

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

Our community shares a deep respect for the Flinders Ranges region, history and people, and a commitment to its social, economic and environmental sustainability for both current and future generations.



General Purpose Financial Statements

for the year ended 30 June 2023

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General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Financial Statements

We have been Authorised by Council to Certify the Financial Statements in their final form.

In our opinion:

- the accompanying Financial Statements comply with the *Local Government Act 1999*, the *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 2023 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.



Sean Holden
Chief Executive Officer

06 June 2024



Ken Anderson
Mayor

06 June 2024

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year and ensuring both responsibility for, and ownership of, the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

1. **A Statement of Comprehensive Income**
A summary of Council's financial performance for the year, listing all income & expenses.
2. **A Balance Sheet**
A 30 June snapshot of Council's financial position including its assets & liabilities.
3. **A Statement of Changes in Equity**
The overall change for the year (in dollars) of Council's "net wealth".
4. **A Statement of Cash Flows**
Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external Auditors (that generally specialise in Local Government).

In South Australia, the Auditor provides an Audit Report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditor that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents & Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, Financiers including the Local Government Finance Authority, Banks & other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the Principal Office of the Council and on Council's website.

Statement of Comprehensive Income

for the year ended 30 June 2023

\$	Notes	2023	2022
Income			
Rates	2a	2,591,464	2,463,143
Statutory charges	2b	51,806	46,412
User charges	2c	141,593	105,681
Grants, Subsidies & Contributions	2g	3,261,417	3,238,707
Investment income	2d	48,749	18,271
Reimbursements	2e	77,961	58,891
Other income	2f	449,797	443,024
Total income		6,622,787	6,374,129
Expenses			
Employee costs	3a	1,900,054	1,850,510
Materials, Contracts & Other Expenses	3b	2,972,680	2,891,370
Depreciation, Amortisation & Impairment	3c	1,509,383	1,517,345
Finance costs	3d	5,041	4,435
Total expenses		6,387,158	6,263,660
Operating surplus / (deficit)		235,629	110,469
Asset disposal and fair value adjustments	4	(4,963)	(42,837)
Amounts received specifically for new or upgraded assets	2g	966,402	983,092
Net surplus / (deficit)		1,197,068	1,050,724
Total comprehensive income		1,197,068	1,050,724
AASB1004 Recognition			
Fin. Assistance Grants & Supp. Road Funding Received in Advance	8a,2g	567,127	440,240
Total Comprehensive Income after AASB1004		1,764,195	1,490,964

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2023

\$	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	1,858,185	3,076,108
Trade and other receivables	5b	855,085	469,299
Inventories	5c	247,813	175,503
Total current assets		2,961,083	3,720,910
Non-current assets			
Trade and other receivables	6a	8,972	14,632
Other non-current assets	6b	2,952,063	2,802,530
Infrastructure, property, plant and equipment	7	55,190,159	53,834,852
Total non-current assets		58,151,194	56,652,014
TOTAL ASSETS		61,112,277	60,372,924
LIABILITIES			
Current liabilities			
Trade and other payables	8a	2,362,969	1,946,309
Borrowings	8b	48,315	44,383
Provisions	8c	1,122,778	1,975,625
Total current liabilities		3,534,062	3,966,317
Non-current liabilities			
Borrowings	8b	68,127	113,319
Provisions	8c	47,806	28,074
Total non-current liabilities		115,933	141,393
TOTAL LIABILITIES		3,649,995	4,107,710
Net assets		57,462,282	56,265,214
EQUITY			
Accumulated surplus		19,990,059	18,653,710
Asset revaluation reserves	9a	35,764,708	35,764,708
Other reserves	9b	1,707,515	1,846,796
Total equity		57,462,282	56,265,214

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2023

\$	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023				
Balance at End of Previous Reporting Period	18,653,710	35,764,708	1,846,796	56,265,214
Net surplus / (deficit) for year	1,197,068	–	–	1,197,068
Total comprehensive income	1,197,068	–	–	1,197,068
Transfers between reserves	139,281	–	(139,281)	–
Balance at End of Reporting Period	19,990,059	35,764,708	1,707,515	57,462,282
2022				
Balance at End of Previous Reporting Period	17,511,693	35,764,708	1,938,089	55,214,490
Net surplus / (deficit) for year	1,050,724	–	–	1,050,724
Total comprehensive income	1,050,724	–	–	1,050,724
Transfers between reserves	91,293	–	(91,293)	–
Balance at End of Reporting Period	18,653,710	35,764,708	1,846,796	56,265,214

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2023

\$	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Operating receipts		6,776,131	6,940,228
Investment receipts		51,089	16,788
<u>Payments</u>			
Operating Payments to Suppliers & Employees		(5,042,949)	(4,705,543)
Finance payments		(2,122)	(4,681)
Net Cash Provided By (Used In) Operating Activities	11b	1,782,149	2,246,792
Cash flows from investing activities			
<u>Receipts</u>			
Amounts received specifically for new or upgraded assets		241,600	746,960
Sale of replaced assets		3,782	8,773
Repayments of loans by community groups		5,416	5,183
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,958,579)	(1,335,736)
Expenditure on new/upgraded assets		(249,350)	(1,822,449)
Net Cash Provided (Used In) Investing Activities		(2,957,131)	(2,397,269)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of loans		(16,952)	(16,326)
Repayment of lease liabilities		(25,989)	(27,273)
Net Cash Provided By (Used In) Financing Activities		(42,941)	(43,599)
Net increase (decrease) in cash held		(1,217,923)	(194,076)
plus: Cash & Cash Equivalents at Beginning of Reporting Period		3,076,108	3,270,184
Cash & Cash Equivalents at End of Reporting Period	11a	1,858,185	3,076,108

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated Financial Statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This General Purpose Financial Report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The Financial Report was authorised for issue by Certificate under Regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 06 June 2024

1.2 Critical accounting estimates

The preparation of Financial Statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

All amounts in the Financial Statements have been rounded to the nearest dollar.

