



The Flinders
Ranges Council

THE FLINDERS RANGES COUNCIL

FINANCIAL REPORT

2010/11



THE FLINDERS RANGES COUNCIL

General Purpose Financial Reports for the year ended 30 June 2011

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THE FLINDERS RANGES COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

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 13th September 2011 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 2011 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: 30/9/11


.....
Peter Slattery
MAYOR

Date: 30/09/11

THE FLINDERS RANGES COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
INCOME			
Rates	2	1,437,573	1,296,050
Statutory charges	2	40,099	38,315
User charges	2	68,868	72,519
Grants, subsidies and contributions	2	2,177,378	1,681,160
Investment income	2	138,646	132,668
Reimbursements	2	91,476	66,646
Other income	2	184,527	134,621
Total Income		4,138,567	3,421,979
EXPENSES			
Employee costs	3	1,292,825	1,136,099
Materials, contracts & other expenses	3	2,396,667	1,690,270
Depreciation, amortisation & impairment	3	771,667	621,585
Finance costs	3	88,118	92,799
Total Expenses		4,549,277	3,540,753
OPERATING SURPLUS / (DEFICIT)		(410,710)	(118,774)
Asset disposal & fair value adjustments	4	(127,678)	(15,506)
Amounts received specifically for new or upgraded assets	2	498,438	318,459
NET SURPLUS / (DEFICIT)		(39,950)	184,179
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	16	2,409,119
Total Other Comprehensive Income		16	2,409,119
TOTAL COMPREHENSIVE INCOME		(39,934)	2,593,298
Share of Net Surplus / (Deficit) Council		(39,950)	184,179
Share of Other Comprehensive Income Council		(39,950)	184,179
		16	2,409,119
TOTAL COMPREHENSIVE INCOME		(39,934)	2,593,298

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

THE FLINDERS RANGES COUNCIL

BALANCE SHEET as at 30 June 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,802,156	2,448,264
Trade & other receivables	5	199,472	356,426
Other financial assets	5	-	-
Inventories	5	343,827	479,481
		<u>3,345,455</u>	<u>3,284,171</u>
Non-current Assets held for Sale	20	-	-
Total Current Assets		<u>3,345,455</u>	<u>3,284,171</u>
Non-current Assets			
Financial Assets	6	19,231	22,057
Equity accounted investments in Council businesses	6	-	-
Investment Property	7	-	-
Infrastructure, Property, Plant & Equipment	7	37,872,373	37,655,867
Other Non-current Assets	6	-	-
Total Non-current Assets		<u>37,891,604</u>	<u>37,677,924</u>
Total Assets		<u>41,237,059</u>	<u>40,962,095</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,420,633	1,033,535
Borrowings	8	69,203	76,553
Provisions	8	-	-
Other Current Liabilities	8	-	-
		<u>1,489,836</u>	<u>1,110,088</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-
Total Current Liabilities		<u>1,489,836</u>	<u>1,110,088</u>
Non-current Liabilities			
Trade & Other Payables	8	37,219	32,866
Borrowings	8	1,157,958	1,227,161
Provisions	8	-	-
Liability - Equity accounted Council businesses	6	-	-
Other Non-current Liabilities	8	-	-
Total Non-current Liabilities		<u>1,195,177</u>	<u>1,260,027</u>
Total Liabilities		<u>2,685,013</u>	<u>2,370,115</u>
NET ASSETS		<u>38,552,046</u>	<u>38,591,980</u>
EQUITY			
Accumulated Surplus		10,556,676	10,554,160
Asset Revaluation Reserves	9	26,294,170	26,294,154
Available for sale Financial Assets	9	-	-
Other Reserves	9	1,701,200	1,743,666
Total Council Equity		<u>38,552,046</u>	<u>38,591,980</u>
Minority Interest		-	-
TOTAL EQUITY		<u>38,552,046</u>	<u>38,591,980</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 2011

