



NARACOORTE LUCINDALE COUNCIL

FINANCIAL STATEMENTS

2011/2012

NARACOORTE LUCINDALE COUNCIL

General Purpose Financial Reports for the year ended 30 June 2012

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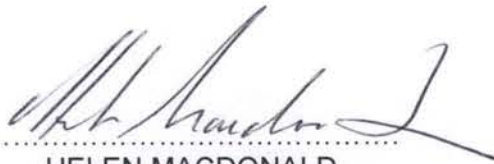
NARACOORTE LUCINDALE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 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.



HELEN MACDONALD
CHIEF EXECUTIVE OFFICER



ERIKA VICKERY
MAYOR

Date: 25 September 2012 .

NARACOORTE LUCINDALE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
Rates	2	10,057,118	9,582,113
Statutory charges	2	163,296	138,483
User charges	2	2,094,816	1,514,317
Grants, subsidies and contributions	2	3,696,596	2,974,062
Investment income	2	179,015	208,975
Reimbursements	2	403,704	390,722
Other income	2	294,207	226,154
Total Income		<u>16,888,752</u>	<u>15,034,826</u>
EXPENSES			
Employee costs	3	5,467,119	5,385,833
Materials, contracts & other expenses	3	5,507,618	4,711,774
Depreciation, amortisation & impairment	3	5,046,102	4,975,419
Finance costs	3	190,143	193,119
Total Expenses		<u>16,210,982</u>	<u>15,266,145</u>
OPERATING SURPLUS / (DEFICIT)		677,770	(231,319)
Asset disposal & fair value adjustments	4	(382,028)	(33,969)
Amounts received specifically for new or upgraded assets	2	2,214,066	248,500
NET SURPLUS / (DEFICIT)		2,509,808	(16,788)
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	54,731	174,560,940
Impairment (expense) / recoupments offset to asset revaluation reserve	9	-	59,776
Total Other Comprehensive Income		<u>54,731</u>	<u>174,620,716</u>
TOTAL COMPREHENSIVE INCOME		<u>2,564,539</u>	<u>174,603,928</u>

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

NARACOORTE LUCINDALE COUNCIL

BALANCE SHEET
as at 30 June 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,691,694	4,385,063
Trade & other receivables	5	1,110,801	672,323
Inventories	5	818,193	1,321,753
Total Current Assets		<u>5,620,688</u>	<u>6,379,139</u>
Non-current Assets			
Financial Assets	6	102,625	157,624
Infrastructure, Property, Plant & Equipment	7	266,352,313	263,116,624
Other Non-current Assets	6	1,612,045	20,616
Total Non-current Assets		<u>268,066,983</u>	<u>263,294,864</u>
Total Assets		<u>273,687,671</u>	<u>269,674,003</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	2,099,645	1,862,565
Borrowings	8	1,193,428	180,770
Provisions	8	812,331	559,792
Total Current Liabilities		<u>4,105,404</u>	<u>2,603,127</u>
Non-current Liabilities			
Borrowings	8	2,338,841	2,532,268
Provisions	8	175,804	35,525
Total Non-current Liabilities		<u>2,514,645</u>	<u>2,567,793</u>
Total Liabilities		<u>6,620,049</u>	<u>5,170,920</u>
NET ASSETS		<u>267,067,622</u>	<u>264,503,083</u>
EQUITY			
Accumulated Surplus		39,376,191	36,052,760
Asset Revaluation Reserves	9	225,054,135	224,999,404
Other Reserves	9	2,637,296	3,450,919
TOTAL EQUITY		<u>267,067,622</u>	<u>264,503,083</u>

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

NARACOORTE LUCINDALE COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

2012	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		36,052,760	224,999,404	3,450,919	264,503,083
Net Surplus / (Deficit) for Year		2,509,808			2,509,808
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment	9		54,731		54,731
Transfers between reserves		813,623		(813,623)	-
Balance at end of period		39,376,191	225,054,135	2,637,296	267,067,622
2011					
Balance at end of previous reporting period		37,070,716	50,661,285	2,167,154	89,899,155
Adjustment to correct reserve balance		282,597	(282,597)	-	-
Restated opening balance		37,353,313	50,378,688	2,167,154	89,899,155
Net Surplus / (Deficit) for Year		(16,788)			(16,788)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			174,560,940		174,560,940
Impairment (expense) / recouplements offset to asset revaluation reserve			59,776		59,776
Transfers between reserves		(1,283,765)		1,283,765	-
Balance at end of period		36,052,760	224,999,404	3,450,919	264,503,083

