

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

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.

Together the people and places that comprise the Flinders Ranges community make this a great place to live, raise a family, conduct business, visit and stay a while.



The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2020

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The Flinders Ranges Council

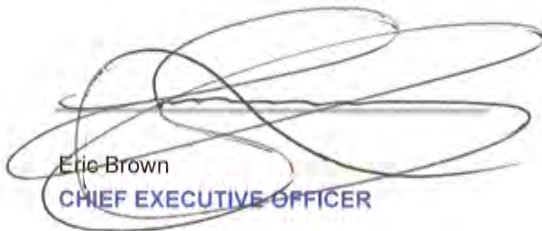
General Purpose Financial Statements for the year ended 30 June 2020

Certification of Financial Statements

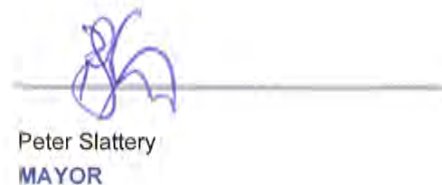
We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2020 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.



Eric Brown
CHIEF EXECUTIVE OFFICER



Peter Slattery
MAYOR

Date: 17 November 2020

The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2020

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 2020.

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 accountants (that generally specialize 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 Auditors 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 and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and 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.

More information...

A 5 year snapshot of Council's key financial figures can be found at Note 26 of the Financial Statements.

The Flinders Ranges Council

Statement of Comprehensive Income

for the year ended 30 June 2020

| \$ | Notes | 2020 | 2019 |
|--|----------|------------------|------------------|
| Income | | | |
| Rates | 2a | 2,378,502 | 2,329,553 |
| Statutory Charges | 2b | 34,890 | 31,119 |
| User Charges | 2c | 76,955 | 107,185 |
| Grants, Subsidies and Contributions | 2g | 2,695,001 | 1,887,076 |
| Investment Income | 2d | 40,755 | 85,174 |
| Reimbursements | 2e | 143,668 | 60,297 |
| Other Income | 2f | 371,988 | 484,521 |
| Total Income | | 5,741,759 | 4,984,925 |
| Expenses | | | |
| Employee Costs | 3a | 1,334,630 | 1,472,881 |
| Materials, Contracts & Other Expenses | 3b | 3,220,831 | 2,841,607 |
| Depreciation, Amortisation & Impairment | 3c | 1,528,517 | 1,511,060 |
| Finance Costs | 3d | 17,381 | 65,510 |
| Total Expenses | | 6,101,359 | 5,891,058 |
| Operating Surplus / (Deficit) | | (359,600) | (906,133) |
| Asset Disposal & Fair Value Adjustments | 4 | - | 45,042 |
| Amounts Received Specifically for New or Upgraded Assets | 2g | 466,744 | 371,514 |
| Net Surplus / (Deficit) ¹ | | 107,144 | (489,577) |
| Other Comprehensive Income | | | |
| <i>Amounts which will not be reclassified subsequently to operating result</i> | | | |
| Nil | | | |
| <i>Amounts which will be reclassified subsequently to operating result</i> | | | |
| Nil | | | |
| Total Other Comprehensive Income | | - | - |
| Total Comprehensive Income | | 107,144 | (489,577) |
| AASB1004 Recognition | | | |
| Fin. Assistance Grants & Supp. Road Funding Received in Advance | 2ga, 8aa | (100,088) | 279,275 |
| Operating Surplus / (Deficit) adjusted for AASB1004 | | (459,688) | (626,858) |
| Total Comprehensive Income after AASB1004 | | 7,056 | (210,302) |

