



The Flinders  
Ranges Council

# **THE FLINDERS RANGES COUNCIL**

## **FINANCIAL REPORT**

**2011/12**



# THE FLINDERS RANGES COUNCIL

## General Purpose Financial Reports for the year ended 30 June 2012

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# THE FLINDERS RANGES COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

### 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 9<sup>th</sup> October 2012 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 2012 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: 10/10/12 .....

  
.....  
Peter Slattery  
**MAYOR**

Date: 10/10/12 .....

# THE FLINDERS RANGES COUNCIL

## STATEMENT OF COMPREHENSIVE INCOME

### for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
<b>INCOME</b>			
Rates	2	1,585,520	1,437,573
Statutory charges	2	32,137	40,099
User charges	2	74,563	68,868
Grants, subsidies and contributions	2	2,220,024	2,177,378
Investment income	2	182,113	138,646
Reimbursements	2	64,787	91,476
Other income	2	412,851	184,527
<b>Total Income</b>		<b>4,571,995</b>	<b>4,138,567</b>
<b>EXPENSES</b>			
Employee costs	3	1,272,064	1,292,825
Materials, contracts & other expenses	3	1,600,366	2,396,667
Depreciation, amortisation & impairment	3	796,101	771,667
Finance costs	3	83,948	88,118
<b>Total Expenses</b>		<b>3,752,479</b>	<b>4,549,277</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>819,516</b>	<b>(410,710)</b>
Asset disposal & fair value adjustments	4	(27,699)	(127,678)
Amounts received specifically for new or upgraded assets	2	1,570,387	498,438
<b>NET SURPLUS / (DEFICIT)</b>		<b>2,362,204</b>	<b>(39,950)</b>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	5,088,278	16
<b>Total Other Comprehensive Income</b>		<b>5,088,278</b>	<b>16</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,450,482</b>	<b>(39,934)</b>

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

# THE FLINDERS RANGES COUNCIL

## BALANCE SHEET as at 30 June 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,867,328	2,775,187
Trade & other receivables	5	376,453	229,454
Inventories	5	188,403	343,827
		<u>4,432,184</u>	<u>3,348,468</u>
Non-current Assets held for Sale	20	-	-
<b>Total Current Assets</b>		<u>4,432,184</u>	<u>3,348,468</u>
<b>Non-current Assets</b>			
Financial Assets	6	13,006	16,218
Infrastructure, Property, Plant & Equipment	7	44,547,357	37,872,373
<b>Total Non-current Assets</b>		<u>44,560,363</u>	<u>37,888,591</u>
<b>Total Assets</b>		<u>48,992,547</u>	<u>41,237,059</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	1,175,992	774,673
Borrowings	8	57,866	69,203
Provisions	8	624,515	645,960
		<u>1,858,373</u>	<u>1,489,836</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-
<b>Total Current Liabilities</b>		<u>1,858,373</u>	<u>1,489,836</u>
<b>Non-current Liabilities</b>			
Borrowings	8	1,100,092	1,157,958
Provisions	8	31,554	37,219
<b>Total Non-current Liabilities</b>		<u>1,131,646</u>	<u>1,195,177</u>
<b>Total Liabilities</b>		<u>2,990,019</u>	<u>2,685,013</u>
<b>NET ASSETS</b>		<u>46,002,528</u>	<u>38,552,046</u>
<b>EQUITY</b>			
Accumulated Surplus		12,198,506	10,556,676
Asset Revaluation Reserves	9	31,382,448	26,294,170
Other Reserves	9	2,421,574	1,701,200
<b>Total Council Equity</b>		<u>46,002,528</u>	<u>38,552,046</u>
<b>TOTAL EQUITY</b>		<u>46,002,528</u>	<u>38,552,046</u>