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

NARACOORTE LUCINDALE COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		10,029,823	9,582,113
Fees & other charges		178,214	138,483
User charges		2,158,047	1,665,749
Investment receipts		204,969	207,538
Grants utilised for operating purposes		4,013,801	2,974,062
Reimbursements		342,579	390,722
Other revenues		1,255,788	909,993
<u>Payments</u>			
Employee Costs		(5,315,489)	(5,385,833)
Materials, contracts & other expenses		(6,202,438)	(6,341,570)
Finance payments		(234,577)	(210,856)
Net Cash provided by (or used in) Operating Activities		6,430,717	3,930,401
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,214,066	248,500
Sale of replaced assets		157,272	13,636
Repayments of loans by community groups		54,194	20,566
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,161,245)	(1,880,726)
Expenditure on new/upgraded assets		(8,196,544)	(1,755,160)
Loans made to community groups		-	(75,000)
Net Cash provided by (or used in) Investing Activities		(7,932,257)	(3,428,184)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
<u>Payments</u>			
Repayments of Borrowings		(180,769)	(191,065)
Repayment of Aged Care Facility deposits		(11,060)	(12,871)
Net Cash provided by (or used in) Financing Activities		(191,829)	(203,936)
Net Increase (Decrease) in cash held		(1,693,369)	298,281
Cash & cash equivalents at beginning of period	11	4,385,063	4,086,782
Cash & cash equivalents at end of period	11	2,691,694	4,385,063

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

NARACOORTE LUCINDALE 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 as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 25th September 2012.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 The Local Government Reporting Entity

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

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.

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

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 change in value with a maturity of three months or less from the date of acquisition.

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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.

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	\$500
Information Technology	\$500
Other Plant and Equipment	\$1,000
Buildings New Construction / Extensions	\$5,000
Park & Playground Furniture & Equipment	\$1,000
Road Construction and Reconstruction	\$5,000
Paving & Footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Artworks	\$1,000

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	
Office Equipment - Computerised	3 to 10 years
Office Furniture & Equipment	5 to 15 years
Vehicles and Road-making Equip	5 to 15 years
Minor Plant & Equipment	3 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Memorials	40 to 80 years
Park Structures – other construction	5 to 15 years
Playground equipment	5 to 15 years
Benches, seats, etc	5 to 15 years
Infrastructure	
Seal	15 years
Pavement	40 years
Earthworks	indefinite
Bridges	60 to 100 years
Paving & Footpaths, Kerb & Gutter	15 to 40 years
Stormwater Drainage	60 years
Other Assets	
Library Books	3 to 5 years
Artworks	indefinite

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).

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

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

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

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".

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. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	3.4% (2011, 4.65%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees predominantly 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 Scheme is reported in Note 18.

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

10 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

12 GST Implications

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

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

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 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]*

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

- 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.

NARACOORTE LUCINDALE COUNCIL

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

Note 2 - INCOME

	Notes	2012 \$	2011 \$
RATES REVENUES			
<u>General Rates</u>		9,105,910	8,695,456
Less: Mandatory rebates		(61,091)	(47,741)
Less: Discretionary rebates, remissions & write offs		(53,537)	(46,964)
		8,991,282	8,600,751
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		176,016	167,366
Waste collection		773,044	699,732
Community wastewater management systems		63,626	57,170
		1,012,686	924,268
<u>Other Charges</u>			
Penalties for late payment		42,266	43,026
Legal & other costs recovered		12,555	15,458
		54,821	58,484
Less: Discretionary rebates, remissions & write offs		(1,671)	(1,390)
		10,057,118	9,582,113
STATUTORY CHARGES			
Development Act fees		34,071	24,706
Town planning fees		67,954	58,121
Health & Septic Tank Inspection fees		5,894	5,143
Animal registration fees & fines		37,897	40,729
Parking fines / expiation fees		9,828	1,691
Other licences, fees, & fines		7,652	8,093
		163,296	138,483
USER CHARGES			
Cemetery/crematoria fees		66,208	59,764
Livestock Exchange Fees & Charges		1,482,509	1,166,511
Lease & Rental Income		64,432	47,203
Transfer Station		370,883	124,347
Health Inspection Fees		400	1,120
Hall & equipment hire		30,252	39,369
Aged Home Maintenance Fees		15,120	14,400
Sales - general		48,940	45,780
Sundry		16,072	15,823
		2,094,816	1,514,317
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		120,881	183,969
Banks & other		49,944	17,103
Loans to community groups		8,190	7,903
		179,015	208,975