(2) The local government reporting entity

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

(3) Income recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Grants Commission funds received in the current reporting period for the next financial year have been consistently shown as income received in advance in the Financial Reports. Therefore, neither the Financial Reports nor the Budget variances are distorted.

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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 per cent completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised on a percentage of completion basis. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(4) Cash, Cash Equivalents & 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, except for trade receivables from a contract with a customer, which are measured at the transaction price. 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 and equipment**6.1 Initial recognition**

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - New Construction / Extensions	\$10,000
Park & Playground Furniture & Equipment	\$5,000
Road Construction & Reconstruction	\$10,000
Paving & Footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation Extensions	\$5,000
Sidelines & Household Connections	\$5,000
Artworks	\$5,000

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

These thresholds were last reviewed in June 2023 and are contained with the Council Policy 'Accounting for Assets'.

6.3 Subsequent recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of non-current assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually as part of the Accounting for Assets Policy.

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

Plant, Furniture & Equipment

Office Equipment	3 to 15 years
Office Furniture	4 to 15 years
Vehicles & Road-Making Equipment	2 to 15 years
Other Plant & Equipment	3 to 25 years

Building & Other Structures

Buildings – Masonry	50 to 100 years
Buildings – Other Construction	20 to 75 years
Buildings – Historical Superstructure	to 175 years
Park Structures – Masonry	50 to 100 years
Park Structures – Other Construction	7 to 25 years
Playground Equipment	5 to 15 years
Benches, Seats, etc	10 to 25 years

Infrastructure

Sealed Roads – Surface	20 - 25 years
Sealed Roads – Structure	up to 120 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	up to 100 years
Paving & Footpaths, Kerb & Gutter	30 to 80 years
Drains	up to 100 years
Culverts	up to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	up to 70 years
Effluent Lagoons	80 years

Other Assets

Artworks	indefinite
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6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

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

6.6 Borrowing costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with *AASB 123 Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(7) Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery (excluding the Commonwealth Financial Assistance Grants), and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

(8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured at 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.

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 Hostplus Superannuation Fund (formerly Statewide Super and previously Local Government Super Scheme). The Fund / Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

Council also makes contributions to other superannuation schemes selected by employees under the 'choice of funds' legislation and relevant Enterprise Bargaining Agreement provisions.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(10) Provisions for Reinstatement, Restoration & Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

(11) Leases

Accounting Policy Applicable from 01 July 2019

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

11.1 Council as a Lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	10 years
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The right-of-use assets are also subject to impairment. Refer to the Accounting Policies above - Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

(12) Equity accounted Council businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(14) Comparative figures

To ensure comparability with the current reporting period’s figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these Financial Statements and / or the Notes.

(15) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income

\$	2023	2022
(a) Rates		
General rates		
General rates	2,082,120	1,978,511
Less: mandatory rebates	(38,069)	(36,393)
Less: discretionary rebates, remissions and write-offs	(51,595)	(50,126)
Total general rates	1,992,456	1,891,992
Other rates (including service charges)		
Landscape levy	48,154	47,610
Waste collection	263,282	250,730
Community wastewater management systems	263,170	250,626
Total other rates (including service charges)	574,606	548,966
Other charges		
Penalties for late payment	24,402	22,877
Total other charges	24,402	22,877
Less: discretionary rebates, remissions and write-offs		
Less: discretionary rebates, remissions and write-offs	–	(692)
Total less: discretionary rebates, remissions and write-offs	–	(692)
Total rates	2,591,464	2,463,143
(b) Statutory charges		
Development Act fees	21,893	18,268
Health and septic tank inspection fees	3,905	5,667
Animal registration fees and fines	18,750	15,954
Other licences, fees and fines	7,258	6,523
Total statutory charges	51,806	46,412
(c) User charges		
Cemetery/crematoria fees	20,852	14,825
Hall and equipment hire	14,557	15,249
Sundry	6,143	2,749
Swimming Pools	46,235	30,225
Community Bus Hire	5,828	904
Waste Management	26,073	18,274
Airport Fees	3,528	2,607
Marathon Entry Fees	18,377	20,848
Total user charges	141,593	105,681

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	47,286	16,958
- Banks and other	701	315
- Loans to community groups	762	998
<u>Total investment income</u>	<u>48,749</u>	<u>18,271</u>

(e) Reimbursements

Private works	9,317	32,277
Insurance Recoveries	34,809	4,791
Other Services Fees	13,088	445
Recreation & Sport - Oval	6,037	9,013
Workers Insurance	9,236	9,596
Other	5,474	2,769
<u>Total reimbursements</u>	<u>77,961</u>	<u>58,891</u>

(f) Other income

Rebates & Incentives Received	2,698	18,770
Sundry	10,301	13,060
Commercial Income	54,401	58,872
Donations	3,284	10,113
Outback Community Authority	29,933	23,487
FRVIC	317,425	284,977
Warren's Gorge	22,574	25,927
Sponsorship	9,181	7,818
<u>Total other income</u>	<u>449,797</u>	<u>443,024</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
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(g) Grants, subsidies and contributions

Amounts received specifically for new or upgraded assets	966,402	983,092
Total	966,402	983,092

Other grants, subsidies and contributions

Other grants, subsidies and contributions	1,435,158	1,235,525
Untied - Financial Assistance Grant	1,675,036	1,538,789
Roads to Recovery	1,531	314,766
Individually significant item - additional Grants Commission payment (refer below)	149,692	149,627
Total other grants, subsidies and contributions	3,261,417	3,238,707

Total grants, subsidies and contributions	4,227,819	4,221,799
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The functions to which these grants relate are shown in Note 12.