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 2012

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Council Equity	TOTAL EQUITY
2012		\$	\$	\$	\$	\$
Balance at end of previous reporting period		10,556,676	26,294,170	1,701,200	38,552,046	38,552,046
Restated opening balance		10,556,676	26,294,170	1,701,200	38,552,046	38,552,046
<b>Net Surplus / (Deficit) for Year</b>		2,362,204			2,362,204	2,362,204
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment			5,088,278		5,088,278	5,088,278
Transfers between reserves		(720,374)		720,374	-	-
<b>Balance at end of period</b>		<b>12,198,506</b>	<b>31,382,448</b>	<b>2,421,574</b>	<b>46,002,528</b>	<b>46,002,528</b>
2011						
Balance at end of previous reporting period		10,554,160	26,294,154	1,743,666	38,591,980	38,591,980
Restated opening balance		10,554,160	26,294,154	1,743,666	38,591,980	38,591,980
<b>Net Surplus / (Deficit) for Year</b>		(39,950)			(39,950)	(39,950)
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment			16		16	16
Transfers between reserves		42,466		(42,466)	-	-
<b>Balance at end of period</b>		<b>10,556,676</b>	<b>26,294,170</b>	<b>1,701,200</b>	<b>38,552,046</b>	<b>38,552,046</b>

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 2012

	Notes	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		5,002,965	4,138,875
Investment receipts		171,386	111,677
<u>Payments</u>			
Operating payments to suppliers & employees		(3,090,678)	(3,142,841)
Finance payments		(85,223)	(89,664)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>1,998,450</b>	<b>1,018,047</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,570,387	498,438
Sale of replaced assets		100,481	90,809
Repayments of loans by community groups		3,013	2,826
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(7,973)	(326,338)
Expenditure on new/upgraded assets		(2,503,014)	(880,306)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(837,106)</b>	<b>(614,571)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
<u>Payments</u>			
Repayments of Borrowings		(69,203)	(76,553)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(69,203)</b>	<b>(76,553)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>1,092,141</b>	<b>326,923</b>
Cash & cash equivalents at beginning of period	11	2,775,187	2,448,264
<b>Cash &amp; cash equivalents at end of period</b>	11	<b>3,867,328</b>	<b>2,775,187</b>

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



# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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 1<sup>st</sup> May 2011

##### 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 consolidated fund 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.



### 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.

##### 5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

##### 5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

All assets are initially recognised at cost.

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.

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

# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 1 - Significant Accounting Policies

#### 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

#### 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 8.

#### 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.

Plant, Furniture & Equipment	
Office Equipment	3 to 5 years
Office Furniture	10 to 25 years
Vehicles and Road-making Equip	5 to 20 years
Other Plant & Equipment	5 to 50 years
Building & Other Structures	
Buildings – masonry	25 to 100 years
Buildings – other construction	25 to 100 years
Park Structures – masonry	25 to 100 years
Park Structures – other construction	25 to 100 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 1 - Significant Accounting Policies

#### Infrastructure

Sealed Roads – Surface	15 years
Sealed Roads – Structure	100 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	20 to 60 years
Drains	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).

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.

## 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.



# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 1 - Significant Accounting Policies

#### 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.

##### 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 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

#### 12 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.

#### 13 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.

# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 1 - Significant Accounting Policies

#### 14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- 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 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]*
- AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*

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

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

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



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 2 - INCOME

	Notes	2012 \$	2011 \$
<b>RATES REVENUES</b>			
<u>General Rates</u>		1,173,414	1,068,607
Less: Discretionary rebates, remissions & write offs		(34,461)	(34,758)
		<u>1,138,953</u>	<u>1,033,849</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		31,219	32,119
Waste collection		172,265	141,460
Community wastewater management systems		227,660	217,080
		<u>431,144</u>	<u>390,659</u>
<u>Other Charges</u>			
Penalties for late payment		15,423	13,118
		<u>15,423</u>	<u>13,118</u>
Less: Discretionary rebates, remissions & write offs			(53)
		<u>1,585,520</u>	<u>1,437,573</u>
<b>STATUTORY CHARGES</b>			
Development Act fees		9,934	11,711
Town planning fees		8,360	12,776
Animal registration fees & fines		10,328	10,794
Other registration fees		3,515	4,818
		<u>32,137</u>	<u>40,099</u>
<b>USER CHARGES</b>			
Cemetery/crematoria fees		15,995	15,132
Swimming Pools		23,827	27,463
Community Bus hire		8,384	8,385
Hall & equipment hire		5,687	6,086
Waste Management		16,963	8,272
Airport Fees		2,258	2,603
Sundry		1,449	927
		<u>74,563</u>	<u>68,868</u>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		171,244	106,080
Banks & other		9,667	32,566
Loans to community groups		1,202	
		<u>182,113</u>	<u>138,646</u>
<b>REIMBURSEMENTS</b>			
- for private works		17,587	17,038
- other		47,200	74,438
		<u>64,787</u>	<u>91,476</u>

# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 2 - INCOME

	Notes	2012 \$	2011 \$
<b>OTHER INCOME</b>			
Rebates received		24,539	32,585
Commercial Income		60,466	30,799
Donations		34,924	79,557
Rubble		138,387	-
Energising the Flinders		81,395	-
Sundry		73,140	41,586
		<b>412,851</b>	<b>184,527</b>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		987,038	498,438
Other grants, subsidies and contributions		2,220,024	1,675,878
Individually significant item -	see below	583,349	501,500
		<b>3,790,411</b>	<b>2,675,816</b>
<i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
Commonwealth government		3,394,700	2,500,013
State government		375,711	164,997
Other		20,000	10,806
		<b>3,790,411</b>	<b>2,675,816</b>
<b>Individually Significant Item</b>			
National Rural and Remote Health Infrastructure Program - Kanyaka Surgery			501,500
Regional Development Australia Fund - Energising the Flinders		583,349	
<b>Conditions over grants &amp; contributions</b>			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
Unexpended at the close of the previous reporting period		55,572	315,259
Less: expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		-	(883,839)
Heritage & Cultural Services		(32,607)	(1,846,539)
	Subtotal	<b>(32,607)</b>	<b>(2,730,378)</b>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Roads Infrastructure			883,839
Heritage & Cultural Services		10,367	1,586,852
	Subtotal	<b>10,367</b>	<b>2,470,691</b>
Unexpended at the close of this reporting period		<b>33,332</b>	<b>55,572</b>
Net increase (decrease) in assets subject to conditions in the current reporting period		<b>(22,240)</b>	<b>(259,687)</b>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,086,185	962,478
Employee leave expense		136,333	200,581
Superannuation - defined contribution plan contributions	18	44,863	42,802
Superannuation - defined benefit plan contributions	18	57,210	52,879
Workers' Compensation Insurance		70,218	98,778
Less: Capitalised and distributed costs		(122,745)	(64,693)
<b>Total Operating Employee Costs</b>		<b>1,272,064</b>	<b>1,292,825</b>
<b>Total Number of Employees</b>		<b>19</b>	<b>20</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		9,632	4,400
Elected members' expenses		82,874	63,574
Election expenses		445	2,917
Subtotal - Prescribed Expenses		<b>92,951</b>	<b>70,891</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		710,686	1,113,010
Energy - Fuel & Power		219,016	138,347
Waste Management		312,244	334,458
Insurance		60,121	28,891
Individually Significant Items		793,265	822,801
Maintenance		119,601	90,789
Legal Expenses		54,104	41,549
Levies paid to government - NRM levy		30,977	32,217
- Other Levies		8,377	14,465
Parts, accessories & consumables		24,716	29,317
Professional services		88,986	28,528
Sundry		607,593	267,063
Subtotal - Other Materials, Contracts & Expenses		<b>3,029,685</b>	<b>2,941,435</b>
Less: Capitalised and distributed costs		(1,522,270)	(615,659)
		<b>1,600,366</b>	<b>2,396,667</b>
<b>INDIVIDUALLY SIGNIFICANT ITEMS</b>			
Energising the Flinders		793,265	-
Kanyaka Surgery refurbishment			674,779
Flood Damage Repairs (Own funds - No State Government Support)		-	148,022
		<b>793,265</b>	<b>822,801</b>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Land & Buildings		319,429	261,579
Plant & Equipment		159,693	139,711
Furniture & Fittings		23,965	26,687
Minor plant		6,394	5,737
Infrastructure		219,974	271,305
CWMS		66,646	66,648
		<u>796,101</u>	<u>771,667</u>
<b>FINANCE COSTS</b>			
Interest on Loans		83,948	88,118
		<u>83,948</u>	<u>88,118</u>

# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2012 \$	2011 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		100,481	90,809
Less: Carrying amount of assets sold		<u>128,180</u>	<u>218,487</u>
<b>Gain (Loss) on disposal</b>		<u><b>(27,699)</b></u>	<u><b>(127,678)</b></u>

# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 5 - CURRENT ASSETS

	Notes	2012 \$	2011 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		43,539	51,165
Deposits at Call		823,789	724,022
Short Term Deposits & Bills, etc		3,000,000	2,000,000
		<b>3,867,328</b>	<b>2,775,187</b>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		147,399	124,738
Accrued Interest		37,696	26,969
Debtors - general		73,410	74,734
Prepayments		6,584	-
Loans to community organisations		3,212	3,013
Sundry		108,152	-
Total		<b>376,453</b>	<b>229,454</b>
<b>INVENTORIES</b>			
Stores & Materials		188,403	343,827
		<b>188,403</b>	<b>343,827</b>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 6 - NON-CURRENT ASSETS

		2012	2011
FINANCIAL ASSETS	Notes	\$	\$
Receivables			
Loans to community organisations		13,006	16,218
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,006</b>	<b>16,218</b>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011				2012			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land & Buildings	14,456,153	-	(8,697,257)	5,758,896	15,397,623	-	(9,010,686)	6,386,937
Plant & Equipment	618,648	1,600,032	(431,624)	1,787,056	610,866	1,682,348	(535,553)	1,757,661
Furniture & Fittings	260,380	-	(146,277)	114,103	316,364	-	(170,242)	146,122
Minor plant	73,031	-	(55,449)	17,582	81,418	-	(58,268)	23,150
Infrastructure	31,123,607	-	(3,643,501)	27,480,106	38,118,577	-	(4,533,074)	33,585,503
CWMS	3,685,671	-	(971,041)	2,714,630	3,685,671	-	(1,037,687)	2,647,984
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	50,217,490	1,600,032	(13,945,149)	37,872,373	58,210,519	1,682,348	(15,345,510)	44,547,357
<b>Comparatives</b>	<b>49,406,859</b>	<b>1,372,942</b>	<b>(13,123,934)</b>	<b>37,655,867</b>	<b>50,217,490</b>	<b>1,600,032</b>	<b>(13,945,149)</b>	<b>37,872,373</b>

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 2012

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011	CARRYING AMOUNT MOVEMENTS DURING YEAR							2012
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land & Buildings	5,758,896	910,988	36,482	-	(319,429)	-	-	-	6,386,937
Plant & Equipment	1,787,056	-	258,478	(128,180)	(159,693)	-	-	-	1,757,661
Furniture & Fittings	114,103	11,665	44,319	-	(23,965)	-	-	-	146,122
Minor plant	17,582	-	11,962	-	(6,394)	-	-	-	23,150
Infrastructure	27,480,106	1,237,093	-	-	(219,974)	-	-	5,088,278	33,585,503
CWMS	2,714,630	-	-	-	(66,646)	-	-	-	2,647,984
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>37,872,373</b>	<b>2,159,746</b>	<b>351,241</b>	<b>(128,180)</b>	<b>(796,101)</b>	<b>-</b>	<b>-</b>	<b>5,088,278</b>	<b>44,547,357</b>
<i>Comparatives</i>	<b>37,655,867</b>	<b>880,306</b>	<b>326,338</b>	<b>(218,487)</b>	<b>(771,667)</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>37,872,373</b>

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 2012

### Note 7 – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### **Valuation of Assets**

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost for the purposes of AIFRS. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

All Council's assets were adjusted as a result of a revaluation undertaken by *Asset Valuation Consulting Pty Ltd* as at 30 June 2009.

Major depreciation periods 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, originally deriving from a valuation at 30 June 2009 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 2011 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 2011 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2011 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 2011 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 2012

### Note 8 - LIABILITIES

		2012		2011	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		(1,170)		5,018	
Payments received in advance		783,618		355,250	-
Accrued expenses - employee entitlements		140,058	-	128,706	-
Accrued expenses - other		221,319		225,454	-
Other		32,167		60,245	-
		<u>1,175,992</u>	<u>-</u>	<u>774,673</u>	<u>-</u>

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

### BORROWINGS

Loans		57,866	1,100,092	69,203	1,157,958
		<u>57,866</u>	<u>1,100,092</u>	<u>69,203</u>	<u>1,157,958</u>

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

### PROVISIONS

Employee entitlements (including oncosts)		124,515	31,554	145,960	37,219
Future reinstatement / restoration, etc		500,000	-	500,000	-
		<u>624,515</u>	<u>31,554</u>	<u>645,960</u>	<u>37,219</u>

### Movements in Provisions - 2012 year only (current & non-current)

	Employee Entitlements	Reinstatement
Opening Balance	183,179	500,000
Add Additional amounts recognised	136,333	-
(Less) Payments	(163,443)	-
Closing Balance	<u>156,069</u>	<u>500,000</u>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 9 - RESERVES