NARACOORTE LUCINDALE COUNCIL

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

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
REIMBURSEMENTS			
- for private works		227,765	242,039
- other		175,939	148,683
		403,704	390,722
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		155,856	48,421
Rebates received		86,517	98,003
Sundry		51,834	79,730
		294,207	226,154
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,214,066	248,500
Other grants, subsidies and contributions		2,443,648	2,391,984
Individually significant item - additional Grants Commission payment	see below	1,252,948	582,078
		5,910,662	3,222,562
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		5,806,440	3,162,870
State government		104,222	59,692
		5,910,662	3,222,562

Individually Significant Item

On 28 June 2011, Council received payment of the first instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.

	1,252,948	582,078
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This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.

NARACOORTE LUCINDALE COUNCIL

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

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
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>		608,155	265,199
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		(477,562)	(232,199)
<i>Heritage & Cultural Services</i>		(98,654)	(20,000)
<i>Subtotal</i>		<u>(576,216)</u>	<u>(252,199)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		240,169	477,562
<i>Heritage & Cultural Services</i>		4,400	117,593
<i>Subtotal</i>		<u>244,569</u>	<u>595,155</u>
<i>Unexpended at the close of this reporting period</i>		<u>276,508</u>	<u>608,155</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		 <u>(331,647)</u>	 <u>342,956</u>

NARACOORTE LUCINDALE COUNCIL

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

Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		4,350,331	4,156,061
Employee leave expense		835,228	952,830
Superannuation - defined contribution plan contributions	18	283,479	250,736
Superannuation - defined benefit plan contributions	18	165,244	185,210
Workers' Compensation Insurance		226,143	226,738
Other		91,826	96,811
Less: Capitalised and distributed costs		<u>(485,132)</u>	<u>(482,553)</u>
Total Operating Employee Costs		<u>5,467,119</u>	<u>5,385,833</u>
 Total Number of Employees		80	82
<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		17,750	14,900
Bad and Doubtful Debts		-	181,310
Elected members' expenses		154,613	116,806
Election expenses		-	26,278
Operating Lease Rentals - cancellable leases		10,084	17,929
Subtotal - Prescribed Expenses		<u>182,447</u>	<u>357,223</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		423,317	359,163
Waste Management		1,815,494	1,009,077
Street Cleaning		176,571	205,394
Insurance		245,467	233,892
Quarry - rubble raising & associated expenses		825,775	557,401
Roadside & Reserves Mowing/Spraying		115,126	138,115
Subscriptions & Licences		256,957	241,993
Energy		758,850	715,558
Maintenance		673,486	831,390
Legal Expenses		13,365	36,156
Levies paid to government - NRM levy		175,957	167,203
- Other Levies		94,179	89,663
Parts, accessories & consumables		508,679	459,685
Professional services		111,533	198,240
Sundry		579,617	624,334
Less: Capitalised and distributed costs		<u>(1,449,202)</u>	<u>(1,512,713)</u>
Subtotal - Other Materials, Contracts & Expenses		<u>5,325,171</u>	<u>4,354,551</u>
		<u>5,507,618</u>	<u>4,711,774</u>

NARACOORTE LUCINDALE COUNCIL

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

Note 3 - EXPENSES (cont)

	Notes	2012 \$	2011 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		458,486	461,458
Infrastructure			
- Roads		3,643,321	3,665,176
- Bridges & Drainage		89,648	90,402
- Street Furniture		8,036	8,010
- CWMS		38,687	40,539
- Site Improvements		37,216	34,304
- Reserve Furniture		49,637	55,818
Plant & Equipment		416,810	326,888
Furniture & Fittings		64,716	60,084
Minor Plant		20,373	24,316
Library books		14,003	12,761
Saleyards		154,856	148,505
Swimming Lake		50,313	47,158
		<u>5,046,102</u>	<u>4,975,419</u>
FINANCE COSTS			
Interest on overdraft and short-term drawdown		9,789	-
Interest on Loans		180,354	193,119
		<u>190,143</u>	<u>193,119</u>

NARACOORTE LUCINDALE 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 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		157,272	13,636
Less: Carrying amount of assets sold		<u>539,300</u>	<u>47,605</u>
Gain (Loss) on disposal		<u>(382,028)</u>	<u>(33,969)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(382,028)</u>	<u>(33,969)</u>