(ga). AASB1004 Recognition - Grants, Subsidies, Contribution

Other Grants, Subsidies and Contributions - AASB1004 adjustment	567,127	440,240
Total Grants, Subsidies, Contributions - AASB1004 adjustments	567,127	440,240

AASB1004 adjusted Total Grants, Subsidies, Contributions	4,794,946	4,662,039
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(i) Sources of grants

Commonwealth Government	1,462,917	1,714,934
State Government	2,722,902	2,367,865
Other	42,000	139,000
Total	4,227,819	4,221,799

AASB1004 adjusted Sources of grants

Commonwealth Government	1,462,917	1,714,934
State Government	3,290,029	2,808,105
Other	42,000	139,000
Total	4,794,946	4,662,039

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
(h) Conditions over grants and contributions		
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	1,271,421	1,412,491
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads infrastructure	(1,531)	(9,613)
Other Infrastructure	(383,811)	—
Other	(65,728)	—
NRWMF & P4P Projects	(753,338)	(814,329)
Subtotal	(1,204,408)	(823,942)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads infrastructure	207,345	—
Other	20,612	261,478
NRWMF & P4P Projects	—	233,333
Other Infrastructure	116,292	188,061
Subtotal	344,249	682,872
Unexpended at the close of this reporting period	411,262	1,271,421
Net increase (decrease) in assets subject to conditions in the current reporting period	(860,159)	(141,070)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 3. Expenses

\$	Notes	2023	2022
(a) Employee costs			
Salaries and wages		1,525,894	1,458,816
Employee leave expense		245,885	207,514
Superannuation - defined contribution plan contributions	18	155,298	154,208
Superannuation - defined benefit plan contributions	18	15,473	15,069
Workers' Compensation Payments		24,397	39,580
Less: capitalised and distributed costs		(66,893)	(24,677)
Total operating employee costs		1,900,054	1,850,510
Total number of employees (full time equivalent at end of reporting period)		24	25
(b) Materials, Contracts & Other Expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		13,000	13,000
Elected members' expenses		100,393	96,743
Election expenses		10,528	13,787
Subtotal - prescribed expenses		123,921	123,530
(ii) Other materials, contracts and expenses			
Contractors		672,382	996,387
Energy - Fuel & Power		258,270	208,287
Plant and Equipment Capital Purchases		—	8,050
Legal expenses		61,296	46,171
Levies paid to Government - NRM levy		48,116	46,943
Levies - other		3,556	4,177
Parts, accessories and consumables		44,594	40,972
Professional services		39,050	48,709
Sundry		124,574	287,414
Waste Management		313,005	301,240
Insurance		309,627	240,909
Vehicle Maintenance		175,328	114,337
FBT		26,139	25,910
FRVIC		263,855	230,561
Workers Compensation Insurance		73,932	64,616
LG Systems / Magiq Contract		32,732	29,377
Infrastructure Construction & Maintenance		764,759	906,289
CWMS		43,231	19,447
Land & Building Purchase, Construction & Upgrades		2,265,167	623,839
Water		71,865	62,383
Less: capitalised and distributed Costs		(2,742,719)	(1,538,178)
Subtotal - Other material, contracts and expenses		2,848,759	2,767,840
Total materials, contracts and other expenses		2,972,680	2,891,370

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 3. Expenses (continued)

\$	2023	2022
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(c) Depreciation, Amortisation & Impairment

(i) Depreciation and amortisation

Buildings	756,419	722,899
Infrastructure	465,985	505,559
Infrastructure		
CWMS	72,353	72,354
Right-of-Use Assets - Buildings	27,431	27,432
Plant and equipment	136,720	138,626
Furniture and fittings	50,475	50,475
<u>Total depreciation, amortisation and impairment</u>	<u>1,509,383</u>	<u>1,517,345</u>

(d) Finance costs

Interest on loans	3,361	3,996
Interest on leases	1,680	439
<u>Total finance costs</u>	<u>5,041</u>	<u>4,435</u>

Note 4. Asset disposal and fair value adjustments

\$	2023	2022
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Infrastructure, property, plant and equipment

(i) Assets renewed or directly replaced

Proceeds from disposal	3,782	8,773
Less: carrying amount of assets sold	(8,745)	(51,610)
<u>Net gain (loss) on disposal or revaluation of assets</u>	<u>(4,963)</u>	<u>(42,837)</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 5. Current assets

\$	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	12,777	31,107
Deposits at call	1,845,408	1,295,001
Short term deposits and bills, etc.	–	1,750,000
<u>Total cash and cash equivalent assets</u>	<u>1,858,185</u>	<u>3,076,108</u>

(b) Trade and other receivables

Rates - general and other	294,217	294,493
Council rates postponement scheme	2,217	1,071
Accrued Interest	1,469	2,340
Debtors - general	10,279	34,078
Prepayments	36,611	35,277
Loans to community organisations	5,660	5,417
Accrued Income - ATO	1,754	5,397
Accrued Income - Grants	484,437	84,008
Accrued Income - Other	18,441	7,218
<u>Total trade and other receivables</u>	<u>855,085</u>	<u>469,299</u>

(c) Inventories

Stores and materials	210,016	134,447
Trading stock	37,797	41,056
<u>Total inventories</u>	<u>247,813</u>	<u>175,503</u>

Note 6. Non-current assets

\$	2023	2022
(a) Trade and other receivables		
Receivables		
Loans to community organisations	8,972	14,632
<u>Total financial assets</u>	<u>8,972</u>	<u>14,632</u>

(b) Other non-current assets

Other		
Capital work in progress	2,952,063	2,802,530
<u>Total other non-current assets</u>	<u>2,952,063</u>	<u>2,802,530</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