	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	Total Council Equity	Minority Interest Equity	TOTAL EQUITY	
2011	Notes	\$	\$	\$	\$	\$	\$	
Balance at end of previous reporting period		10,554,160	26,294,154	-	1,743,666	38,591,980	-	38,591,980
Adjustment due to compliance with revised Accounting Standards						-		-
Adjustment to give effect to changed accounting policies						-		-
Restated opening balance		10,554,160	26,294,154	-	1,743,666	38,591,980	-	38,591,980
Net Surplus / (Deficit) for Year		(39,950)				(39,950)	-	(39,950)
Other Comprehensive Income								
Gain on revaluation of infrastructure, property, plant & equipment			16		16		16	
Available-for-sale Financial Instruments - change in fair value					-		-	
Share of other comprehensive income - joint ventures and associates					-		-	
Impairment (expense) / recoupments offset to asset revaluation reserve					-		-	
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment					-		-	
Transfer to accumulated surplus on sale of available-for-sale Financial Instruments					-		-	
Transfers between reserves		42,466		(42,466)	-		-	
Balance at end of period		10,556,676	26,294,170	-	1,701,200	38,552,046	-	38,552,046
2010								
Balance at end of previous reporting period		9,930,911	23,885,035		2,128,477	35,944,423		35,944,423
Adjustment due to compliance with revised Accounting Standards						-		-
Adjustment to give effect to changed accounting policies						-		-
Restated opening balance		9,930,911	23,885,035	-	2,128,477	35,944,423	-	35,944,423
Net Surplus / (Deficit) for Year		184,179				184,179	-	184,179
Other Comprehensive Income								
Changes in revaluation surplus - infrastructure, property, plant & equipment			2,409,119		2,409,119		2,409,119	
Available-for-sale Financial Instruments - change in fair value					-		-	
Share of other comprehensive income - joint ventures and associates					-		-	
Impairment (expense) / recoupments offset to asset revaluation reserve					-		-	
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment					-		-	
Transfer to accumulated surplus on sale of available-for-sale Financial Instruments					-		-	
Transfers between reserves		439,070		(384,811)	54,259		54,259	
Balance at end of period		10,554,160	26,294,154	-	1,743,666	38,591,980	-	38,591,980

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 2011

	Notes	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other			-
Fees & other charges			-
Operating receipts		4,138,875	3,534,069
Investment receipts		138,646	147,428
Grants utilised for operating purposes			-
<u>Payments</u>			
Employee Costs			-
Contractual services & materials			-
Operating payments to suppliers & employees		(3,142,841)	(3,362,020)
Finance payments		(89,664)	(107,379)
Net Cash provided by (or used in) Operating Activities		1,045,016	212,098
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		498,438	318,459
Sale of replaced assets		90,809	138,198
Sale of surplus assets		-	-
Sale of investment property		-	-
Net disposal of investment securities		-	-
Sale of real estate developments		-	-
Repayments of loans by community groups		2,826	10,755
Distributions received from associated entities		-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(326,338)	(1,393,158)
Expenditure on new/upgraded assets		(880,306)	-
Purchase of investment property		-	-
Net purchase of investment securities		-	-
Development of real estate for sale		-	-
Loans made to community groups		-	-
Capital contributed to associated entities		-	-
Net Cash provided by (or used in) Investing Activities		(614,571)	(925,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
Proceeds from Aged Care Facility deposits		-	-
<u>Payments</u>			
Repayments of Borrowings		(76,553)	(79,888)
Repayment of Finance Lease Liabilities		-	-
Repayment of Aged Care Facility deposits		-	-
Net Cash provided by (or used in) Financing Activities		(76,553)	(79,888)
Net Increase (Decrease) in cash held		353,892	(793,536)
Cash & cash equivalents at beginning of period	11	2,448,264	3,241,800
Cash & cash equivalents at end of period	11	2,802,156	2,448,264

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 2011

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 1st 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 2011

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 2011

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 2011

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 2011

Note 1 - Significant Accounting Policies

14 Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandated for the year ending 30 June 2011 reporting period and have not been used in preparing these reports.