NARACOORTE LUCINDALE COUNCIL

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

Note 5 - CURRENT ASSETS

	Notes	2012 \$	2011 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		384,416	352,135
Deposits at Call		<u>3,307,278</u>	<u>4,032,928</u>
		<u>3,691,694</u>	<u>4,385,063</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		371,023	343,728
Accrued Revenues		139,362	111,565
Debtors - general		522,440	376,439
GST Recoupment		52,682	638
Prepayments		295	2,196
Loans to community organisations		24,999	24,194
Total		<u>1,110,801</u>	<u>858,760</u>
Less: Allowance for Doubtful Debts		-	186,437
		<u>1,110,801</u>	<u>672,323</u>
 INVENTORIES			
Stores & Materials		665,674	1,187,574
Trading Stock - VIC		2,897	3,528
Fuels & Lubricants		32,246	40,880
General Stores		99,417	65,768
Other		17,959	24,003
		<u>818,193</u>	<u>1,321,753</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

NARACOORTE LUCINDALE COUNCIL

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

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2012 \$	2011 \$
Receivables			
Loans to community organisations		<u>102,625</u>	<u>157,624</u>
		<u>102,625</u>	<u>157,624</u>
 OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>1,612,045</u>	<u>20,616</u>
		<u>1,612,045</u>	<u>20,616</u>

NARACOORTE LUCINDALE 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 DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	11,719,128	-	-	11,719,128	11,719,128	-	-	11,719,128
Buildings & Other Structures	19,628,950	662,873	(9,552,476)	10,739,347	19,703,617	688,113	(10,030,898)	10,360,832
Infrastructure	280,893,644	2,390,026	(58,978,836)	224,304,834	279,676,724	5,052,731	(61,751,315)	222,978,140
- Roads	9,366,058	86,783	(4,840,255)	4,612,586	242,837	9,205,663	(4,829,832)	4,618,668
- Bridges & Drainage	184,400	-	(73,692)	110,708	12,274	184,400	(81,728)	114,946
- Street Furniture	2,738,635	-	(957,590)	1,781,045	2,713,635	24,120	(986,777)	1,750,978
- CWMS	1,337,726	132,280	(382,598)	1,087,408	1,337,726	416,619	(419,813)	1,334,532
- Site Improvements	-	949,886	(370,079)	579,807	-	1,205,963	(417,840)	788,123
- Reserve Furniture	-	5,113,371	(2,487,822)	2,625,549	-	7,049,289	(2,688,801)	4,360,488
Plant & Equipment	-	559,671	(284,616)	275,055	-	573,818	(327,124)	246,694
Furniture & Fittings	-	349,909	(236,193)	113,716	-	351,228	(230,030)	121,198
Minor Plant	-	715,027	(568,115)	146,912	-	715,027	(558,639)	156,388
Library books	6,299,322	263,074	(2,887,747)	3,674,649	6,290,192	3,202,940	(3,001,693)	6,491,439
Saleyards	2,927,686	28,487	(1,610,293)	1,345,880	2,927,686	43,680	(1,660,607)	1,310,759
Swimming Lake	-	-	-	-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	335,095,549	11,251,387	(83,230,312)	263,116,624	324,623,819	28,713,591	(86,985,097)	266,352,313
Comparatives	17,204,227	101,998,313	(29,298,878)	89,903,662	335,095,549	11,251,387	(83,230,312)	263,116,624