¹ Transferred to Statement of Changes in Equity

The Flinders Ranges Council

Statement of Financial Position

as at 30 June 2020

| \$ | Notes | 2020 | 2019 |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 5a | 2,494,928 | 3,327,155 |
| Trade & Other Receivables | 5b | 803,747 | 623,682 |
| Inventories | 5c | 230,596 | 355,813 |
| Total Current Assets | | 3,529,271 | 4,306,650 |
| Non-Current Assets | | | |
| Financial Assets | 6a | 25,232 | 30,193 |
| Infrastructure, Property, Plant & Equipment | 7a | 52,826,027 | 53,076,375 |
| Other Non-Current Assets | 6b | 610,075 | 305,613 |
| Total Non-Current Assets | | 53,461,334 | 53,412,181 |
| TOTAL ASSETS | | 56,990,605 | 57,718,831 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & Other Payables | 8a | 1,722,468 | 1,616,340 |
| Borrowings | 8b | 44,843 | 869,356 |
| Provisions | 8c | 654,777 | 858,594 |
| Total Current Liabilities | | 2,422,088 | 3,344,290 |
| Non-Current Liabilities | | | |
| Borrowings | 8b | 207,384 | 134,730 |
| Provisions | 8c | 44,095 | 29,917 |
| Total Non-Current Liabilities | | 251,479 | 164,647 |
| TOTAL LIABILITIES | | 2,673,567 | 3,508,937 |
| Net Assets | | 54,317,038 | 54,209,894 |
| EQUITY | | | |
| Accumulated Surplus | | 16,598,993 | 15,571,499 |
| Asset Revaluation Reserves | 9a | 35,764,708 | 35,764,708 |
| Other Reserves | 9b | 1,953,337 | 2,873,687 |
| Total Council Equity | | 54,317,038 | 54,209,894 |

The Flinders Ranges Council

Statement of Changes in Equity
for the year ended 30 June 2020

| \$ | Notes | Accumulated Surplus | Asset Revaluation Reserve | Other Reserves | Total Equity |
|--|-------|------------------------|---------------------------------|-------------------|-------------------|
| 2020 | | | | | |
| Balance at the end of previous reporting period | | 15,571,499 | 35,764,708 | 2,873,687 | 54,209,894 |
| Net Surplus / (Deficit) for Year | | 107,144 | - | - | 107,144 |
| Total Comprehensive Income | | 107,144 | - | - | 107,144 |
| Transfers between Reserves | | 920,350 | - | (920,350) | - |
| Balance at the end of period | | 16,598,993 | 35,764,708 | 1,953,337 | 54,317,038 |
| 2019 | | | | | |
| Balance at the end of previous reporting period | | 15,902,633 | 35,764,708 | 3,032,130 | 54,699,471 |
| Net Surplus / (Deficit) for Year | | (489,577) | - | - | (489,577) |
| Total Comprehensive Income | | (489,577) | - | - | (489,577) |
| Transfers between Reserves | | 158,443 | - | (158,443) | - |
| Balance at the end of period | | 15,571,499 | 35,764,708 | 2,873,687 | 54,209,894 |

The Flinders Ranges Council

Statement of Cash Flows

for the year ended 30 June 2020

| \$ | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| <u>Receipts</u> | | | |
| Operating Receipts | | 6,065,166 | 5,355,779 |
| Investment Receipts | | 40,755 | 85,174 |
| <u>Payments</u> | | | |
| Operating Payments to Suppliers and Employees | | (5,041,381) | (4,384,610) |
| Finance Payments | | (32,958) | (66,834) |
| Net Cash provided by (or used in) Operating Activities | 11b | 1,031,582 | 989,509 |
| Cash Flows from Investing Activities | | | |
| <u>Receipts</u> | | | |
| Amounts Received Specifically for New/Upgraded Assets | | 466,744 | 371,514 |
| Sale of Replaced Assets | | - | 114,864 |
| Repayments of Loans by Community Groups | | 4,747 | 4,542 |
| <u>Payments</u> | | | |
| Expenditure on Renewal/Replacement of Assets | | (591,822) | (270,951) |
| Expenditure on New/Upgraded Assets | | (844,362) | (1,042,934) |
| Net Cash provided by (or used in) Investing Activities | | (964,693) | (822,965) |
| Cash Flows from Financing Activities | | | |
| <u>Receipts</u> | | | |
| Proceeds from Borrowings | | - | 120,000 |
| <u>Payments</u> | | | |
| Repayments of Borrowings | | (869,356) | (219,221) |
| Repayment of Lease Liabilities | | (29,760) | - |
| Net Cash provided by (or used in) Financing Activities | | (899,116) | (99,221) |
| Net Increase (Decrease) in Cash Held | | (832,227) | 67,323 |
| plus: Cash & Cash Equivalents at beginning of period | 11 | 3,327,155 | 3,259,832 |
| Cash & Cash Equivalents at end of period | 11 | 2,494,928 | 3,327,155 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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 (except as stated below) 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 17 November 2020.

1.1 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.

