
Investment receipts		114,821	143,417
<u>Payments</u>			
Operating payments to suppliers & employees		(3,272,125)	(3,740,414)
Finance payments		(101,942)	(59,125)
Net Cash provided by (or used in) Operating Activities		448,483	699,161
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,067,000	832,363
Sale of replaced assets		61,636	36,544
Repayments of loans by community groups		3,265	3,212
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(902,571)	(617,241)
Expenditure on new/upgraded assets		(1,416,095)	(944,527)
Net Cash provided by (or used in) Investing Activities		(1,186,765)	(689,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
<u>Payments</u>			
Repayments of Borrowings		(58,520)	(57,866)
Net Cash provided by (or used in) Financing Activities		(58,520)	(57,866)
Net Increase (Decrease) in cash held		(796,802)	(48,354)
Cash & cash equivalents at beginning of period	11	3,818,974	3,867,328
Cash & cash equivalents at end of period	11	3,022,172	3,818,974

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations (e.g. UIGs) 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 14 October 2014

1.2 Historical Cost Convention

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Flinders Ranges Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 1 Seventh Street, Quorn SA 5433. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income recognition

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

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 as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

6.3 Subsequent Recognition

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

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.

Major depreciation periods for each class of asset are shown 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.

<i>Plant, Furniture & Equipment</i>	
Office Equipment	3 to 5 years
Office Furniture	10 to 25 years
Vehicles and Road-making Equip	5 to 20 years
Other Plant & Equipment	5 to 50 years
<i>Building & Other Structures</i>	
Buildings – masonry	25 to 100 years
Buildings – other construction	25 to 100 years
Park Structures – masonry	25 to 100 years
Park Structures – other construction	25 to 100 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
<i>Other Assets</i>	
Library Books	10 to 15 years
Artworks	indefinite
<i>Infrastructure</i>	
Sealed Roads – Surface	15 years
Sealed Roads – Structure	100 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	20 to 60 years
Drains	50 to 80 years
Culverts	60 years
Flood Control Structures	50 to 80 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	50 to 80 years
Reticulation Pipes – other	25 to 75 years

6.5 Impairment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

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

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in the 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 the allowed alternative treatment in AASB 1023 "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.

6.7 Land under Roads

Pursuant to AASB 1051, Council has elected not to value Land under Roads.

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 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

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

Council does not make payment for untaken sick leave.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 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".

11 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB117. 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 as assets under lease, 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 GST Implications

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

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

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been used in preparing these reports.

- AASB 9 Financial Instruments (01 January 2017)
- AASB 1055 Budgetary Reporting (01 July 2014)
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]
- AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 1 - Significant Accounting Policies

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

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



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 2 - INCOME

	Notes	2014 \$	2013 \$
RATES REVENUES			
<u>General Rates</u>		1,431,998	1,319,831
Less: Discretionary rebates, remissions & write offs		(40,865)	(36,206)
		1,391,133	1,283,625
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		33,042	33,639
Waste collection		212,240	177,330
Community wastewater management systems		234,300	235,860
		479,582	446,829
<u>Other Charges</u>			
Penalties for late payment		23,925	19,857
		23,925	19,857
Less: Discretionary rebates, remissions & write offs			
		1,894,640	1,750,311
STATUTORY CHARGES			
Development Act fees		11,801	12,425
Town planning fees		3,907	7,151
Animal registration fees & fines		12,689	12,258
Other registration fees		4,604	8,258
		33,001	40,092
USER CHARGES			
Cemetery/crematoria fees		19,723	20,296
Swimming Pools		26,750	24,769
Community Bus hire		3,315	4,611
Hall & equipment hire		7,526	6,985
Waste Management		18,553	15,400
Airport Fees		160	712
Sundry		1,111	2,406
		77,138	75,179
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		104,116	129,259
Banks & other		8,361	2,339
Loans to community groups		950	1,003
		113,427	132,601
REIMBURSEMENTS			
- for private works		14,334	7,914
- other		49,648	83,759
		63,982	91,673