This Note continues on the following pages.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012 Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2012
	\$										\$
	2011 CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	2012 CARRYING AMOUNT		
	New/Upgrade	Renewals									
Land	11,719,128	-	-	-	-	-	-	-	-	-	11,719,128
Buildings & Other Structures	10,739,347	8,822	16,418	-	(458,486)	-	-	-	54,731	-	10,360,832
Infrastructure	224,304,834	1,258,195	1,404,510	(346,078)	(3,643,321)	-	-	-	-	-	222,978,140
- Roads	4,612,586	-	156,054	(60,324)	(89,648)	-	-	-	-	-	4,618,668
- Bridges & Drainage	110,708	12,274	-	-	(8,036)	-	-	-	-	-	114,946
- Street Furniture	1,781,045	-	24,120	(15,500)	(38,687)	-	-	-	-	-	1,750,978
- CWMS	1,087,408	284,340	-	-	(37,216)	-	-	-	-	-	1,334,532
- Site Improvements	579,807	262,219	-	(4,266)	(49,637)	-	-	-	-	-	788,123
- Reserve Furniture	2,625,549	1,784,047	475,679	(107,977)	(416,810)	-	-	-	-	-	4,360,488
Plant & Equipment	275,055	19,262	18,717	(1,624)	(64,716)	-	-	-	-	-	246,694
Furniture & Fittings	113,716	27,855	-	-	(20,373)	-	-	-	-	-	121,198
Minor Plant	146,912	-	23,479	-	(14,003)	-	-	-	-	-	156,388
Library books	3,674,649	2,932,909	42,268	(3,531)	(154,856)	-	-	-	-	-	6,491,439
Saleyards	1,345,880	15,192	-	-	(50,313)	-	-	-	-	-	1,310,759
Swimming Lake											
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	263,116,624	6,605,115	2,161,245	(539,300)	(5,046,102)	-	-	-	54,731	-	266,352,313
Comparatives	89,903,662	1,755,160	1,919,888	(47,605)	(4,975,419)	-	-	-	174,560,940	-	263,116,624

This Note continues on the following pages.

NARACOORTE LUCINDALE COUNCIL

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

Note 7 (cont) – 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. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of assets are charged against the revaluation reserve in equity.

All relevant assets were last revalued as at 1 July 2010. Valuations were conducted by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, Certified Practising Valuer. The valuer arrived at fair value of land and buildings based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. For valuations of plant and equipment, market value is used as a proxy for fair value.

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 fair value basis. These assets were revalued at 1st July 2010 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, independent Certified Practising Valuer of Maloney Field Services at market value. Additions are recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 1st July 2010 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Pursuant to Council's nomination, buildings and other structures are recognised on the fair value basis. These assets were revalued at 1st July 2010 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, independent Certified Practising Valuer of Maloney Field Services at current replacement cost. Additions are recognised at cost.

A review of the 1 July 2010 revaluation of Council's Buildings assets found one instance of an asset being incorrectly valued in the 2010/11 financial year. To correct this Council has recognised an adjustment to the Buildings asset class through the Asset Revaluation Reserve in the 2011/12 financial year to bring the Buildings to its correct carrying value.

Infrastructure

Transportation assets were valued at written down current replacement cost during the reporting period ended 1st July 2010 and pursuant to Council's election are disclosed at deemed replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued as at 1st July 2010 at written down current replacement cost, based on actual costs incurred during the reporting period and pursuant to Council's election are disclosed at deemed replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at written down current replacement cost during the reporting period ended 1st July 2010 and pursuant to Council's election are disclosed at deemed replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

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

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.

NARACOORTE LUCINDALE 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	7,169,852	-	-	7,169,852
Buildings & Other Structures	4,285,893	54,731	-	4,340,624
Infrastructure	212,613,753	-	-	212,613,753
Other Community Assets	929,906	-	-	929,906
TOTAL	224,999,404	54,731	-	225,054,135
<i>Comparatives</i>	<i>50,661,285</i>	<i>174,560,940</i>	<i>(222,821)</i>	<i>224,999,404</i>

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Community Chest	4,800	15,378	-	20,178
Development	291,487	17,280	(7,950)	300,817
Grants Committed	1,162,233	1,493,117	(1,135,294)	1,520,056
Heritage	6,300	-	(1,300)	5,000
IT Upgrades	46,417	-	(2,114)	44,303
Lake Ormerod	1,757	-	(20)	1,737
Long Service Leave	139,948	5,972	-	145,920
Lucindale Aged Care Facility	5,000	-	-	5,000
Lucindale Health Centre	5,492	-	(5,414)	78
Lucindale Library	26,000	-	-	26,000
Open Space	24,762	-	-	24,762
Plant & Machinery	996,995	-	(996,995)	-
Livestock Exchange (NRLE)	650,804	-	(187,910)	462,894
CWMS	68,924	7,227	-	76,151
Volunteers	20,000	4,400	(20,000)	4,400
TOTAL OTHER RESERVES	3,450,919	1,543,374	(2,356,997)	2,637,296
<i>Comparatives</i>	<i>2,167,154</i>	<i>1,991,693</i>	<i>(707,928)</i>	<i>3,450,919</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).

Community Chest Reserve

The Community Chest Reserve acknowledges community grants given by Council but not claimed by Community Groups as at 30th June.

Development Reserve

Reserve to allow for future development in the Council district. May be used to assist community groups and sporting bodies with expansion that has a proven community benefit.