- AASB 1 *First-time Adoption of Australian Accounting Standards*
- AASB 3 *Business Combinations*
- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 8 *Operating Segments*
- AASB 9 *Financial Instruments*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 110 *Events after the Reporting Period*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 132 *Financial Instruments: Presentation*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 140 *Investment Property*
- AASB 1031 *Materiality*
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]*
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]*
- AASB 2010-5 *Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and interpretations 112, 115, 127, 132 & 1042]*
- 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]*
- *Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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 2011

Note 2 - INCOME

	Notes	2011 \$	2010 \$
RATES REVENUES			
<u>General Rates</u>		1,068,607	967,126
Less: Mandatory rebates			
Less: Discretionary rebates, remissions & write offs		(34,758)	(27,290)
		<u>1,033,849</u>	<u>939,836</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		32,119	28,787
Waste collection		141,460	109,503
Community wastewater management systems		217,080	208,550
		<u>390,659</u>	<u>346,840</u>
<u>Other Charges</u>			
Penalties for late payment		13,118	9,374
		<u>13,118</u>	<u>9,374</u>
Less: Discretionary rebates, remissions & write offs		(53)	
		<u>1,437,573</u>	<u>1,296,050</u>
STATUTORY CHARGES			
Development Act fees		11,711	16,881
Town planning fees		12,776	6,962
Animal registration fees & fines		10,794	11,635
Other registration fees		4,818	2,837
		<u>40,099</u>	<u>38,315</u>
USER CHARGES			
Cemetery/crematoria fees		15,132	14,927
Swimming Pools		27,463	28,774
Community Bus hire		8,385	8,017
Hall & equipment hire		6,086	9,722
Waste Management		8,272	5,065
Airport Fees		2,603	325
Sundry		927	5,689
		<u>68,868</u>	<u>72,519</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		106,080	46,179
Banks & other		32,566	84,451
Loans to community groups			2,038
		<u>138,646</u>	<u>132,668</u>
REIMBURSEMENTS			
- for private works		17,038	18,412
- other		74,438	48,234
		<u>91,476</u>	<u>66,646</u>

THE FLINDERS RANGES COUNCIL

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

Note 2 - INCOME

	Notes	2011 \$	2010 \$
OTHER INCOME			
Rebates received		32,585	21,482
Commercial Income		30,799	
Donations		79,557	
Sundry		41,586	113,139
		184,527	134,621
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		498,438	318,459
Other grants, subsidies and contributions		1,675,878	1,681,160
Individually significant item - additional Grants Commission payment	see below	501,500	
		2,675,816	1,999,619
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		2,500,013	1,627,405
State government		164,997	372,214
Other		10,806	-
		2,675,816	1,999,619
Individually Significant Item			
National Rural and Remote Health Infrastructure Program - Kanyaka Surgery		501,500	-
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>		315,259	198,156
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		(883,839)	(581,176)
Heritage & Cultural Services		(1,846,539)	(1,130,293)
	Subtotal	(2,730,378)	(1,711,469)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		883,839	581,176
Heritage & Cultural Services		1,586,852	1,247,396
	Subtotal	2,470,691	1,828,572
<i>Unexpended at the close of this reporting period</i>		55,572	315,259
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		(259,687)	117,103