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 2 - INCOME

	Notes	2014 \$	2013 \$
OTHER INCOME			
Rebates received		27,386	24,330
Commercial Income		220,667	193,704
Donations		27,071	33,154
Sundry		93,913	134,585
		<u>369,037</u>	<u>385,773</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,067,000	832,363
Other grants, subsidies and contributions		1,729,589	1,594,883
		<u>2,796,589</u>	<u>2,427,246</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		2,741,780	2,407,606
State government		44,809	19,640
Other		10,000	-
		<u>2,796,589</u>	<u>2,427,246</u>
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		17,680	33,332
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		-	-
Heritage & Cultural Services		(72,673)	(34,047)
	Subtotal	<u>(72,673)</u>	<u>(34,047)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		-	-
Heritage & Cultural Services		161,043	18,395
	Subtotal	<u>161,043</u>	<u>18,395</u>
<i>Unexpended at the close of this reporting period</i>		<u>106,050</u>	<u>17,680</u>
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		<u>88,370</u>	<u>(15,652)</u>
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements		-	214,803
TOTAL PHYSICAL RESOURCES RECEIVED		<u>-</u>	<u>214,803</u>

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 3 - EXPENSES

	Notes	2014 \$	2013 \$
EMPLOYEE COSTS			
Salaries and Wages		1,181,705	1,078,152
Employee leave expense		137,776	186,505
Superannuation - defined contribution plan contributions	18	45,145	46,723
Superannuation - defined benefit plan contributions	18	72,073	67,012
Workers' Compensation Insurance		82,111	58,569
Less: Capitalised and distributed costs		(72,225)	(98,044)
Total Operating Employee Costs		1,446,585	1,338,917
Total Number of Employees		21	19
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,500	8,500
Elected members' expenses		74,354	92,563
Election expenses		468	1,699
Subtotal - Prescribed Expenses		83,322	102,762
<u>Other Materials, Contracts & Expenses</u>			
Contractors		521,754	640,718
Energy - Fuel & Power		288,647	175,613
Waste Management		313,656	308,369
Insurance		67,100	61,203
Individually Significant Items		25,611	70,147
Vehicle Maintenance		125,996	95,279
Legal Expenses		91,959	95,321
Levies paid to State Government - NRM levy		32,853	33,597
- Other Levies		22,252	7,347
FBT		8,652	8,653
Parts, accessories & consumables		36,864	20,720
Professional services		3,456	121,269
FRVIC		211,972	214,930
Sundry		1,501,833	1,061,202
Subtotal - Other Materials, Contracts & Expenses		3,252,605	2,914,368
Total Materials, Contracts & Other Expenses		3,335,927	3,017,130
Less: Capitalised and distributed costs		(1,731,248)	(1,229,473)
Total Operating Materials, Contracts & Other Expenses		1,604,679	1,787,657
INDIVIDUALLY SIGNIFICANT ITEMS			
<i>Energising the Flinders</i>			35,000
<i>Flood Damage Repairs (Own funds - No State Government Support)</i>		25,611	35,147
		25,611	70,147



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 3 - EXPENSES

	Notes	2014 \$	2013 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land & Buildings		643,448	300,514
Plant & Equipment		161,784	183,170
Furniture & Fittings		43,979	40,276
Minor plant		11,237	6,122
Infrastructure		346,773	255,830
CWMS		61,019	66,049
		<u>1,268,240</u>	<u>851,961</u>
FINANCE COSTS			
Interest on Loans		<u>77,864</u>	<u>81,275</u>
		<u>77,864</u>	<u>81,275</u>



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2014 \$	2013 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		61,636	36,545
Less: Carrying amount of assets sold		122,950	43,309
Gain (Loss) on disposal		(61,314)	(6,764)