ASSET REVALUATION RESERVE		1-7-2011	Net Increments (Decrements)	Transfers, Impairments	30-6-2012
	Notes	\$	\$	\$	\$
Land & Buildings		1,527,007			1,527,007
Plant & Equipment		-			-
Furniture & Fittings		38,487			38,487
Minor plant		-			-
Infrastructure		15,521,037	5,088,278		20,609,315
CWMS		538,625			538,625
Other Assets		(36,820)			(36,820)
Asset Revaluation Reserve		8,705,834	-		8,705,834
<b>TOTAL</b>		26,294,170	5,088,278	-	31,382,448
<b>Comparatives</b>		26,294,154	16		26,294,170

OTHER RESERVES		1-7-2011	Transfers to Reserve	Transfers from Reserve	30-6-2012
NRM Levy		54	242		296
Land & Buildings		56,232	2,877		59,109
Plant Replacement		66,471	3,401		69,872
Other		948,681	543,954		1,492,635
Garbage Service Charge		(30,879)		(18,588)	(49,467)
Stormwater Dams		19,717	1,009		20,726
Hawker Swimming Pool		-	2,000		2,000
Legal Costs		16,937	866	(17,803)	-
Community Trust Funds		20,903	1,906		22,809
Quorn Swimming Pool		-	50,000		50,000
Hawker CWMS Service Charge		65,195	42,300		107,495
Quorn CWMS Service Charge		297,912	40,930		338,842
Airstrips		-	5,000		5,000
Roads		199,245	60,195		259,440
Community Buses		40,732	2,085		42,817
<b>TOTAL OTHER RESERVES</b>		1,701,200	756,765	(36,391)	2,421,574
<b>Comparatives</b>		1,743,666	716,136	(758,602)	1,701,200

### 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 2012

### 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.

		2012	2011
	Notes	\$	\$
<b>CASH &amp; FINANCIAL ASSETS</b>			
Unexpended amounts received from Federal Government			
CWMS Annual Service Charge		446,337	363,107
Garbage Annual Service Charge		(49,467)	(30,879)
NRM Levy		296	54
Unexpended Grant funds		33,332	55,572
Employee Entitlements		286,511	271,377
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<b>717,009</b>	<b>659,231</b>

# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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	2012 \$	2011 \$
Total cash & equivalent assets	5	<b>3,867,328</b>	2,775,187
Balances per Cash Flow Statement		<b>3,867,328</b>	2,775,187

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

Net Surplus (Deficit)		<b>7,450,482</b>	<b>(39,934)</b>
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		<b>796,101</b>	771,667
Net increase (decrease) in unpaid employee benefits		<b>(15,758)</b>	53,068
Asset Revaluation movements		<b>(5,088,278)</b>	(16)
Grants for capital acquisitions treated as Investing Activity		<b>(1,570,387)</b>	<b>(498,438)</b>
Net (Gain) Loss on Disposals		<b>27,699</b>	127,678
		<b>1,599,859</b>	414,025
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		<b>(146,800)</b>	156,954
Net (increase) decrease in inventories		<b>155,424</b>	135,654
Net increase (decrease) in trade & other payables		<b>389,967</b>	338,383
Net increase (decrease) in other provisions		-	<b>(26,969)</b>
<b>Net Cash provided by (or used in) operations</b>		<b>1,998,450</b>	1,018,047

#### (d) Financing Arrangements

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

Bank Overdrafts	<b>200,000</b>	200,000
Corporate Credit Cards	<b>10,000</b>	10,000