1.2 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. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3 Income Recognition

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 June 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, 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 & 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 |

These thresholds were last reviewed in July 2018 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Depreciation of Non-Current Assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

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 and Road-making Equip | 2 to 15 years |
| Other Plant & Equipment | 5 to 50 years |

Building & Other Structures

| | |
|---|-----------------|
| Buildings – masonry | 25 to 100 years |
| Buildings – other construction | 25 to 100 years |
| Buildings – Heritage listed s/structure | to 160 years |
| Park Structures – masonry | 25 to 100 years |
| Park Structures – other construction | 25 to 100 years |
| Playground equipment | 5 to 15 years |
| Benches, seats, etc | 10 to 20 years |

Infrastructure

| | |
|-----------------------------------|---------------------------------------|
| Sealed Roads – Surface | 15 years |
| Sealed Roads – Structure | 120 years |
| Unsealed Roads | Not Depreciated (Interpretation 1055) |
| Bridges – Concrete | 80 to 100 years |
| Paving & Footpaths, Kerb & Gutter | 20 to 80 years |
| Drains | 80 years |
| Culverts | 60 years |
| Flood Control Structures | 50 to 80 years |
| Dams and Reservoirs | 80 to 100 years |
| Bores | 20 to 40 years |
| Reticulation Pipes – PVC | 50 to 80 years |
| Reticulation Pipes – other | 25 to 75 years |
| Effluent Lagoons | 80 years |

Other Assets

| | |
|---------------|----------------|
| Library Books | 10 to 15 years |
| Artworks | indefinite |

6.5 Impairment

For 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).

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.

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.

8.2 Payments Received in Advance & Deposits

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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 as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

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 Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

Council also makes contributions to other superannuation schemes selected by employees under the 'choice of funds' legislation.

10 Provisions for Reinstatement, Restoration and 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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

of the lease term and the estimated useful lives of the assets, as follows:

| | |
|-----------|----------|
| Buildings | 10 years |
|-----------|----------|

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 Construction Contracts

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

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

13 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.

14 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.

15 New and amended accounting standards and interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The Flinders Ranges Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies.

The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. This practice was consistent with the approach previously taken by Council.

Adoption of AASB 16 Leases (AASB 16)

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease* and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model.

The Council adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

| Assets | \$'000 |
|----------------------------|------------|
| Right of Use Asset | |
| - building | 427 |
| Total assets | 427 |
| | |
| Liabilities | |
| Lease liabilities | 427 |
| Total liabilities | 427 |
| | |
| Accumulated Surplus | - |

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Effective for NFP annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

- Decrease of approx.. \$27,000 in rates income due to the moratorium on fines and interest put in place by Council.
- Increased operational costs associated with employee time dealing with COVID-19 of approximately \$30,000
- Increased operational costs associated with additional cleaning of public facilities of approx.. \$30,000
- Decreased travel and accommodation costs of approx.. \$7,000
- Job Keeper payments received in relation to trainees of approx.. \$25,000
- A reduction in income of approx.. \$60,000 and a reduction in operating expenditure of \$113,000 (compared to 2018/2019) associated with the operation of the Visitor Information Centre which was closed to the public for an extended period of time.

Council estimates that the reduction in revenue and increase in expenditure has resulted in a non-material change in the operating surplus for the reporting period. It is expected that further financial impacts, though not significant, will flow into the 2020/2021 financial year.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

16 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.

17 COVID-19

The COVID-19 pandemic has impacted the 2019/2020 financial statements, which may impact on the comparability of some line items and amounts reported in this financial report.

The financial impacts are a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's financial performance and financial position are outlined below:-