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 5 - CURRENT ASSETS

	2014	2013
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	28,092	60,848
Deposits at Call	494,080	258,126
Short Term Deposits & Bills, etc	2,500,000	3,500,000
	<u>3,022,172</u>	<u>3,818,974</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	255,723	224,177
Accrued Interest	25,486	26,880
Debtors - general	28,748	48,531
Loans to community organisations	3,265	3,212
Total	<u>313,222</u>	<u>302,800</u>
 INVENTORIES		
Stores & Materials	602,922	512,169
	<u>602,922</u>	<u>512,169</u>



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 6 - NON-CURRENT ASSETS

	Notes	2014 \$	2013 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		6,476	9,794
TOTAL FINANCIAL ASSETS		<u>6,476</u>	<u>9,794</u>

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2013 \$				2014 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land & Buildings	3	15,843,749	-	(9,311,200)	6,532,549	28,875,425	-	(11,490,755)	17,384,670
Plant & Equipment	3	610,866	1,690,586	(694,943)	1,606,509	2,634,463	-	(1,136,768)	1,497,695
Furniture & Fittings	3	398,652	-	(197,018)	201,634	520,214	-	(231,975)	288,239
Minor plant	3	81,418	-	(64,390)	17,028	144,162	-	(78,178)	65,984
Infrastructure	3	39,246,483	-	(4,788,504)	34,457,979	36,600,015	-	(4,415,336)	32,184,679
CWMS	3	3,716,695	-	(1,103,736)	2,612,959	3,766,395	-	(948,972)	2,817,423
TOTAL PROPERTY, PLANT & EQUIPMENT		59,897,863	1,690,586	(16,159,791)	45,428,658	72,540,674	-	(18,301,984)	54,238,690
Comparatives		58,210,519	1,682,348	(15,345,510)	44,547,357	59,897,863	1,690,586	(16,159,791)	45,428,658

This Note continues on the following pages.

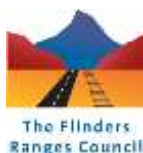
THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2013	CARRYING AMOUNT MOVEMENTS DURING YEAR					2014
	\$	\$					\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				
Land & Buildings	6,532,549	216,850	876,917	-	(643,448)	10,401,802	17,384,670
Plant & Equipment	1,606,509	-	242,963	(122,950)	(161,784)	(67,043)	1,497,695
Furniture & Fittings	201,634	-	43,689	-	(43,979)	86,895	288,239
Minor plant	17,028	-	-	-	(11,237)	60,193	65,984
Infrastructure	34,457,979	902,571	-	-	(346,773)	(2,829,098)	32,184,679
CWMS	2,612,959	35,676	-	-	(61,019)	229,807	2,817,423
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	45,428,658	1,155,097	1,163,569	(122,950)	(1,268,240)	7,882,556	54,238,690
<i>Comparatives</i>	44,547,357	1,159,330	617,241	(43,309)	(851,961)	-	45,428,658

This Note continues on the following pages.



The Flinders Ranges Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 7 – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves: The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate. The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council. This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Major depreciation periods and capitalisation thresholds are detailed in Note 1.

Plant, Furniture & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis.

Land, Land Improvements, Buildings & Other Structures

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, deriving from a valuation at 01 July 2013 at current replacement cost. Additions are recognised at cost.

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

Pursuant to Council's election, buildings and other structures are recognised at fair value being written down replacement cost.

Infrastructure

Transportation assets were valued by Council at written down current replacement cost during the reporting period ended 30 June 2014 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council as at 30 June 2014 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2014 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by Council at written down current replacement cost during the reporting period ended 30 June 2014 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 8 - LIABILITIES

		2014		2013	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		372,591		49,281	
Payments received in advance		198	-	827,656	-
Accrued expenses - employee entitlements		9,838	-	9,114	-
Accrued expenses - other		19,952	-	206,992	-
Other		106,050	-	17,681	-
		508,629	-	1,110,724	-

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

BORROWINGS

Loans	62,401	979,171	58,520	1,041,572
	62,401	979,171	58,520	1,041,572

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

PROVISIONS

Employee entitlements (including oncosts)	330,503	46,247	275,730	32,218
Future reinstatement / restoration, etc	431,212		500,000	-
	761,715	46,247	775,730	32,218