THE FLINDERS RANGES COUNCIL

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

Note 3 - EXPENSES

	Notes	2011 \$	2010 \$
EMPLOYEE COSTS			
Salaries and Wages		962,478	841,251
Employee leave expense		200,581	203,996
Superannuation - defined contribution plan contributions	18	42,802	41,660
Superannuation - defined benefit plan contributions	18	52,879	45,484
Workers' Compensation Insurance		98,778	66,072
Less: Capitalised and distributed costs		(64,693)	(62,364)
Total Operating Employee Costs		1,292,825	1,136,099
Total Number of Employees		20	20
<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		4,400	4,300
Elected members' expenses		63,574	47,551
Election expenses		2,917	2,916
Subtotal - Prescribed Expenses		70,891	54,767
<u>Other Materials, Contracts & Expenses</u>			
Contractors		497,351	840,008
Energy		138,347	159,346
Waste Management		334,458	-
Insurance		28,891	-
Individually Significant Items		822,801	385,036
Maintenance		90,789	91,243
Legal Expenses		41,549	24,090
Levies paid to government - NRM levy		32,217	28,945
- Other Levies		14,465	12,494
Parts, accessories & consumables		29,317	20,734
Professional services		28,528	29,459
Sundry		267,063	44,148
Subtotal - Other Materials, Contracts & Expenses		2,325,776	1,635,503
		2,396,667	1,690,270
INDIVIDUALLY SIGNIFICANT ITEMS			
Kanyaka Surgery refurbishment		674,779	-
Flood Damage Repairs (Own funds - No State Government Support)		148,022	385,036
		822,801	385,036

THE FLINDERS RANGES COUNCIL

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

Note 3 - EXPENSES

	Notes	2011 \$	2010 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land & Buildings		261,579	250,419
Plant & Equipment		139,711	123,025
Furniture & Fittings		26,687	28,640
Minor plant		5,737	7,829
Infrastructure		271,305	145,024
CWMS		66,648	66,648
		<u>771,667</u>	<u>621,585</u>
FINANCE COSTS			
Interest on Loans		88,118	92,799
		<u>88,118</u>	<u>92,799</u>



THE FLINDERS RANGES COUNCIL

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2011 \$	2010 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		90,809	138,198
Less: Carrying amount of assets sold		218,487	153,704
Less: amounts previously recognised in other comprehensive income			
Gain (Loss) on disposal		(127,678)	(15,506)

THE FLINDERS RANGES COUNCIL

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

Note 5 - CURRENT ASSETS

	Notes	2011 \$	2010 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		51,165	32,357
Deposits at Call		750,991	756,829
Short Term Deposits & Bills, etc		2,000,000	1,659,078
		<u>2,802,156</u>	<u>2,448,264</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		124,738	94,408
Debtors - general		74,734	262,018
Total		<u>199,472</u>	<u>356,426</u>
 INVENTORIES			
Stores & Materials		343,827	479,481
		<u>343,827</u>	<u>479,481</u>



THE FLINDERS RANGES COUNCIL

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

Note 6 - NON-CURRENT ASSETS

		2011	2010
FINANCIAL ASSETS	Notes	\$	\$
Receivables			
Loans to community organisations		19,231	22,057
TOTAL FINANCIAL ASSETS		19,231	22,057

THE FLINDERS RANGES COUNCIL

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2010				2011			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land & Buildings	13,923,643	-	(8,339,445)	5,584,198	14,456,153	-	(8,697,257)	5,758,896
Plant & Equipment	784,347	1,372,942	(338,598)	1,818,691	618,648	1,600,032	(431,624)	1,787,056
Furniture & Fittings	198,032	-	(119,590)	78,442	260,380	-	(146,277)	114,103
Minor plant	73,031	-	(49,712)	23,319	73,031	-	(55,449)	17,582
Infrastructure	30,742,135	-	(3,372,196)	27,369,939	31,123,607	-	(3,643,501)	27,480,106
CWMS	3,685,671	-	(904,393)	2,781,278	3,685,671	-	(971,041)	2,714,630
TOTAL PROPERTY, PLANT & EQUIPMENT	49,406,859	1,372,942	(13,123,934)	37,655,867	50,217,490	1,600,032	(13,945,149)	37,872,373
Comparatives	47,155,817	1,012,853	(13,539,791)	34,628,879	49,406,859	1,372,942	(13,123,934)	37,655,867