Grants Committed

Reserve to recognise grants received, but not expended.

NARACOORTE LUCINDALE COUNCIL

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

Note 9 - RESERVES

Heritage

Reserve to recognise Council's matching contribution to a Heritage Grant received which has been recognised in Grants Committed.

IT Upgrades

Provision for the upgrade of IT requirements. Includes unexpended capital budget.

Lake Ormerod Reserve

Account for funds held on behalf of Lake Ormerod Community Group.

Long Service Leave Reserve

Provision for 25% of current liability relating to long service leave entitlements of employees.

Lucindale Aged Care Facility

Donation May 2005 from National Rally of Caravan Clubs for Aged Care Accommodation to be established in Lucindale.

Lucindale Health Centre

Funds set aside for future maintenance of the Lucindale Health Centre.

Lucindale Library

Lucindale Community Library. Commitment at amalgamation.

Open Space Reserve

Developers Contribution towards open space reserves.

Plant & Machinery Reserve

Provision for future plant replacement.

Livestock Exchange Reserve (NRLE)

Provision for future capital requirements of the Naracoorte Regional Livestock Exchange.

CWMS Reserve

Balance of fees collected from Lucindale CWMS Scheme held for future maintenance

Volunteers Reserve

Government Grant - general operations.

NARACOORTE LUCINDALE 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.

	Notes	2012 \$	2011 \$
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government		21,939	222,593
Open Space		24,762	24,762
Community Waste Management Scheme (CWMS)		76,151	68,924
Volunteers Grant		4,400	20,000
Roads to Recovery - Moyhall Road		212,897	352,562
Safer Greener Travel		27,272	-
Heritage Grant		5,000	5,000
		<u>372,421</u>	<u>693,841</u>

Unexpended Amounts Received from Federal Government

Federal funding received under the Sport & Recreation Grant for upgrading of lighting at the Naracoorte Hockey and Soccer Fields and solar lighting in the Basketball Stadium carpark

Open Space

Cash contributions received from developers in lieu of the provision of open space as part of a land division proposal. It is a condition of the contribution that the funds are spent either directly on the provision of open space or recreation (eg. playground) or the planning for such infrastructure.

CWMS

Balance of expenditure and income in relation to Council's CWMS Scheme. Required by legislation to be preserved for expenditure in relation to future upgrades and/or maintenance of the Scheme.

Roads to Recovery Grant

Drawdown of grant occurred during 2011/2012, however construction not completed as at the 30th June 2012.

Volunteers Grants

Federal funding towards the provision of a volunteer training program.

Safer Greener Travel

State Grant for the encouragement of safer greener travel in Naracoorte.

Heritage Grant

The Grant, which was provided by the Dept Environment and Conservation, must be used to provide financial support to owners of Local Heritage Places.

NARACOORTE LUCINDALE 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	3,691,694	4,385,063
Less: Short-term borrowings	8	<u>(1,000,000)</u>	<u>-</u>
Balances per Cash Flow Statement		<u>2,691,694</u>	<u>4,385,063</u>

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

Net Surplus (Deficit)		2,509,808	(16,788)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		5,046,102	4,975,419
Net increase (decrease) in unpaid employee benefits		89,346	31,540
Change in allowances for under-recovery		(186,437)	180,557
Grants for capital acquisitions treated as Investing Activity		(2,214,066)	(248,500)
Net (Gain) Loss on Disposals		<u>382,028</u>	<u>33,969</u>
		5,626,781	4,956,197
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(251,236)	134,501
Net (increase) decrease in inventories		503,560	(331,555)
Net increase (decrease) in trade & other payables		206,034	(828,742)
Net increase (decrease) in other provisions		<u>345,578</u>	<u>-</u>
Net Cash provided by (or used in) operations		<u>6,430,717</u>	<u>3,930,401</u>

(d) Financing Arrangements

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

Corporate Credit Cards	8,000	8,000
LGFA Cash Advance Debenture facility	5,000,000	3,000,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