Movements in Provisions - 2014 year only (current & non-current)

	Employee Entitlements	Reinstatement
Opening Balance	307,948	500,000
Adjustment		
Add Additional amounts recognised	137,776	-
(Less) Payments	(68,974)	(68,788)
Closing Balance	376,750	431,212

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2013	Net Increments (Decrements)	Transfers, Impairments	30-6-2014
Notes	\$	\$	\$	\$
Land & Buildings	1,527,007	10,401,802		11,928,809
Plant & Equipment	-	(67,043)		(67,043)
Furniture & Fittings	38,487	86,895		125,382
Minor plant	-	60,193		60,193
Infrastructure	20,609,315	(2,829,098)		17,780,217
CWMS	538,625	229,807		768,432
Other Assets	(36,820)			(36,820)
Asset Revaluation Reserve	8,705,834	-		8,705,834
TOTAL	31,382,448	7,882,556	-	39,265,004
<i>Comparatives</i>	<i>31,382,448</i>	<i>-</i>	<i>-</i>	<i>31,382,448</i>

OTHER RESERVES	1-7-2013	Transfers to Reserve	Transfers from Reserve	30-6-2014
NRM Levy	339	189		528
Land & Buildings	61,559	2,081		63,640
Plant Replacement	72,768	2,460		75,228
Other	1,663,601	7,994	(235,630)	1,435,965
Garbage Service Charge	(36,462)	61,350	(1,232)	23,656
Stormwater Dams	21,586	729		22,315
Hawker Swimming Pool	2,083	70		2,153
Legal Costs	10,000	338	(10,338)	-
Community Trust Funds	29,605		(9,623)	19,982
Quorn Swimming Pool	52,072	1,761		53,833
Hawker CWMS Service Charge	159,919	5,406	(6,315)	159,010
Quorn CWMS Service Charge	334,459	26,007		360,466
Airstrips	5,207	829		6,036
Roads	270,193	9,135		279,328
Community Buses	44,591	1,508		46,099
TOTAL OTHER RESERVES	2,691,520	119,857	(263,138)	2,548,239
<i>Comparatives</i>	<i>2,421,574</i>	<i>443,955</i>	<i>(174,009)</i>	<i>2,691,520</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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.

	Notes	2014 \$	2013 \$
CASH & FINANCIAL ASSETS			
CWMS Annual Service Charge		519,476	494,378
Garbage Annual Service Charge		23,656	(36,462)
NRM Levy		528	339
Unexpended Grant funds		106,050	17,680
Employee Entitlements		376,750	307,948
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		1,026,460	783,883

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2014 \$	2013 \$
Total cash & equivalent assets	5	3,022,172	3,818,974
Balances per Cash Flow Statement		3,022,172	3,818,974

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

Net Surplus (Deficit)		8,771,688	1,051,104
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,268,240	851,961
Net increase (decrease) in unpaid employee benefits		69,526	20,935
Non-cash asset acquisitions		-	(214,803)
Asset Revaluation movements		(7,882,556)	-
Grants for capital acquisitions treated as Investing Activity		(1,067,000)	(832,363)
Net (Gain) Loss on Disposals		61,314	6,764
		1,221,212	883,598
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(10,369)	73,653
Net (increase) decrease in inventories		(90,753)	(323,766)
Net increase (decrease) in trade & other payables		(602,819)	65,676
Net increase (decrease) in other provisions		(68,788)	-
Net Cash provided by (or used in) operations		448,483	699,161

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	-	214,803
<i>Amounts recognised in Income Statement</i>		-	214,803