18 Disclaimer

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income

| \$ | Notes | 2020 | 2019 |
|--|-------|------------------|------------------|
| (a). Rates Revenues | | | |
| General Rates | | | |
| General Rates | | 1,924,607 | 1,873,198 |
| Less: Mandatory Rebates | | (89,956) | (86,808) |
| Total General Rates | | 1,834,651 | 1,786,390 |
| Other Rates (Including Service Charges) | | | |
| Natural Resource Management Levy | | 45,422 | 44,690 |
| Waste Collection | | 237,981 | 229,435 |
| Community Wastewater Management Systems | | 240,800 | 243,530 |
| Total Other Rates | | 524,203 | 517,655 |
| Other Charges | | | |
| Penalties for Late Payment | | 26,968 | 25,508 |
| Total Other Charges | | 26,968 | 25,508 |
| Less: Discretionary Rebates, Remissions & Write Offs | | (7,320) | - |
| Total Rates Revenues | | 2,378,502 | 2,329,553 |
| (b). Statutory Charges | | | |
| Development Act Fees | | 15,782 | 11,299 |
| Animal Registration Fees & Fines | | 14,985 | 16,672 |
| Environmental Control Fines | | - | 210 |
| Other Licences, Fees & Fines | | 4,123 | 2,938 |
| Total Statutory Charges | | 34,890 | 31,119 |
| (c). User Charges | | | |
| Cemetery/Crematoria Fees | | 15,471 | 16,766 |
| Hall & Equipment Hire | | 3,393 | 8,616 |
| Sundry | | 1,465 | 8,061 |
| Swimming Pools | | 28,185 | 36,922 |
| Community Bus Hire | | 4,513 | 4,788 |
| Waste Management | | 16,952 | 18,573 |
| Airport Fees | | 5,758 | 2,099 |
| Film Industry Support | | - | 1,522 |
| Marathon Entry Fees | | 1,218 | 9,838 |
| Total User Charges | | 76,955 | 107,185 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

| \$ | Notes | 2020 | 2019 |
|--|-------|------------------|------------------|
| (d). Investment Income | | | |
| Interest on Investments | | | |
| - Local Government Finance Authority | | 38,702 | 82,954 |
| - Banks & Other | | 612 | 572 |
| - Loans to Community Groups | | 1,441 | 1,648 |
| Total Investment Income | | 40,755 | 85,174 |
| (e). Reimbursements | | | |
| Private Works | | 2,333 | 4,178 |
| NRWMF Legal Fees, Ballot & Study | | 87,640 | - |
| Shared Services Fees | | 27,181 | 18,246 |
| Recreation & Sport - Oval | | 7,033 | 7,270 |
| Other | | 19,481 | 30,603 |
| Total Reimbursements | | 143,668 | 60,297 |
| (f). Other Income | | | |
| Insurance & Other Recoupments - Infrastructure, IPP&E | | 6,556 | 59,163 |
| Rebates & Incentives Received | | 39,854 | 39,371 |
| Sundry | | 10,799 | 12,728 |
| Commercial Income | | 47,074 | 37,748 |
| Donations | | 5,736 | 10,710 |
| Outback Community Authority | | 31,243 | 21,441 |
| FRVIC | | 210,077 | 270,359 |
| Warren's Gorge | | 18,388 | 21,092 |
| NRWMF | | - | 11,000 |
| Other | | 2,264 | 909 |
| Total Other Income | | 371,988 | 484,521 |
| (g). Grants, Subsidies, Contributions | | | |
| Amounts Received Specifically for New or Upgraded Assets | | 466,744 | 371,514 |
| Total Amounts Received Specifically for New or Upgraded Assets | | 466,744 | 371,514 |
| Other Grants, Subsidies and Contributions | | 46,287 | 249,772 |
| Untied - Financial Assistance Grant | | 1,482,748 | 1,479,671 |
| Drought Communities Extension Grant | | 1,000,000 | - |
| Sundry | | 15,833 | 7,500 |
| Individually Significant Item - Additional Grants Commission Payment (Roads) | | 150,133 | 150,133 |
| Total Other Grants, Subsidies and Contributions | | 2,695,001 | 1,887,076 |
| Total Grants, Subsidies, Contributions | | 3,161,745 | 2,258,590 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

| \$ | Notes | 2020 | 2019 |
|--|-------|------------------|------------------|
| (ga). AASB1004 Recognition - Grants, Subsidies, Contribution | | | |
| Other Grants, Subsidies and Contributions - AASB1004 adjustment | | (100,088) | 279,275 |
| Total Grants, Subsidies, Contributions - AASB1004 adjustments | | (100,088) | 279,275 |
| AASB1004 adjusted Total Grants, Subsidies, Contributions | | 3,061,657 | 2,537,865 |
| The functions to which these grants relate are shown in Note 12. | | | |
| (i) Sources of grants | | | |
| Commonwealth Government | | 3,107,056 | 2,138,790 |
| State Government | | 5,239 | 116,801 |
| Other | | 49,450 | 2,999 |
| Total | | 3,161,745 | 2,258,590 |
| AASB1004 adjusted Sources of grants | | | |
| Commonwealth Government | | 3,006,968 | 2,418,065 |
| State Government | | 5,239 | 116,801 |
| Other | | 49,450 | 3,000 |
| Total | | 3,061,657 | 2,537,865 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