NARACOORTE LUCINDALE 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 2012 \$	ACTUAL 2011 \$	ACTUAL 2012 \$	ACTUAL 2011 \$	ACTUAL 2012 \$	ACTUAL 2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Administration	11,809,589	10,784,148	2,661,149	2,516,731	9,148,440	8,267,417	2,435,043	1,802,210	7,944,576	8,420,140
Health	14,394	12,883	102,803	118,146	(88,409)	(105,263)	-	-	-	552,266
Social Security & Welfare	27,002	32,928	81,892	93,342	(54,890)	(60,414)	-	-	536,558	2,744,741
Housing & Community Amenities	1,378,140	1,049,238	3,035,337	2,247,367	(1,657,197)	(1,198,129)	71,678	89,278	2,715,807	14,616,449
Sport & Recreation	192,755	335,598	1,746,315	1,699,068	(1,553,560)	(1,363,470)	54,024	24,522	14,643,531	271,402
Regulatory Services	118,169	145,084	502,761	532,480	(384,592)	(387,396)	3,092	3,092	220,801	230,829,563
Transport & Communication	1,202,497	1,063,239	6,104,306	6,134,102	(4,901,809)	(5,070,863)	1,132,759	1,004,960	4,013,893	4,075,874
Economic Affairs NEC	41,281	41,993	183,985	229,938	(142,704)	(187,945)	-	-	5,567,362	4,240,652
Other Purposes NEC	608,249	321,406	794,654	498,059	(186,405)	(176,653)	-	-	7,079,068	3,922,916
Business Undertakings	1,496,676	1,248,309	997,780	1,196,912	498,896	51,397	-	50,000	-	-
TOTALS	16,888,752	15,034,826	16,210,982	15,266,145	677,770	(231,319)	3,696,596	2,974,062	273,687,671	269,674,003

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.

NARACOORTE LUCINDALE COUNCIL

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

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

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

Health

Health Services, Immunisation, Preventive Health Services, Other Health Services.

Social Security and Welfare

Elderly Citizens Facilities, Seniors Week, Retirement Village

Housing & Community Amenities

Community Support, Youth Services, Community Assistance, Other Community Support, Community Amenities, Cemeteries/Crematoria, Public Conveniences, Effluent, Sanitation and Garbage

Sport & Recreation

Library Services, Art Gallery, Swimming Lake, Parks & Gardens, Playgrounds

Regulatory

Urban and rural development, including building and planning. Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Dog Control, General Inspectorial.

Transport & Communication

Aerodrome, Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport. Stormwater and Drainage.

Economic Affairs

Land Development, Visitor Information Centre.

Other Purposes NEC

Depot and plant operations

Business Undertakings

Saleyards

NARACOORTE LUCINDALE COUNCIL

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

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 3.5% and 4.75% (2011: 4.5% and 5.25%). Short term deposits have an average interest rate of 4.34% (2011: 3.52%).</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)</p> <p>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 of 0.77% (2011: 0.75%) 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>
<p>Receivables - Fees & other charges</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: 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>
<p>Receivables - other levels of government</p>	<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>
<p>Liabilities - Creditors and Accruals</p>	<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>
<p>Liabilities - Retirement Home Contributions</p>	<p>Accounting Policy: Amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<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 equal six monthly payments; interest is charged at fixed rates between 6.3% and 7.95% (2011: 6.3% and 7.95%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

NARACOORTE LUCINDALE COUNCIL

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	3,691,694	-	-	3,691,694	3,691,694
Receivables	714,484	-	-	714,484	714,484
Community Loans	24,999	63,895	38,730	127,624	127,624
Total	4,431,177	63,895	38,730	4,533,802	4,533,802
Financial Liabilities					
Payables	1,963,349	-	-	1,963,349	1,963,349
Current Borrowings	1,364,493	-	-	1,364,493	1,193,428
Non-Current Borrowings	-	1,426,857	1,739,285	3,166,142	2,338,841
Total	3,327,842	1,426,857	1,739,285	6,493,984	5,495,618

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	4,385,063	-	-	4,385,063	4,385,063
Receivables	301,567	-	-	301,567	301,567
Community Loans	24,194	100,144	57,480	181,818	181,818
Total	4,710,824	100,144	57,480	4,868,448	4,868,448
Financial Liabilities					
Payables	1,747,443	-	-	1,747,443	1,747,443
Current Borrowings	180,770	-	-	180,770	180,770
Non-Current Borrowings	-	1,078,307	1,453,961	2,532,268	2,532,268
Total	1,928,213	1,078,307	1,453,961	4,460,481	4,460,481

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
	%	\$	%	\$
Overdraft	6.07	-	5.18	-
Other Variable Rates	0.00	1,963,349	0.00	1,747,443
Fixed Interest Rates	6.88	3,532,269	6.88	2,713,038
		<u>5,495,618</u>		<u>4,460,481</u>