(d) Financing Arrangements

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

Bank Overdrafts	1,100,000	200,000
Corporate Credit Cards	8,000	8,000

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

THE FLINDERS RANGES COUNCIL

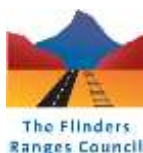
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 12 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	2,744,288	2,583,651	350,653	297,298	2,393,635	2,286,353	1,224,247	1,192,457		
Public Order & Health	-	435	48,518	31,104	(48,518)	(30,669)	-	-		
Social Security & Welfare	8,956	10,780	35,428	42,807	(26,472)	(32,027)	-	3,000		
Community Amenities	485,480	464,022	848,232	766,532	(362,752)	(302,510)	-	15,000		
Recreation & Culture	102,986	79,486	1,251,628	966,256	(1,148,642)	(886,770)	27,796	1,640		
Agricultural Services	38,163	33,639	35,948	39,908	2,215	(6,269)	5,122	-		
Regulatory Services	46,025	37,241	101,020	201,715	(54,995)	(164,474)	-	-		
Transport & Communication	445,486	390,925	950,903	1,093,489	(505,417)	(702,564)	426,489	382,786		
Economic Development	235,168	182,928	420,317	430,954	(185,149)	(248,026)	45,935	-		
Not Elsewhere Classified	174,262	287,405	123,872	71,847	50,390	215,558	-	-		
Works Overheads	-	-	230,849	117,900	(230,849)	(117,900)	-	-		
TOTALS	4,280,814	4,070,512	4,397,368	4,059,810	(116,554)	10,702	1,729,589	1,594,883	54,238,690	50,072,395

Excludes net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.



The Flinders Ranges Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 12 - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

Governance, Administration NEC., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

Public Order & Health

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

Social Security & Welfare

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

Community Amenities

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

Recreation & Culture

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

Agricultural Services

NRM Levy, Corella Control, Animal & Pest Plant expenditure

Regulatory Services

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

Transport & Communication

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

Economic Development

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

Not Elsewhere Classified (NEC)

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

Works - Indirect

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



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 3.0% and 4.7% (2012: 5.1% and 5.4%). Short term deposits have an average maturity of 30 days and an average interest rates of 2.75% (2012: 30 days, 3%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>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.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest at the prescribed rate. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>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.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>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.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable by 6 monthly instalments of principal and interest, with interest charged at fixed rates.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 13 - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		3,022,171			3,022,171	3,022,172
Receivables		63,975			63,975	63,975
Other Financial Assets		3,265	6,476		9,741	9,741
Total		3,089,411	6,476	-	3,095,887	3,095,888
Financial Liabilities						
Payables		478,839			478,839	478,839
Current Borrowings		130,500			130,500	62,401
Non-Current Borrowings			442,337	801,622	1,243,959	979,171
Total		609,339	442,337	801,622	1,853,298	1,520,411

	2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		3,818,974			3,818,974	3,818,974
Receivables		88,417			88,417	88,417
Other Financial Assets		3,212	9,794		13,006	13,006
Total		3,910,603	9,794	-	3,920,397	3,920,397
Financial Liabilities						
Payables		894,618			894,618	894,618
Current Borrowings		58,520			58,520	58,520
Non-Current Borrowings			220,712	820,860	1,041,572	1,041,572
Total		953,138	220,712	820,860	1,994,710	1,994,710

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Fixed Interest Rates	6.6	\$ 1,374,459	6.6	\$ 1,100,092
		1,374,459		1,100,092

ERROR

Net Fair Value

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

Risk Exposures

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

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

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

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



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 14 - COMMITMENTS FOR EXPENDITURE

	2014	2013
<u>Notes</u>	\$	\$
Capital Commitments		
There is following capital expenditure is committed for at the reporting date but not recognised in the financial statements as liabilities.		
Buildings - Quorn Swimming Pool	<u>1,142,000</u>	-
	<u>1,142,000</u>	-
These expenditures are payable:		
Not later than one year	<u>1,142,000</u>	-
	<u>1,142,000</u>	-
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	8,500	17,000
Employee Remuneration Contracts	<u>2,205,375</u>	<u>1,581,500</u>
	<u>2,213,875</u>	<u>1,598,500</u>
These expenditures are payable:		
Not later than one year	574,500	395,000
Later than one year and not later than 5 years	<u>1,639,375</u>	<u>1,203,500</u>
	<u>2,213,875</u>	<u>1,598,500</u>