| \$ | Notes | 2020 | 2019 |
|---|-------|----------------|------------------|
| (h). Conditions over Grants & 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 | | 27,546 | 219,708 |
| <i>Less:</i> | | | |
| <i>Expended during the current period from revenues recognised in previous reporting periods</i> | | | |
| Heritage & Cultural Services | | (7,546) | (59,270) |
| Sporting & Recreation Services | | - | (160,438) |
| Subtotal | | (7,546) | (219,708) |
| <i>Plus:</i> | | | |
| <i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i> | | | |
| Heritage & Cultural Services | | - | 7,546 |
| Medical Workforce | | - | 20,000 |
| Subtotal | | - | 27,546 |
| Unexpended at the close of this reporting period | | 20,000 | 27,546 |
| Net increase (decrease) in assets subject to conditions in the current reporting period | | (7,546) | (192,162) |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3. Expenses

| \$ | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| (a). Employee Costs | | | |
| Salaries and Wages | | 1,147,060 | 1,266,302 |
| Employee Leave Expense | | 75,875 | 101,317 |
| Superannuation - Defined Contribution Plan Contributions | 18 | 138,102 | 113,721 |
| Less: Capitalised and Distributed Costs | | (26,407) | (8,459) |
| Total Operating Employee Costs | | 1,334,630 | 1,472,881 |
| Total Number of Employees (full time equivalent at end of reporting period) | | 19 | 19 |
| (b). Materials, Contracts and Other Expenses | | | |
| (i) Prescribed Expenses | | | |
| Auditor's Remuneration | | | |
| - Auditing the Financial Reports | | 23,563 | 23,190 |
| Elected Members' Expenses | | 95,893 | 91,333 |
| Election Expenses | | 515 | 13,009 |
| Subtotal - Prescribed Expenses | | 119,971 | 127,532 |
| (ii) Other Materials, Contracts and Expenses | | | |
| Contractors | | 1,374,634 | 1,015,530 |
| Energy - Fuel & Power | | 99,702 | 77,581 |
| Plant and Equipment Capital Purchases | | 64,212 | 308,078 |
| Legal Expenses | | 115,870 | 11,020 |
| Levies Paid to Government - NRM levy | | 45,611 | 44,412 |
| Levies - Other | | 2,827 | 4,613 |
| Parts, Accessories & Consumables | | 27,394 | 40,533 |
| Professional Services | | 42,394 | 27,824 |
| Sundry | | 450,959 | 439,361 |
| Waste Management | | 230,625 | 221,126 |
| Insurance | | 237,931 | 177,371 |
| Vehicle Maintenance | | 75,394 | 53,274 |
| FBT | | 24,419 | 21,971 |
| FRVIC | | 177,810 | 305,120 |
| Workers Compensation Insurance | | 49,688 | 60,002 |
| LG Systems Contract | | 29,500 | 44,250 |
| Rubble / Crushed Rock | | 594 | 810 |
| Infrastructure Construction & Maintenance | | 762,643 | 1,150,066 |
| CWMS | | 27,195 | 73,568 |
| Land & Building Purchase, Construction & Upgrades | | 260,459 | 87,110 |
| Water | | 73,447 | 71,661 |
| Drought Rates Relief | | 14,866 | - |
| Less: Capitalised and Distributed Costs | | (1,087,314) | (1,521,206) |
| Subtotal - Other Material, Contracts & Expenses | | 3,100,860 | 2,714,075 |
| Total Materials, Contracts and Other Expenses | | 3,220,831 | 2,841,607 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3. Expenses (continued)

| \$ | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| (c). Depreciation, Amortisation and Impairment | | | |
| (i) Depreciation and Amortisation | | | |
| Buildings | | 724,284 | 743,312 |
| Infrastructure | | 519,022 | 520,285 |
| CWMS | | 72,354 | 72,354 |
| Right-of-Use Assets - Buildings | | 29,289 | - |
| Plant & Equipment | | 137,009 | 140,924 |
| Furniture & Fittings | | 46,559 | 34,185 |
| Subtotal | | 1,528,517 | 1,511,060 |
| (d). Finance Costs | | | |
| Interest on Overdraft and Short-Term Drawdown | | 2 | - |
| Interest on Loans | | 16,569 | 65,510 |
| Interest on Leases | | 810 | - |
| Total Finance Costs | | 17,381 | 65,510 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 4. Asset Disposal & Fair Value Adjustments