\$	Fair Value Level	as at 30/06/22				Asset movements during the reporting period					as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land	2	1,641,465	74,136	–	1,715,601	–	–	–	–	–	1,641,465	74,136	–	1,715,601
Land	3	1,207,899	–	–	1,207,899	–	–	–	–	–	1,207,899	–	–	1,207,899
Buildings	3	28,587,328	3,661,511	(19,091,714)	13,157,125	1,967,170	417,147	7,145	(756,419)	405,438	28,568,188	6,451,266	(19,836,137)	15,183,317
Infrastructure	3	39,187,037	3,579,706	(9,175,640)	33,591,103	–	447,239	–	(465,985)	(405,438)	39,187,037	3,621,507	(9,641,625)	33,166,919
CWMS	3	4,124,928	–	(1,737,557)	2,387,371	–	–	–	(72,353)	–	4,124,928	–	(1,809,911)	2,315,017
Right-of-use assets		140,874	–	(86,011)	54,863	–	–	–	(27,431)	–	140,874	–	(113,443)	27,431
Plant and equipment	3	2,221,155	944,237	(1,804,535)	1,360,857	–	–	1,600	(136,720)	–	2,205,155	944,237	(1,926,854)	1,222,538
Furniture and fittings	3	242,500	411,984	(294,451)	360,033	41,878	–	–	(50,475)	–	242,500	453,863	(344,926)	351,437
Total infrastructure, property, plant and equipment		77,353,186	8,671,574	(32,189,908)	53,834,852	2,009,048	864,386	8,745	(1,509,383)	–	77,318,046	11,545,009	(33,672,896)	55,190,159
Comparatives		77,439,046	7,050,011	(30,706,814)	53,782,243	1,029,579	591,985	51,610	(1,517,345)	–	77,353,186	8,671,574	(32,189,908)	53,834,852

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Upon revaluation, the current new replacement cost and accumulated depreciation are restated such that the difference represents the fair value of the asset determined in accordance with *AASB 13 Fair Value*.

Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques

Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to *AASB 1.D5* to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Highest & Best Use

The following non financial assets of Council are being utilised at other than their highest and best use:

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

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

Infrastructure

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Transportation assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney's as at 30 June 2017 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Community Wastewater Management Systems

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Community wastewater management system infrastructure was valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Plant & Equipment

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Plant & equipment assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Furniture & Fittings

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Furniture & fittings were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Land, Land Improvements, Buildings & Other Structures

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

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

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised at written down current replacement cost, deriving from a valuation at 30 June 2017 by Maloney's. Additions are recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land. Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the written down current replacement cost basis, deriving from a valuation at 30 June 2017 by Maloney's. Additions are recognised at cost.

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

Pursuant to Council's election, buildings and other structures are recognised on the written down current replacement cost basis, deriving from the valuation at 30 June 2017 by Maloney's. Additions are recognised at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Minor Plant

- Basis of Valuation: Depreciated (Written Down) Current Replacement Cost
- Date of Valuation: 30 June 2017
- Valuer: Mr Graham L Martin, B.Bus (Prop), Certified Practicing Valuer, Senior Valuer, Maloney Field Services

Minor plant assets were valued by Maloney's at written down current replacement cost during the reporting period ended 30 June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

The next scheduled revaluation of this class of assets will be during the 2023 / 2024 financial year.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 8. Liabilities

\$	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
(a) Trade & Other Payables				
Goods and services	352,540	—	574,961	—
Payments received in advance	1,802,408	—	1,235,281	—
Accrued Expenses - Emp. Entitlements	75,581	—	71,290	—
Accrued expenses - finance costs	2,824	—	1,584	—
Accrued expenses - other	85,300	—	20,098	—
Sec 184 Proceeds Held in Trust	44,316	—	43,095	—
Total Trade & Other Payables	2,362,969	—	1,946,309	—

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

FAGs Received in Advance	(1,802,408)	—	(1,235,281)	—
Total AASB1004 Adjustments	(1,802,408)	-	(1,235,281)	-
AASB 1004 Adjusted Trade & Other	560,561		711,028	

The above restatement of Trade & Other Payables has been prepared to demonstrate the effect on the financials had AASB 1004 been applied.

Total amounts included in trade and other payables	(1,802,408)	—	(1,235,281)	—
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\$	Notes	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
(b) Borrowings					
Loans		17,601	68,127	16,951	85,728
Lease liabilities	17b	30,714	—	27,432	27,591
Total Borrowings		48,315	68,127	44,383	113,319

\$		2023 Current	2023 Non Current	2022 Current	2022 Non Current
(c) Provisions					
Employee entitlements (including oncosts)		311,516	47,806	304,204	28,074
Future reinstatement / restoration, etc		400,000	—	400,000	—
Unspent Grants		411,262	—	1,271,421	—
Total provisions		1,122,778	47,806	1,975,625	28,074

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Buildings and other structures	10,593,820	—	—	—	10,593,820
Infrastructure	15,739,843	—	—	—	15,739,843
CWMS	816,063	—	—	—	816,063
Plant and equipment	(106,236)	—	—	—	(106,236)
Furniture and fittings	36,278	—	—	—	36,278
Minor Plant	15,926	—	—	—	15,926
Other assets	8,669,014	—	—	—	8,669,014
Total other assets	8,669,014	—	—	—	8,669,014
Total asset revaluation reserve	35,764,708	—	—	—	35,764,708
Comparatives	35,764,708	—	—	—	35,764,708

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Landscape Levy (Separate Rate)	1,783	38	—	—	1,821
Land & Buildings	62,026	2,205	—	—	64,231
Plant Replacement	100,000	3,555	—	—	103,555
Waste Collection (Service Charge)	70,990	2,524	(37,773)	—	35,741
Stormwater Dams	2,104	75	—	—	2,179
Community Trust Funds	36,980	3,776	(21,510)	—	19,246
Hawker CWMS (Service Charge)	388,398	13,808	(13,894)	—	388,312
Quorn CWMS (Service Charge)	493,119	38,736	—	—	531,855
Community Buses	52,609	1,870	—	—	54,479
Other Reserves	595,692	24,632	(158,544)	—	461,780
Sec 184 Proceeds	43,095	1,221	—	—	44,316
Total other reserves	1,846,796	92,440	(231,721)	—	1,707,515
Comparatives	1,938,089	168,933	(260,226)	—	1,846,796

Purposes of reserves

Asset revaluation reserves

The Asset Revaluation Reserve is used to record increments and decrements arising from changes in fair value of Non-Current Assets (less any subsequent impairment losses, where applicable).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 10. Assets subject to restrictions

\$	Notes	2023	2022
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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.