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 15 - FINANCIAL INDICATORS

	2014	2013	2012
These Financial Indicators have been calculated in accordance with Information Paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.			
Operating Surplus	\$ (116,554)	10,702	819,516
Being the operating surplus (deficit) before capital amounts .			
Operating Surplus Ratio			
<u>Operating Surplus</u>	(6%)	1%	53%
Rates - general & other less NRM levy			
Adjusted Operating Surplus Ratio	(6%)	1%	15%
This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.			
Net Financial Liabilities	\$ (983,707)	(1,112,804)	(1,266,768)
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	(23%)	(28%)	(28%)
Total Operating Revenue less NRM levy			
Interest Cover Ratio			
<u>Net Interest Expense</u>	(1%)	(1%)	(2%)
Total Operating Revenue less NRM levy less Investment Income			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	66%	68%	(12%)
Depreciation Expense			
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.			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u>	56%	47%	47%
Gross value of depreciable assets			

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2014 \$	2013 \$
Income	4,280,814	4,070,512
less Expenses	<u>(4,397,368)</u>	<u>(4,059,810)</u>
Operating Surplus / (Deficit)	(116,554)	10,702
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	902,571	617,241
less Depreciation, Amortisation and Impairment	1,268,240	851,961
less Proceeds from Sale of Replaced Assets	<u>61,636</u>	<u>36,544</u>
	(427,305)	(271,264)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,416,095	944,527
less Amounts received specifically for New and Upgraded Assets	1,067,000	832,363
	<u>349,095</u>	<u>112,164</u>
Net Lending / (Borrowing) for Financial Year	(38,344)	169,802



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

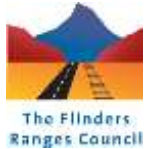
Note 17 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis where ever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

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

	2014	2013
	\$	\$
Not later than one year	4,000	10,400
Later than one year and not later than 5 years	16,000	41,600
Later than 5 years	12,000	40,800
	<u>32,000</u>	<u>92,800</u>



The Flinders Ranges Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 18 – SUPERANNUATION

The Flinders Ranges Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme (the Scheme). The Scheme has two types of membership, each of which is funded differently. Prior to 24th November 2009, permanent and contract employees of the South Australian Local Government sector had the option to contribute to Marketlink and/or Salarylink. Since that date and all other employees (including casuals) have all contributions allocated to Marketlink only.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.25% in 2013-14 for Marketlink members and 3.00% for Salarylink members; 9.25% and 3.00% respectively in 2012-13). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) 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 of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate for the 2013-14 year was 6.3% (6.3% in 2012-13) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3.25% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, 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.

In September and October 2009 a series of workshops were held to discuss the future of the defined benefit arrangements (Salarylink) of Local Super. Councils were asked to consider options relating to the continuation of Salarylink. The key question was whether to keep Salarylink open or should Salarylink be closed to new entrants. The councils were concerned about the risk associated with maintaining an open defined benefit scheme, particularly to ensure that the council contribution rate to superannuation remained stable over time. The response from councils was that approximately 75% voted for Salarylink to be closed to new entrants.

At the LGA State Executive meeting held on Thursday 19 November 2009, it was decided to adopt Option 3 ie to close Salarylink to new entrants, whilst honouring the obligations to existing Salarylink members. The Local Super Board amended the rules of the scheme, to close Salarylink to new entrants, at the Board meeting on held on Tuesday 24 November 2009.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2012. 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.



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

Council has no Joint Venture or Associated Entities



THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 20 - NON-CURRENT ASSETS HELD FOR SALE & DISCONTINUED OPERATIONS

Council has no Non-Current Assets held for sale or Discontinued Operations



The Flinders Ranges Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Note 21 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 1,263 km of road reserves of average width 10 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 a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

3. BANK GUARANTEES

Council has not guaranteed any loans or other banking facilities on behalf of community organisations and sporting bodies as at reporting date.

4. LEGAL EXPENSES

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



The Flinders Ranges Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Note 22 - EVENTS OCCURRING AFTER REPORTING DATE

There are no known events that have occurred after the reporting date that would have a material effect on the Financial Reports for 2013-14 as stated herein.