NARACOORTE LUCINDALE COUNCIL

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

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. The majority of Council's investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. The Council also has a Term Deposit lodged with BankSA. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

NARACOORTE LUCINDALE COUNCIL

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	2012 \$	2011 \$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Plant & Equipment	<u>155,400</u>	<u>-</u>
	<u>155,400</u>	<u>-</u>
These expenditures are payable:		
Not later than one year	<u>155,400</u>	<u>-</u>
	<u>155,400</u>	<u>-</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	56,500	79,000
Waste Management Services	590,701	1,181,444
Employee Remuneration Contracts	1,010,036	138,835
Property maintenance contracts	-	63,610
	<u>1,657,237</u>	<u>1,462,889</u>
These expenditures are payable:		
Not later than one year	790,281	807,667
Later than one year and not later than 5 years	866,956	655,222
	<u>1,657,237</u>	<u>1,462,889</u>
 Finance Lease Commitments		
Council has no finance leases.		

NARACOORTE LUCINDALE 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.

Operating Surplus Ratio	7%	(2%)	7%
<u>Operating Surplus</u>			
Rates - general & other less NRM levy			

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio	0%	(3%)	7%
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*In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The **Adjusted Operating Surplus Ratio** adjusts for this distortion.*

Net Financial Liabilities Ratio	10%	0%	8%
<u>Net Financial Liabilities</u>			
Total Operating Revenue less NRM levy			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy).

Asset Sustainability Ratio	40%	38%	87%
<u>Net Asset Renewals</u>			
Infrastructure & Asset Management Plan required expenditure	*	*	*

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.

Amounts shown above an asterisk () indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

NARACOORTE LUCINDALE 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	16,888,752	15,034,826
less Expenses	<u>16,210,982</u>	<u>15,266,145</u>
Operating Surplus / (Deficit)	677,770	(231,319)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	2,161,245	1,880,726
less Depreciation, Amortisation and Impairment	5,046,102	4,975,419
less Proceeds from Sale of Replaced Assets	<u>157,272</u>	<u>13,636</u>
	(3,042,129)	(3,108,329)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	8,196,544	1,755,160
less Amounts received specifically for New and Upgraded Assets	2,214,066	248,500
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-
	<u>5,982,478</u>	<u>1,506,660</u>
Net Lending / (Borrowing) for Financial Year	<u>(2,262,579)</u>	<u>1,370,350</u>

NARACOORTE LUCINDALE 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 in accordance with the published fees and charges policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Lease payment commitments of Council

Council has entered into operating leases for a photocopier.

The lease in relation to the photocopier permit Council, at expiry of lease, to elect to re-lease, return or acquire the equipment leased.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2012	2011
	\$	\$
Not later than one year	4,726	5,918
Later than one year and not later than 5 years	1,969	1,969
	<u>6,695</u>	<u>7,887</u>

NARACOORTE LUCINDALE COUNCIL

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

Note 18 – 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. From the 1st July 2010 Salarylink was closed to all new members. The closure does not affect the rights of existing contributors to Salarylink. All new employees (including casuals) have all contributions allocated to Marketlink.

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; 9% in 2010/11). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members 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 Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each 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.

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.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

NARACOORTE LUCINDALE COUNCIL

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

Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to users 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.

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.

Potential claims not reported to Council may have existed at reporting date.

3. **BANK GUARANTEES**

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$88,056 (2011: \$139,462) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

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 has not been notified of any appeals against planning decisions made prior to the reporting date.

5. **RATEPAYER LOANS**

Council has extended loans to individual ratepayers relating to the installation of sewer extension schemes. The amount outstanding at reporting date is \$39,568 (2011: \$42,356).

Council does not expect to incur any loss arising from these loans.

6. **"CARBON" TAX**

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions or of providing the exemption are not currently available.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NARACOORTE LUCINDALE COUNCIL

We have audited the accompanying financial report of the Naracoorte Lucindale Council, which comprises the balance sheet as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Naracoorte Lucindale Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control 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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we 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 and 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 Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Naracoorte Lucindale Council as of 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**JIM KEOGH
PARTNER**

Signed on the 19th day of November 2012,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

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NARACOORTE LUCINDALE 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 Naracoorte Lucindale Council for the year ended 30 June 2012, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


HELEN MACDONALD
CHIEF EXECUTIVE OFFICER


JIM KER
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 25 September 2012

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of Naracoorte Lucindale 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*.



JIM KEOGH
Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 6th day of July 2012

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