Cash and financial assets

CWMS Annual Service Charge		920,167	881,517
Waste Collection Annual Service Charge		35,741	70,990
Landscape Levy		1,821	1,783
Unexpended Grant Funds		411,262	1,271,421
Employee Entitlements		434,903	403,568
Total assets subject to externally imposed restrictions		1,803,894	2,629,279

The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:

Payables	8	75,581	71,290
Provisions	8	359,322	332,278
Total		434,903	403,568

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2023	2022
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(a) Reconciliation of cash

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

Total cash and equivalent assets	5	1,858,185	3,076,108
Balances per Statement of Cash Flows		1,858,185	3,076,108

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)		1,197,068	1,050,724
Non-cash items in income statements			
Depreciation, amortisation and impairment		1,509,383	1,517,345
Grants for capital acquisitions treated as investing activity		(966,402)	(983,092)
Net (gain)/loss on disposals		4,963	42,837
		1,745,012	1,627,814
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		(385,543)	24,074
Net (increase)/decrease in inventories		(72,310)	2,310
Net increase/(decrease) in trade and other payables		599,011	515,358
Net increase/(decrease) in unpaid employee benefits		31,336	13,386
Net increase/(decrease) in other provisions		(135,357)	63,850
Net cash provided by (or used in) operations		1,782,149	2,246,792

(c) Financing arrangements

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

Bank overdrafts	100,000	100,000
Corporate credit cards	11,000	11,000
LGFA cash advance debenture facility	1,000,000	1,000,000

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Administration	3,400,064	3,159,826	399,029	362,947	3,001,035	2,796,879	1,307,165	1,217,208	61,112,277	60,372,924
Public Order & Health	946	350	44,598	45,914	(43,652)	(45,564)	–	–	–	–
Social Security & Welfare	6,586	28,687	66,356	94,796	(59,770)	(66,109)	–	–	–	–
Community Amenities	578,880	540,509	1,224,155	1,052,620	(645,275)	(512,111)	5,502	6,055	–	–
Recreation & Culture	112,136	97,038	1,650,103	1,710,863	(1,537,967)	(1,613,825)	11,254	3,860	–	–
Agricultural Services	61,242	47,610	59,983	65,404	1,259	(17,794)	–	–	–	–
Regulatory Services	44,593	40,392	158,909	205,546	(114,316)	(165,154)	–	–	–	–
Transport & Communication	1,196,175	1,250,891	1,341,856	1,509,765	(145,681)	(258,874)	1,196,152	1,250,891	–	–
Economic Development	715,218	1,027,845	708,370	736,679	6,848	291,166	396,212	736,461	–	–
Not Elsewhere Classified	506,947	180,981	444,688	500,397	62,259	(319,416)	345,132	24,232	–	–
Works Overheads	–	–	289,111	(21,271)	(289,111)	21,271	–	–	–	–
Other Functions/Activities	–	–	–	–	–	–	–	–	–	–
Total										
Functions/Activities	6,622,787	6,374,129	6,387,158	6,263,660	235,629	110,469	3,261,417	3,238,707	61,112,277	60,372,924

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12(b). 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), Separate & Special Rates.

PUBLIC ORDER & HEALTH

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

SOCIAL SECURITY & WELFARE

Northern Passenger Transport Scheme, Youth Programs, Community Buses, Aged Homes Support, Hospitals Support & Community Support Programs.

COMMUNITY AMENITIES

Waste Collection & Disposal, Recycling Collection, Cemeteries / Crematoria, Public Conveniences, Street Cleaning, Heritage Advisor & Community Wastewater Management Schemes.

RECREATION & CULTURE

Parks & Gardens, Sports Facilities (Outdoor & Indoor), Swimming Centres (Outdoor), Other Recreation Facilities, Library Services, Cultural Services, Cultural Venues, Heritage, Museums & Art Galleries, Other Cultural Services, & Civic & Community Halls.

AGRICULTURAL SERVICES

Landscapes Levy, Corella Control, Animal & Pest Plant Expenditure.

Regulatory services

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

TRANSPORT & COMMUNICATION

Footpaths & Kerbing, Roads (Sealed), Roads (Formed), Roads (Natural Formed), Roads (Unformed), Traffic Management, LGGC (Roads), Special Local Roads Program, Roads to Recovery Program, Flood Repairs & Storm Damage, Drainage, Signs, Guide Posts, & Line Marking.

Economic development

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, Other Economic Development, Visitor Information Centre, Art & Craft Shop, Drought Support.

NOT ELSEWHERE CLASSIFIED (NEC)

Airstrips, Shared Services, Advertising Signs, Private Works, Interest, & Natural Disaster Mitigation.

WORKS - INDIRECT

Depots, Machinery Maintenance & Operating Costs, Minor Plant, WHS, Signage, & Training,

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Carried at lower of cost and net realisable value; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.70% and 4.30% (2022: 0.53% and 1.05%). Short term deposits have an average maturity of 1 day and an average interest rate of 4.30% (2022: 13 days and 0.95%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract monthly interest of 0.4833% (2022: 0.4208%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Commonwealth Governments.

Carrying Amount:

Approximates fair value.

Liabilities - Creditors & Accruals

Accounting policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 3.49% and 4.45% (2022: 3.49% and 4.45%).