THE FLINDERS RANGES COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 23 - RECONCILIATION OF GRANTS RECEIVED

This schedule records all grants received, including from other levels of Government, whether described as grants, subsidies or otherwise.

GRANTS

GENERAL PURPOSE - COMMONWEALTH

Grants Commission Grant - General Purpose	-	1,224,247	(1,224,247)	-
Grants Commission Grant - Local Roads	-	291,434	(291,434)	-
Grants Commission Grant - Supplemental Local Roads	-	135,055	(135,055)	-

Subtotal

SPECIFIC PURPOSE

Planning SA - RDAP	10,000	-	(10,000)	-
Flood Damage	-	-	-	-
LG Stimulus	-	100,000	(20,333)	79,667
FRC - Little Corellas Trailer	814	-	(814)	-
Water Security Plan	-	20,000	(5,495)	14,505
Libraries	-	-	-	-
Corella Management Plan	-	10,000	(1,122)	8,878
Wood Collection Signage	-	4,000	(4,000)	-
Memorial Restoration	-	3,636	(3,636)	-
Gun Interp Signage	-	2,727	(2,727)	-
Bush Festival	6,277	-	(6,277)	-
YAC	-	3,000	-	3,000
Hawker Revegetation Project	589	-	(589)	-
LG Energy Efficiency	-	17,680	(17,680)	-

Subtotal

TOTAL OTHER GRANTS

Comparatives

Opening Balance 01 July 2013	Movements		Closing Balance 30 June 2014
	Received/ Receivable	Expended	
\$	\$	\$	\$
-	1,224,247	(1,224,247)	-
-	291,434	(291,434)	-
-	135,055	(135,055)	-
-	1,650,736	(1,650,736)	-
10,000	-	(10,000)	-
-	-	-	-
-	100,000	(20,333)	79,667
814	-	(814)	-
-	20,000	(5,495)	14,505
-	-	-	-
-	10,000	(1,122)	8,878
-	4,000	(4,000)	-
-	3,636	(3,636)	-
-	2,727	(2,727)	-
6,277	-	(6,277)	-
-	3,000	-	3,000
589	-	(589)	-
-	17,680	(17,680)	-
17,680	161,043	(72,673)	106,050
17,680	1,811,779	(1,723,409)	106,050
33,332	1,594,883	(1,610,535)	17,680

GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

SPECIFIC PURPOSE

Roads to Recovery	-	-	-	-
Special Local Roads Grant	-	1,067,000	(1,067,000)	-

TOTAL GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

Comparatives

Opening Balance 01 July 2013	Movements		Closing Balance 30 June 2014
	Received/ Receivable	Expended	
-	-	-	-
-	1,067,000	(1,067,000)	-
-	1,067,000	(1,067,000)	-
-	832,363	(832,363)	-

Recognised as revenue in advance of expenditure
Current receivable - Other levels of Government

5

17,680	106,050
-	-
17,680	106,050



The Flinders Ranges Council
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF AUDITOR INDEPENDENCE

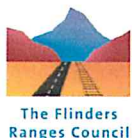
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Flinders Ranges Council for the year ended 30 June 2014, the Council's Auditor, Ian McDonald, has maintained his independence in accordance with the requirements of the *Local Government Act 1999* and the *Local 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

Dated this 1st day of October 2014



The Flinders Ranges Council
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2014, 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*.

Ian G. McDonald, FCA
AUDITOR

Dated this 1 day of October 2014



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE FLINDERS RANGES COUNCIL

I have audited the accompanying financial report of The Flinders Ranges Council which comprises the balance sheet as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity, cash flow statement, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2014.

Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Flinders Ranges Council as of 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011.

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

**IAN G MC DONALD FCA
CHARTERED ACCOUNTANT
REGISTERED COMPANY AUDITOR**

Signed 6 day of October 2014, at Adelaide, South Australia

Liability limited by a scheme approved under Professional Standards Legislation