| \$ | Notes | 2020 | 2019 |
|---|-------|----------|---------------|
| Infrastructure, Property, Plant & Equipment | | | |
| (i) Assets Renewed or Directly Replaced | | | |
| Proceeds from Disposal | | - | 114,864 |
| Less: Carrying Amount of Assets Sold | | - | (69,822) |
| Gain (Loss) on Disposal | | - | 45,042 |
| Net Gain (Loss) on Disposal or Revaluation of Assets | | - | 45,042 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 5. Current Assets

| \$ | Notes | 2020 | 2019 |
|--|-------|------------------|------------------|
| (a). Cash & Cash Equivalent Assets | | | |
| Cash on Hand at Bank | | 278,724 | 18,082 |
| Deposits at Call | | 716,204 | 309,073 |
| Short Term Deposits & Bills, etc. | | 1,500,000 | 3,000,000 |
| Total Cash & Cash Equivalent Assets | | 2,494,928 | 3,327,155 |
| (b). Trade & Other Receivables | | | |
| Rates - General & Other | | 386,342 | 357,554 |
| Accrued Interest | | 1,515 | 18,099 |
| Debtors - General | | 137,793 | 99,690 |
| Prepayments | | 5,665 | 4,758 |
| Loans to Community Organisations | | 4,960 | 4,747 |
| Accrued Income - ATO | | 8,271 | 4,272 |
| Accrued Income - Grants | | 259,201 | 134,562 |
| Total Trade & Other Receivables | | 803,747 | 623,682 |
| (c). Inventories | | | |
| Stores & Materials | | 192,125 | 312,990 |
| Trading Stock | | 38,471 | 42,823 |
| Total Inventories | | 230,596 | 355,813 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 6. Non-Current Assets

| \$ | Notes | 2020 | 2019 |
|---------------------------------------|-------|----------------|----------------|
| (a). Financial Assets | | | |
| Receivables | | | |
| Loans to Community Organisations | | 25,232 | 30,193 |
| Total Receivables | | 25,232 | 30,193 |
| Total Financial Assets | | 25,232 | 30,193 |
| (b). Other Non-Current Assets | | | |
| Other | | | |
| Capital Works-in-Progress | | 610,075 | 305,613 |
| Total Other | | 610,075 | 305,613 |
| Total Other Non-Current Assets | | 610,075 | 305,613 |

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 7a. Infrastructure, Property, Plant & Equipment

| \$ | Fair Value Level | as at 30/6/2019 | | | | Asset Movements during the Reporting Period | | | | | as at 30/6/2020 | | | |
|--|------------------|-------------------|------------------|-------------------|-------------------|---|-----------------|----------------|------------------------|--------------------------------|-------------------|------------------|-------------------|-------------------|
| | | At Fair Value | At Cost | Accumulated Dep'n | Carrying Value | Transition adjustment - AASB 16 | Asset Additions | | WDV of Asset Disposals | Depreciation Expense (Note 3c) | At Fair Value | At Cost | Accumulated Dep'n | Carrying Value |
| | | | | | | | New / Upgrade | Renewals | | | | | | |
| Land | 2 | 1,641,465 | - | - | 1,641,465 | - | 74,136 | - | - | - | 1,641,465 | 74,136 | - | 1,715,601 |
| Land | 3 | 1,207,899 | - | - | 1,207,899 | - | - | - | - | - | 1,207,899 | - | - | 1,207,899 |
| Buildings | 3 | 28,673,188 | 639,947 | 16,935,236 | 12,377,899 | - | 739,615 | 253,759 | - | (724,284) | 28,673,188 | 1,633,321 | 17,659,520 | 12,646,989 |
| Infrastructure | 3 | 39,187,037 | 1,815,048 | 7,663,884 | 33,338,201 | - | - | - | - | (519,022) | 39,187,037 | 1,815,048 | 8,182,906 | 32,819,179 |
| CWMS | 3 | 4,124,928 | - | 1,520,495 | 2,604,433 | - | - | - | - | (72,354) | 4,124,928 | - | 1,592,849 | 2,532,079 |
| Right-of-Use Assets - Buildings | | - | - | - | - | 146,447 | - | - | - | (29,289) | 146,447 | - | 29,289 | 117,158 |
| Plant & Equipment | 3 | 2,320,155 | 722,410 | 1,456,025 | 1,586,540 | - | 30,612 | 33,600 | - | (137,009) | 2,320,155 | 786,621 | 1,593,034 | 1,513,742 |
| Furniture & Fittings | 3 | 242,500 | 230,294 | 152,855 | 319,939 | - | - | - | - | (46,559) | 242,500 | 230,294 | 199,414 | 273,380 |
| Total Infrastructure, Property, Plant & Equipment | | 77,397,172 | 3,407,699 | 27,728,495 | 53,076,375 | 146,447 | 844,362 | 287,359 | - | (1,528,517) | 77,543,619 | 4,539,420 | 29,257,012 | 52,826,027 |
| Comparatives | | 77,637,972 | 1,878,034 | 26,388,413 | 53,127,593 | - | 1,258,718 | 270,951 | (69,822) | (1,511,060) | 77,397,172 | 3,407,699 | 27,728,495 | 53,076,376 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & 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 7a 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