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 2011

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2010	CARRYING AMOUNT MOVEMENTS DURING YEAR							2011
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land & Buildings	5,584,198	465,744	66,766	(96,233)	(261,579)	-	-	-	5,758,896
Plant & Equipment	1,818,691	-	230,330	(122,254)	(139,711)	-	-	-	1,787,056
Furniture & Fittings	78,442	33,106	29,242	-	(26,687)	-	-	-	114,103
Minor plant	23,319	-	-	-	(5,737)	-	-	-	17,582
Infrastructure	27,369,939	381,456	-	-	(271,305)	-	-	16	27,480,106
CWMS	2,781,278	-	-	-	(66,648)	-	-	-	2,714,630
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	37,655,867	880,306	326,338	(218,487)	(771,667)	-	-	16	37,872,373
<i>Comparatives</i>	34,628,879	638,510	754,648	(153,704)	(621,585)	-	-	2,409,119	37,655,867

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 2011

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

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.

Buildings & Other Structures

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 2011

Note 8 - LIABILITIES

		2011		2010	
		\$		\$	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		5,018		(2,029)	
Payments received in advance		355,250	-	640,745	-
Accrued expenses - employee entitlements		271,456	37,219	222,741	32,866
Accrued expenses - other		225,454	-	147,377	-
Other		563,455	-	24,701	-
		1,420,633	37,219	1,033,535	32,866
BORROWINGS					
Loans		69,203	1,157,958	76,553	1,227,161
		69,203	1,157,958	76,553	1,227,161

THE FLINDERS RANGES COUNCIL

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2010	Net Increments (Decrements)	Transfers, Impairments	30-6-2011
Notes	\$	\$	\$	\$
Land & Buildings	1,527,007			1,527,007
Plant & Equipment	-			-
Furniture & Fittings	38,487			38,487
Minor plant	-			-
Infrastructure	15,521,021	16		15,521,037
CWMS	538,625			538,625
Other Assets	(36,820)			(36,820)
Asset Revaluation Reserve	8,705,834	-		8,705,834
TOTAL	26,294,154	16	-	26,294,170
<i>Comparatives</i>	<i>23,885,035</i>	<i>2,409,119</i>		<i>26,294,154</i>

OTHER RESERVES	1-7-2010	Transfers to Reserve	Transfers from Reserve	30-6-2011
NRM Levy	152	7	(105)	54
Land & Buildings	53,584	2,648	-	56,232
Plant Replacement	50,000	16,471	-	66,471
Employee Entitlements	222,877	48,499	(271,376)	-
Other	541,333	428,181	(20,833)	948,681
Garbage Service Charge	(68,429)	40,931	(3,381)	(30,879)
Hawker Dam	10,690	9,027	-	19,717
Hawker Swimming Pool	-	100,000	(100,000)	-
Legal Costs	13,757	3,180	-	16,937
Community Trust Funds	365,523	10,601	(355,221)	20,903
Quorn Swimming Pool	-	-	-	-
Hawker CWMS Service Charge	34,293	30,902	-	65,195
Quorn CWMS Service Charge	291,209	14,389	(7,686)	297,912
Airstrips	-	-	-	-
Roads	189,863	9,382	-	199,245
Community Buses	38,814	1,918	-	40,732
TOTAL OTHER RESERVES	1,743,666	716,136	(758,602)	1,701,200
<i>Comparatives</i>	<i>2,128,477</i>	<i>701,625</i>	<i>(1,086,436)</i>	<i>1,743,666</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 2011

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.