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets & Liabilities					
2023					
Financial assets					
Cash and cash equivalents	1,858,186	–	–	1,858,186	1,858,185
Receivables	522,628	9,374	–	532,002	531,012
Total financial assets	2,380,814	9,374	–	2,390,188	2,389,197
Financial liabilities					
Payables	560,561	–	–	560,561	560,561
Current borrowings	20,568	–	–	20,568	17,601
Non-current borrowings	–	66,650	7,159	73,809	68,127
Lease liabilities	31,520	–	–	31,520	30,714
Total financial liabilities	612,649	66,650	7,159	686,458	677,003
Total financial assets and liabilities	2,993,463	76,024	7,159	3,076,646	3,066,200
2022					
Financial assets					
Cash and cash equivalents	3,076,108	–	–	3,076,108	3,076,108
Receivables	139,291	15,623	–	154,914	153,090
Total financial assets	3,215,399	15,623	–	3,231,022	3,229,198
Financial liabilities					
Payables	711,028	–	–	711,028	711,028
Current borrowings	20,568	–	–	20,568	16,951
Non-current borrowings	–	72,899	21,478	94,377	85,728
Lease liabilities	29,112	28,397	–	57,509	55,023
Total financial liabilities	760,708	101,296	21,478	883,482	868,730
Total financial assets and liabilities	3,976,107	116,919	21,478	4,114,504	4,097,928

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

\$	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	3.65%	85,728	3.68%	102,679
		85,728		102,679

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Risk exposures

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

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

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

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

Note 14. Capital expenditure and investment property commitments

Council does not have any capital expenditure committed at the reporting date that is not recognised in the financial statements as liabilities.

Council does not have any non-capital expenditure committed in relation to investment properties at the reporting date.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Financial indicators

\$	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020
Financial Indicators overview					
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.					
1. Operating Surplus Ratio					
Operating surplus	235,629	3.6%	1.7%	2.3%	1.7%
Total operating income	6,622,787				
This ratio expresses the operating surplus as a percentage of total operating revenue.					
2. Net Financial Liabilities Ratio					
Net financial liabilities	927,753	14%	9%	1%	(10)%
Total operating income	6,622,787				
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.					
Adjusted Operating Surplus Ratio					
Operating surplus	802,756	11.2%	8.1%	(0.3)%	0.1%
Total operating income	7,189,914				
Adjustments to Ratios					
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios show the correct treatment, and resulting distortion in key ratios for each year.					
Adjusted Net Financial Liabilities Ratio					
Net financial liabilities	(874,655)	(12)%	(10)%	(12)%	(9)%
Total operating income	7,189,914				
3. Asset Renewal Funding Ratio					
Asset renewals	2,954,797	277%	127%	119%	59%
Infrastructure and Asset Management Plan required expenditure	1,066,600				
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.					

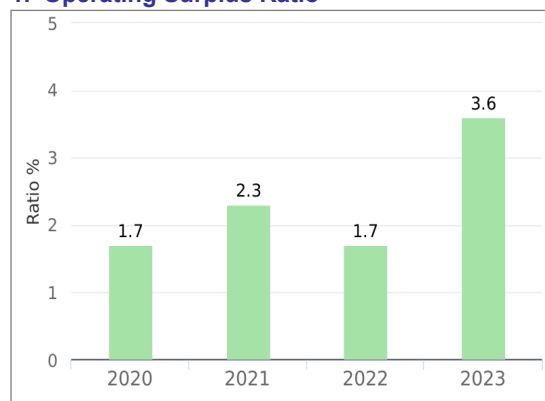
Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



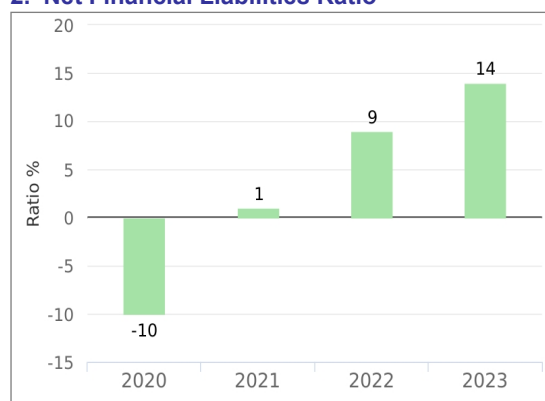
Purpose of operating surplus ratio

This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio 3.6%

2. Net Financial Liabilities Ratio



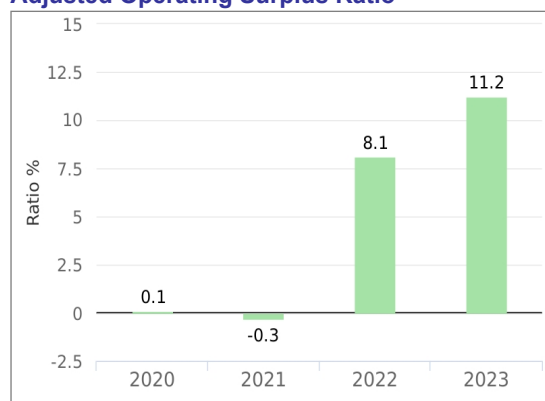
Purpose of net financial liabilities ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2022/23 result

2022/23 ratio 14%

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

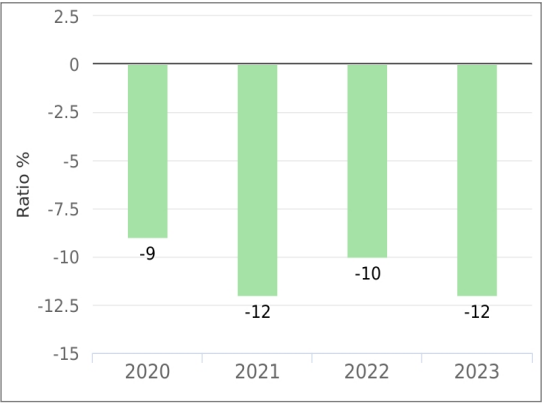
Commentary on 2022/23 result

2022/23 ratio 11.2%

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio

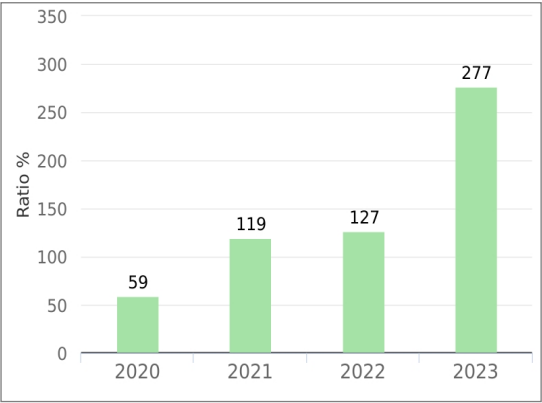


Purpose of adjusted net financial liabilities ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2022/23 result	
2022/23 ratio	(12)%