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.

Highest and 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

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 2021 / 2022 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 2021 / 2022 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 2021 / 2022 financial year.

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 2021 / 2022 financial year.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

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 2021 / 2022 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 2021 / 2022 financial year.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 8. Liabilities

| \$ | Notes | 2020 Current | 2020 Non Current | 2019 Current | 2019 Non Current |
|--|-------|------------------|---------------------|------------------|---------------------|
| (a). Trade and Other Payables | | | | | |
| Goods & Services | | 376,940 | - | 409,930 | - |
| Payments Received in Advance | | 1,208,681 | - | 1,065,951 | - |
| Accrued Expenses - Employee Entitlements | | 43,248 | - | 40,081 | - |
| Accrued Expenses - Finance Costs | | 2,068 | - | 18,456 | - |
| Accrued Expenses - Other | | 48,728 | - | 39,441 | - |
| Sec 184 Proceeds Held in Trust | | 42,803 | - | 42,481 | - |
| Total Trade and Other Payables | | 1,722,468 | - | 1,616,340 | - |

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

| | | | |
|--|------------------|--------------------|--|
| Payments Received in Advance - AASB1004 adjustment | | | |
| FAGs Received in Advance | (965,863) | (1,065,951) | |
| Total AASB1004 Adjustments | (965,863) | (1,065,951) | |
| AASB 1004 Adjusted Trade & Other | 756,605 | 550,389 | |

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

(b). Borrowings

| | | | | | |
|-------------------------|----|---------------|----------------|----------------|----------------|
| Loans | | 15,724 | 119,006 | 869,356 | 134,730 |
| Lease Liabilities | 17 | 29,119 | 88,378 | - | - |
| Total Borrowings | | 44,843 | 207,384 | 869,356 | 134,730 |

(c). Provisions

| | | | | | |
|---|--|----------------|---------------|----------------|---------------|
| Employee Entitlements (including oncosts) | | 203,565 | 44,095 | 399,836 | 29,917 |
| Future Reinstatement / Restoration, etc | | 431,212 | - | 431,212 | - |
| Unspent Grants | | 20,000 | - | 27,546 | - |
| Total Provisions | | 654,777 | 44,095 | 858,594 | 29,917 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 9. Reserves

| \$ | 1/7/2019 | Increments (Decrements) | Transfers | Impairments | 30/6/2020 |
|--|-------------------|----------------------------|-----------|-------------|-------------------|
| (a). Asset Revaluation Reserve | | | | | |
| Buildings | 10,593,820 | - | - | - | 10,593,820 |
| Infrastructure | 15,739,843 | - | - | - | 15,739,843 |
| CWMS | 816,063 | - | - | - | 816,063 |
| Plant & Equipment | (106,236) | - | - | - | (106,236) |
| Furniture & Fittings | 36,278 | - | - | - | 36,278 |
| Minor Plant | 15,926 | - | - | - | 15,926 |
| 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 |