		2011	2010
	Notes	\$	\$
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government			
CWMS Annual Service Charge		363,107	325,503
Garbage Annual Service Charge		(30,879)	(68,429)
NRM Levy		54	152
Unexpended Grant funds		55,572	315,260
Employee Entitlements		271,377	222,877
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		659,231	795,363

THE FLINDERS RANGES COUNCIL

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

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	2011 \$	2010 \$
Total cash & equivalent assets	5	2,802,156	2,448,264
Balances per Cash Flow Statement		2,802,156	2,448,264

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

Net Surplus (Deficit)		(39,934)	2,593,298
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		771,667	621,585
Equity movements		-	-
Net increase (decrease) in unpaid employee benefits		53,068	56,372
Premiums & discounts recognised & unwound		-	5,803
Asset Revaluation movements		(16)	(2,409,119)
Grants for capital acquisitions treated as Investing Activity		(498,438)	(318,459)
Net (Gain) Loss on Disposals		127,678	15,506
		414,025	564,986
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		156,954	(239,608)
Net (increase) decrease in inventories		135,654	(281,053)
Net increase (decrease) in trade & other payables		338,383	167,773
Net Cash provided by (or used in) operations		1,045,016	212,098

(d) Financing Arrangements

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

Bank Overdrafts	200,000	200,000
Corporate Credit Cards	10,000	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 2011

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	2011 \$	2010 \$	2011 \$	2010 \$
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$				
Administration	2,158,321	1,932,177	219,051	253,906	1,939,270	1,678,271	1,068,641	947,865		
Public Order & Health	-	510	59,582	17,791	(59,582)	(17,281)	-	-		
Social Security & Welfare	15,938	19,844	33,965	59,934	(18,027)	(40,090)	3,000	7,275		
Community Amenities	506,069	349,161	1,072,645	690,584	(566,576)	(341,423)	124,125	10,216		
Recreation & Culture	84,734	74,603	919,888	757,083	(835,154)	(682,480)	19,444	15,979		
Agricultural Services	34,514	33,234	33,218	41,389	1,296	(8,155)	2,395	(3,625)		
Regulatory Services	37,470	40,283	108,451	103,289	(70,981)	(63,006)	-	1,424		
Transport & Communication	421,213	652,319	1,216,310	1,332,442	(795,097)	(680,123)	385,401	633,509		
Economic Development	593,460	107,127	803,816	257,536	(210,356)	(150,409)	512,306	68,517		
Not Elsewhere Classified	286,848	212,721	70,714	131,362	216,134	81,359	62,066	-		
Works Overheads	-	-	11,637	(104,563)	(11,637)	104,563		-		
					-	-			41,237,059	40,962,095
TOTALS	4,138,567	3,421,979	4,549,277	3,540,753	(410,710)	(118,774)	2,177,378	1,681,160	41,237,059	40,962,095

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 2011

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 2011

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 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>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 2011

Note 13 - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		2,802,156			2,802,156	2,802,156
Receivables		93,965			93,965	93,965
Other Financial Assets		3,013	14,177	2,041	19,231	19,231
Total		2,899,134	14,177	2,041	2,915,352	2,915,352
Financial Liabilities						
Payables		2,007,945			2,007,945	923,723
Current Borrowings		69,203			69,203	69,203
Non-Current Borrowings			245,326	912,632	1,157,958	1,157,958
Total		2,077,148	245,326	912,632	3,235,106	2,150,884

	2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$
Cash & Equivalents		2,448,264			2,448,264	2,448,264
Receivables		284,075			284,075	284,075
Other Financial Assets		2,826	13,298	5,933	22,057	22,057
Total		2,735,165	13,298	5,933	2,754,396	2,754,396
Financial Liabilities						
Payables		663,417			663,417	663,417
Current Borrowings		76,553			76,553	76,553
Non-Current Borrowings			247,990	979,171	1,227,161	1,227,161
Total		739,970	247,990	979,171	1,967,131	1,967,131

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

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates		1,227,161	6.6	1,303,714
		1,227,161		1,303,714