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 2012

### 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				
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	2,348,530	2,158,321	232,202	219,051	2,116,328	1,939,270	1,157,843	1,068,641	
Public Order & Health	130	-	27,061	59,582	(26,931)	(59,582)	-	-	
Social Security & Welfare	16,343	15,938	28,013	33,965	(11,670)	(18,027)	3,000	3,000	
Community Amenities	439,691	506,069	736,082	1,072,645	(296,391)	(566,576)	6,620	124,125	
Recreation & Culture	48,680	84,734	779,157	919,888	(730,477)	(835,154)	1,621	19,444	
Agricultural Services	31,219	34,514	33,865	33,218	(2,646)	1,296	-	2,395	
Regulatory Services	32,647	37,470	148,942	108,451	(116,295)	(70,981)	-	-	
Transport & Communication	873,367	421,213	1,031,417	1,216,310	(158,050)	(795,097)	725,478	385,401	
Economic Development	449,735	593,460	608,005	803,816	(158,270)	(210,356)	902,170	512,306	
Not Elsewhere Classified	331,653	286,848	74,739	70,714	256,914	216,134	6,641	62,066	
Works Overheads		-	52,996	11,637	(52,996)	(11,637)	-	-	
				-	-				
<b>TOTALS</b>	<b>4,571,995</b>	<b>4,138,567</b>	<b>3,752,479</b>	<b>4,549,277</b>	<b>819,516</b>	<b>(410,710)</b>	<b>2,803,373</b>	<b>2,177,378</b>	<b>48,992,547</b>
									41,237,059

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 2012

### 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**

Bridges, 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, Caravan Park, 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, OHS&W, signage, training,

# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 13 - FINANCIAL INSTRUMENTS

#### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 5.1% and 5.4% (2010: 3.2% and 5.3%). Short term deposits have an average maturity of 30 days and an average interest rates of 5.25% (2010: 30 days, 3%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<p><b>Receivables - Rates &amp; Associated Charges</b> (including legals &amp; 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><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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 &amp; State.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable by 6 monthly instalments of principal and interest, with interest charged at fixed rates.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> 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 2012

### Note 13 - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

	2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>		\$	\$	\$	\$	\$
Cash & Equivalents		3,867,328			3,867,328	3,867,328
Receivables		242,060			242,060	242,060
Other Financial Assets		3,212	10,965	2,041	16,218	16,218
<b>Total</b>		<b>4,112,600</b>	<b>10,965</b>	<b>2,041</b>	<b>4,125,606</b>	<b>4,125,606</b>
<b>Financial Liabilities</b>						
Payables		814,615			814,615	814,615
Current Borrowings		57,866			57,866	57,866
Non-Current Borrowings			230,858	869,234	1,100,092	1,100,092
<b>Total</b>		<b>872,481</b>	<b>230,858</b>	<b>869,234</b>	<b>1,972,573</b>	<b>1,972,573</b>
	2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>		\$	\$	\$	\$	\$
Cash & Equivalents		2,802,156			2,802,156	2,775,187
Receivables		93,965			93,965	120,934
Other Financial Assets		3,013	14,177	2,041	19,231	16,218
<b>Total</b>		<b>2,899,134</b>	<b>14,177</b>	<b>2,041</b>	<b>2,915,352</b>	<b>2,912,339</b>
<b>Financial Liabilities</b>						
Payables		923,723			923,723	420,513
Current Borrowings		69,203			69,203	69,203
Non-Current Borrowings			245,326	912,632	1,157,958	1,157,958
<b>Total</b>		<b>992,926</b>	<b>245,326</b>	<b>912,632</b>	<b>2,150,884</b>	<b>1,647,674</b>

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	4.25	1,157,958	6.6	1,227,161
		<u>1,157,958</u>		<u>1,227,161</u>

#### 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 2012

### Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2012 \$	2011 \$
<b>Capital Commitments</b>			
There is no capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities.			
<b>Other Expenditure Commitments</b>			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		25,500	34,000
Employee Remuneration Contracts		<u>838,073</u>	<u>1,119,389</u>
		<u>863,573</u>	<u>1,153,389</u>
These expenditures are payable:			
Not later than one year		328,326	333,754
Later than one year and not later than 5 years		<u>535,247</u>	<u>819,635</u>
		<u>863,573</u>	<u>1,153,389</u>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 15 - FINANCIAL INDICATORS

	2012	2011	2010
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.			
<b>Operating Surplus</b>	\$ 819,516	(410,710)	(118,774)
Being the operating surplus (deficit) before capital amounts .			
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	53%	-29%	-9%
Rates - general & other less NRM levy			
<b>Adjusted Operating Surplus Ratio</b>	15%	-29%	-9%
This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.			
<b>Net Financial Liabilities</b>	\$ (1,266,768)	(335,846)	(456,632)
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).			
<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	-28%	-8%	-13%
Total Operating Revenue less NRM levy			
<b>Interest Cover Ratio</b>			
<u>Net Interest Expense</u>	-2%	-1%	-1%
Total Operating Revenue less NRM levy less Investment Income			
<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	-12%	31%	202%
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.			
<b>Asset Consumption Ratio</b>			
<u>Carrying value of depreciable assets</u>	66%	63%	64%
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 2012