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

Commentary on 2022/23 result	
2022/23 ratio	277%

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 16. Uniform presentation of finances

\$	2023	2022
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.		
<u>Income</u>		
Rates	2,591,464	2,463,143
Statutory charges	51,806	46,412
User charges	141,593	105,681
Grants, subsidies and contributions - operating	3,261,417	3,238,707
Investment income	48,749	18,271
Reimbursements	77,961	58,891
Other income	449,797	443,024
Total Income	6,622,787	6,374,129
<u>Expenses</u>		
Employee costs	1,900,054	1,850,510
Materials, contracts and other expenses	2,972,680	2,891,370
Depreciation, amortisation and impairment	1,509,383	1,517,345
Finance costs	5,041	4,435
Total Expenses	6,387,158	6,263,660
Operating surplus / (deficit)	235,629	110,469
Net outlays on existing assets		
Capital Expenditure on Renewal & Replacement of Existing Assets	(2,958,579)	(1,335,736)
add back Depreciation, Amortisation & Impairment	1,509,383	1,517,345
Add back proceeds from sale of replaced assets	3,782	8,773
	(1,445,414)	190,382
Net Outlays on New & Upgraded Assets		
Capital Expenditure on New & Upgraded Assets	(249,350)	(1,822,449)
add back Amounts Received Specifically for New & Upgraded Assets	966,402	983,092
	717,052	(839,357)
Annual net impact to financing activities (surplus/(deficit))	(492,733)	(538,506)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Right of Use Assets

Council has a Shared Use Agreement (Lease) for part of the Quorn Railway Station for the purpose of operating a Visitor information Centre in conjunction with the Souvenir Shop to support the local tourism industry. The lease commenced in July 2014 for a period of 10 years with a right to renew for a further 10 years. At the time of entering into the lease it was determined to be unlikely that the lease extension of 10 years would be taken up by Council.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

(a) Right of use assets

\$	Buildings	Total
2023		
Opening balance	54,864	54,864
Depreciation charge	(27,432)	(27,432)
Balance at 30 June	27,432	27,432
2022		
Opening balance	82,296	82,296
Depreciation charge	(27,432)	(27,432)
Balance at 30 June	54,864	54,864

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2023	2022
Opening Balance	55,023	82,296
Accretion of interest	1,680	439
Payments	(25,989)	(27,712)
Balance at 30 June	30,714	55,023
Classified as:		
Current	30,714	27,432
Non-current	—	27,591

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	27,432	29,289
Interest expense on lease liabilities	1,680	439
Total amount recognised in profit or loss	29,112	29,728

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 18. Superannuation

Preamble

The Council makes employer superannuation contributions in respect of its employees to Hostplus Superannuation Fund (formerly Statewide Super and originally Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. 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.

Note 19. Interests in other entities

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

Note 20. Non-current assets held for sale and discontinued operations

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads

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

At reporting date, Council controlled 1,262 km of road reserves of average width 8 metres.

2. Potential insurance losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

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

3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$14,632 (2022: \$20,049) at reporting date.

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

Note 22. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions

Key management personnel

Transactions with key management personnel

Paragraph 17 of AASB 124 requires Council to disclose all forms of Key Management Personnel compensation that is paid, payable or provided by the council (or on its behalf) in exchange for services rendered.

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed Officers under Section 112 of the Local Government Act 1999. In all, 16 persons were paid the following total compensation:

\$	2023	2022
The compensation paid to key management personnel comprises:		
Short-term employee benefits	652,013	613,751
Post-employment benefits	50,462	45,281
Long-term benefits	36,552	26,417
Total	739,027	685,449

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

Of these amounts, \$659,936 has been paid, \$51,311 is payable by Council and \$27,780 has been provided for as at the reporting date. The amounts detailed as "payable" and "provided for" relate entirely to accrued Employee Leave Entitlements as at the reporting date, and are total amounts and not the net movement for the reporting period.

Key Management Personnel - Receipts From

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no amounts (in total) from Key Management Personnel:

Parties Related to Key Management Personnel

Paragraph 18 of AASB 124 requires that if Council has had related party transactions during the reporting period, that Council shall disclose the nature of the related party relationship, together with information about those transactions including outstanding balances, commitments and provisions and / or expenses during the reporting period relating to bad or doubtful debts.

One (1) Key Management Personnel Chaired the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$1,784. The organisation has a lease agreement with Council to use Council land and buildings thereon. No fees or rentals are charged for this.

Two (2) Key Management Personnel sat on the Barndioota Consultative Committee established by the Australian Government's Department of Industry, Innovation and Science. Council received six grants under the Department's National Radioactive Waste Management Facility Community Benefit Programme during previous reporting periods with implementation of some of those projects concluding in the current period. During the previous periods an amount of \$1,174,297 was paid to Council as initial and progress grant instalments. During the current reporting period, the remaining \$9,112 of instalments were received, none of which were unspent at 30 June 2023.

One (1) Key Management Personnel is on the Board of the Hawker Community Sports Centre Inc. Council provided the organisation with discretionary rate rebates of \$6,110 during the reporting period. No amounts are outstanding at 30 June 2023. The organisation has a lease agreement with Council to use Council land and buildings. No fees or rentals are charged for this. During the reporting period, Council received no contributions or reimbursements from the organisation. As at 30 June 2023, an amount of \$1,676 remained payable to the organisation by Council for water reimbursements, with a further \$9,502 paid to the organisation for water during the reporting period. Council provided in-kind works to the organisation during the reporting period.