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 2011

Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2011 \$	2010 \$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land		-	40,000
Buildings		-	500,000
		<u>-</u>	<u>540,000</u>
These expenditures are payable:			
Not later than one year		-	540,000
		<u>-</u>	<u>540,000</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		34,000	-
Employee Remuneration Contracts		1,119,389	951,000
		<u>1,153,389</u>	<u>951,000</u>
These expenditures are payable:			
Not later than one year		333,754	257,200
Later than one year and not later than 5 years		819,635	693,800
		<u>1,153,389</u>	<u>951,000</u>

THE FLINDERS RANGES COUNCIL

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

Note 15 - FINANCIAL INDICATORS

	2011	2010	2009
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	\$ (410,710)	(118,774)	(14,099)
Being the operating surplus (deficit) before capital amounts .			
Operating Surplus Ratio			
<u>Operating Surplus</u>	-29%	-9%	-1%
Rates - general & other less NRM levy			
Adjusted Operating Surplus Ratio	-29%	-9%	-1%
This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.			
Net Financial Liabilities	\$ (335,846)	(456,632)	(1,117,116)
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>	-8%	-13%	-32%
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>	31%	202%	123%
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>	63%	64%	62%
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 2011

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

	2011 \$	2010 \$
Income	4,138,567	3,421,979
less Expenses	(4,549,277)	(3,540,753)
Operating Surplus / (Deficit)	(410,710)	(118,774)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	326,338	1,393,158
less Depreciation, Amortisation and Impairment	771,667	621,585
less Proceeds from Sale of Replaced Assets	90,809	138,198
	(536,138)	633,375
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	880,306	-
less Amounts received specifically for New and Upgraded Assets	498,438	318,459
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	381,868	(318,459)
Net Lending / (Borrowing) for Financial Year	(256,440)	(433,690)

THE FLINDERS RANGES COUNCIL

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

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:

	2011	2010
	\$	\$
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	61,600	72,000
	113,600	124,000



The Flinders Ranges Council

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

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% in 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). 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 2010/11 year was 6.3% (6% in 2009/10) 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 FLINDERS RANGES COUNCIL

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

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 2011

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 2011

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 2011

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 2010/11 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
FRC - Little Corellas Trailer
Kanyaka Surgery
Tourism - Walking Trails
Film Maker in Residence
Community Flavours
Bush Festival
YAC
Quorn Transfer Station
Hawker Revegetation Project
Native Veg Survey
Hawker Airstrip Fence
RCLIP - CIP Grant Round 2
RCLIP - CIP Grant Round 3

Subtotal

TOTAL OTHER GRANTS

Comparatives

Opening Balance 01 July 2010	Movements		Closing Balance 30 June 2011
	Received/ Receivable	Expended	
\$	\$	\$	\$
-	1,068,641	(1,068,641)	-
-	266,169	(266,169)	-
-	119,232	(119,232)	-
-	1,454,042	(1,454,042)	-
10,000			10,000
7,217			7,217
250,750	310,750	(561,500)	-
7,475		(7,475)	-
1,850		(1,641)	209
1,690		(1,690)	-
6,277			6,277
-	3,000	(3,000)	-
-	120,000	(120,000)	-
-	20,000	(18,131)	1,869
-	2,395	(2,395)	-
-	32,066	(32,066)	-
30,000	-	(30,000)	-
-	30,000	-	30,000
315,259	518,211	(777,898)	55,572
315,259	1,972,253	(2,231,940)	55,572
198,156	1,610,113	(1,493,010)	315,259

GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

SPECIFIC PURPOSE

Roads to Recovery

TOTAL GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

Comparatives

Opening Balance 01 July 2010	Movements		Closing Balance 30 June 2011
	Received/ Receivable	Expended	
-	498,438	(498,438)	-
-	498,438	(498,438)	-
-	218,459	(218,459)	-

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

5

315,259	55,572
-	-
315,259	55,572



The Flinders Ranges Council

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

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 2011, 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 30th day of September 2011

**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 2011 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 2011.

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 1999. 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 2011, 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 1999.

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

Liability limited by a scheme approved under Professional Standards Legislation

Signed 17 day of November 2011, at Eastwood, South Australia