### 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

	2012 \$	2011 \$
Income	4,571,995	4,138,567
less Expenses	(3,752,479)	(4,549,277)
<b>Operating Surplus / (Deficit)</b>	<b>819,516</b>	<b>(410,710)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	7,973	326,338
less Depreciation, Amortisation and Impairment	796,101	771,667
less Proceeds from Sale of Replaced Assets	100,481	90,809
	(888,609)	(536,138)
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	2,503,014	880,306
less Amounts received specifically for New and Upgraded Assets	1,570,387	498,438
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	932,627	381,868
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>775,498</b>	<b>(256,440)</b>



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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:

	2012	2011
	\$	\$
Not later than one year	10,400	10,400
Later than one year and not later than 5 years	41,600	41,600
Later than 5 years	51,200	61,600
	<u>103,200</u>	<u>113,600</u>



# The Flinders Ranges Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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 24<sup>th</sup> 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% in 2011/12 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2010/11). 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 2011/12 year was 6.3% (6.3% in 2010/11) 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% 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 2011. 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 2012**

### **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 2012**

### **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 2012**

### **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 notice of 1 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 2012**

**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 2011/12 as stated herein.



# THE FLINDERS RANGES COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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

Grants Commission Grant - General Purpose  
Grants Commission Grant - Local Roads  
Grants Commission Grant - Supplemental Local Roads

**Subtotal**

##### SPECIFIC PURPOSE

Planning SA - RDAP  
Flood Damage  
Volunteer Resource Centre  
FRC - Little Corellas Trailer  
Water for Towns  
Libraries  
Film Maker in Residence  
FRVIC  
Bush Festival  
YAC  
Quorn Transfer Station  
Hawker Revegetation Project  
Hawker Airport Upgrade  
Solar innovation Fund  
Energising the Flinders  
RCLIP - CIP Grant Round 3

**Subtotal**

#### TOTAL OTHER GRANTS

**Comparatives**

Opening Balance 01 July 2011	Movements		Closing Balance 30 June 2012
	Received/ Receivable	Expended	
\$	\$	\$	\$
-	1,157,843	(1,157,843)	-
-	278,143	(278,143)	-
-	124,335	(124,335)	-
-	1,560,321	(1,560,321)	-
10,000			10,000
-	310,500	(310,500)	-
-	650	(650)	-
7,217		(1,327)	5,890
-	12,500	(12,500)	-
-	1,621	(1,621)	-
209			209
-	50,000	(39,633)	10,367
6,277			6,277
-	3,000	(3,000)	-
-	6,620	(6,620)	-
1,869		(1,280)	589
-	6,641	(6,641)	-
-	20,000	(20,000)	-
-	831,520	(831,520)	-
30,000		(30,000)	-
55,572	1,243,052	(1,265,292)	33,332
55,572	2,803,373	(2,825,613)	33,332
315,259	1,972,253	(2,231,940)	55,572

#### GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

##### SPECIFIC PURPOSE

Roads to Recovery  
Special Local Roads Grant

#### TOTAL GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

**Comparatives**

Opening Balance 01 July 2010	Movements		Closing Balance 30 June 2011
	Received/ Receivable	Expended	
-	306,038	(306,038)	-
-	681,000	(681,000)	-
-	987,038	(987,038)	-
-	498,438	(498,438)	-

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

5

55,572	33,332
-	-
55,572	33,332



# The Flinders Ranges Council

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

### CERTIFICATION OF AUDITOR INDEPENDENCE

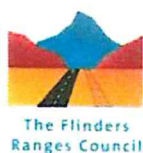
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Flinders Ranges Council for the year ended 30 June 2012, the Council's Auditor, Ian McDonald, has maintained his independence in accordance with the requirements of the *Local Government Act 1999* and the *Local 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**

.....  
Peter Slattery  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Dated this 10<sup>th</sup> day of OCTOBER 2012



**The Flinders Ranges Council**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2012**

**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2012, 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 McDonald, FCA**  
**AUDITOR**

Dated this 8 day of October 2012

**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 2012 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 2012.

**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 2012, 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.

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

Liability limited by a scheme approved under Professional Standards Legislation

Signed 31 day of October 2012, at Eastwood, South Australia