One (1) Key Management Personnel is on the Board of the Hawker Community Development Board Inc. The organisation has lease agreement(s) with Council to use Council land and buildings. No fees or rentals are charged for this. During the reporting period, Council received \$1,500 from the organisation for cleaning, electricity and freight reimbursements. As at 30 June 2023, no amounts remained payable to Council by the organisation. Council provided in-kind works to the organisation during the reporting period. Council provided the organisation with contributions of \$113 and \$180 for rental and catering services.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 23. Related party transactions (continued)

One (1) Key Management Personnel was a member of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$24,860 to the organisation. As at 30 June 2023, no amounts were outstanding.

One (1) Key Management Personnel is on the Board of Wirreanda Cottage. During the reporting period, Council provided the organisation with \$4,497 of discretionary rate rebates over three properties. As at 30 June 2023, no amounts were outstanding.

No Key Management Personnel or parties related to them had any transactions during the reporting period on terms more favourable than those available to the general public.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 24. Financial commentary and review

Key financial figures of Council over the past 5 years

\$	2023	2022	2021	2020	2019
Financial performance figures					
Inflows:					
Rates	2,591,464	2,463,143	2,361,646	2,378,502	2,329,553
Statutory charges	51,806	46,412	66,529	34,890	31,119
User charges	141,593	105,681	82,175	76,955	107,185
Grants, subsidies and contributions	3,261,417	3,238,707	3,177,971	3,161,745	1,887,076
Investment income	48,749	18,271	19,698	40,755	85,174
Total income from continuing operations	6,622,787	6,374,129	6,221,103	6,208,503	4,984,925
Sale proceeds from I,PP&E	3,782	8,773	45,456	–	114,864
New loan borrowings and advances	–	–	–	–	120,000
Outflows:					
Employee costs	1,900,054	1,850,510	1,773,907	1,334,630	1,472,881
Materials, contracts and other expenses	2,972,680	2,891,370	2,783,349	3,220,831	2,841,607
Finance costs	5,041	4,435	5,504	17,381	65,510
Total expenses from continuing operations	6,387,158	6,263,660	6,075,729	6,101,359	5,891,058
Total cash purchases of I,PP&E	(3,207,929)	(3,158,185)	(2,931,603)	(1,436,184)	(1,313,885)
Total loan repayments (incl. finance leases)	(41,260)	(43,758)	(45,351)	(899,116)	(219,221)
Operating surplus/(deficit) (excl. capital income)	235,629	110,469	145,374	107,144	906,133
Financial position figures					
Current assets	2,961,083	3,720,910	3,941,135	3,529,271	4,306,650
Current liabilities	3,534,062	3,966,317	3,635,274	2,422,088	3,344,290
Net current assets	(572,979)	(245,407)	305,861	1,107,183	962,360
Cash and investments	1,858,185	3,076,108	3,270,184	2,494,928	3,327,155
Total borrowings outstanding (loans, advances and finance leases)	116,442	157,702	201,301	252,227	1,004,086
Total value of I,PP&E (excl. land and land improvements)	88,863,055	86,024,760	84,489,057	82,083,039	80,804,871
Total accumulated depreciation	33,672,896	32,189,908	30,706,814	29,257,012	27,728,495
Indicative remaining useful life (as a % of GBV)	62%	63%	64%	64%	66%

Source: Published audited financial statements of Council (current year & prior years)

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 25. Council information and contact details

Principal Place of Business:

1 Seventh Street
QUORN SA 5433

Contact details

Mailing Address:

PO Box 43
QUORN SA 5433

Telephone: 08 8620 0500

Opening Hours:

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

Internet: www.frc.sa.gov.au

Email: council@frc.sa.gov.au

Officers

Chief Executive Officer

Sean Holden

Auditor

Ian G McDonald FCA
PO Box 75
HENLEY BEACH SA 5022

Elected Members (as at 30 June 2023)

Mayor

Ken Anderson

Councillors

Cr Patsy Reynolds (Deputy Mayor)
Cr Ian Carpenter
Cr Julian Hipwell
Cr David Hunter
Cr Ashley Parkinson
Cr Angus Searcy
Cr Steve Taylor

Other information

ABN: 43 952 255 151

The Flinders Ranges Council Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of the Flinders Ranges Council (Council) for the year ended 30 June 2023.

Opinion

In our opinion, the financial statements of the Council are properly drawn up:

- a) to present fairly the financial position of the Council as at the 30 June 2023 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Council we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the council to meet the requirements of the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule 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 judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 our audit opinion.



Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange this 11 June 2024

Independent Assurance Report on the Internal Controls of the Flinders Ranges Council

We have audited the compliance of the Flinders Ranges Council (Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with law.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

Basis for Opinion

For the audit of the Council we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129* of the *Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Inherent Limitations

Due to the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125* of the *Local Government Act 1999* in relation to the Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125* of the *Local Government Act 1999* in relation to the Internal Controls specified above are undertaken on a test basis.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125* of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable *Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements*, issued by the *Australian Auditing and Assurance Standards Board*, in order to state whether, in all material respects, the Council has complied with *Section 125* of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2022 to 30 June 2023. *ASAE 3100* also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

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



Ian G McDonald FCA

Chartered Accountant

Registered Company Auditor 16458

Signed at Grange this 11 June 2024

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023, the Council's Auditor, Ian G McDonald FCA, 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) of the *Local Government (Financial Management) Regulations 2011*.



Sean Holden
Chief Executive Officer



Richard Perkins
Presiding Member, Audit Committee

Date: 06 June 2024

THE FLINDERS RANGES COUNCIL

Annual Financial Statement

For the year ended 30 June 2023

Audit Certificate of Audit Independence

We confirm that, for the audit of the financial statements of the Flinders Ranges Council for the year ended 30 June 2023, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



Ian G McDonald FCA

Date: 30 October 2023