| \$ | 1/7/2019 | Tfrs to Reserve | Tfrs from Reserve | Other Movements | 30/6/2020 |
|-----------------------------|------------------|--------------------|----------------------|--------------------|------------------|
| (b). Other Reserves | | | | | |
| NRM Levy | 1,752 | 35 | (224) | - | 1,563 |
| Land & Buildings | 122,493 | 2,431 | (63,554) | - | 61,370 |
| Plant Replacement | 51,039 | 1,013 | - | - | 52,052 |
| Other | 1,124,528 | 23,554 | (243,668) | - | 904,414 |
| Garbage Service Charge | 152,479 | 3,026 | (4,397) | - | 151,108 |
| Stormwater Dams | 2,042 | 41 | - | - | 2,083 |
| Legal Costs | 25,104 | 498 | (25,602) | - | 0 |
| Community Trust Funds | 34,889 | 3,734 | (961) | - | 37,662 |
| Hawker CWMS Service Charge | 273,968 | 52,198 | - | - | 326,166 |
| Quorn CWMS Service Charge | 991,873 | 80,192 | (750,000) | - | 322,065 |
| Community Buses | 51,039 | 1,013 | - | - | 52,052 |
| Sec 184 Proceeds | 42,481 | 321 | - | - | 42,802 |
| Total Other Reserves | 2,873,687 | 168,056 | (1,088,406) | - | 1,953,337 |
| Comparatives | 3,032,130 | 205,093 | (363,536) | - | 2,873,687 |

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).

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 10. Assets Subject to Restrictions

| \$ | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| <p>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.</p> | | | |
| Cash & Financial Assets | | | |
| CWMS Annual Service Charge | | 648,231 | 1,265,841 |
| Garbage Annual Service Charge | | 151,109 | 152,479 |
| NRM Levy | | 1,562 | 1,752 |
| Unexpended Grant funds | | 20,000 | 27,546 |
| Employee Entitlements | | 247,660 | 429,753 |
| Total Cash & Financial Assets | | 1,068,562 | 1,877,371 |
| Total Assets Subject to Externally Imposed Restrictions | | 1,068,562 | 1,877,371 |

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

| | | | |
|----------------|---|----------------|----------------|
| Bank Overdraft | 8 | - | - |
| Payables | 8 | - | - |
| Borrowings | 8 | - | - |
| Provisions | 8 | 247,660 | 457,299 |
| Total | | 247,660 | 457,299 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 11. Reconciliation to Statement of Cash Flows

| \$ | Notes | 2020 | 2019 |
|--|-------|------------------|------------------|
| (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 Balance Sheet as follows: | | | |
| Total Cash & Equivalent Assets | 5 | 2,494,928 | 3,327,155 |
| Less: Short-Term Borrowings | 8 | - | - |
| Balances per Statement of Cash Flows | | 2,494,928 | 3,327,155 |
| (b). Reconciliation of Change in Net Assets to Cash from Operating Activities | | | |
| Net Surplus/(Deficit) | | 107,144 | (489,577) |
| Non-Cash Items in Income Statements | | | |
| Depreciation, Amortisation & Impairment | | 1,528,517 | 1,511,060 |
| Grants for Capital Acquisitions (Treated as Investing Activity Receipts) | | (466,744) | (371,514) |
| Net (Gain) Loss on Disposals | | - | (45,042) |
| | | 1,168,917 | 604,927 |
| Add (Less): Changes in Net Current Assets | | | |
| Net (Increase)/Decrease in Receivables | | (179,851) | (153,080) |
| Net (Increase)/Decrease in Inventories | | 125,217 | 147,711 |
| Net Increase/(Decrease) in Trade & Other Payables | | 106,938 | 623,823 |
| Net Increase/(Decrease) in Unpaid Employee Benefits | | (182,093) | (28,148) |
| Net Increase/(Decrease) in Other Provisions | | (7,546) | (205,724) |
| Net Cash provided by (or used in) operations | | 1,031,582 | 989,509 |

(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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 12a. Functions

| Functions/Activities | 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 & NON-CURRENT) | |
| | Actual 2020 | Actual 2019 | Actual 2020 | Actual 2019 | Actual 2020 | Actual 2019 | Actual 2020 | Actual 2019 | Actual 2020 | Actual 2019 |
| \$ | | | | | | | | | | |
| Administration | 3,174,838 | 3,137,656 | 101,593 | 60,281 | 3,073,244 | 3,077,375 | 1,164,716 | 1,168,129 | - | - |
| Public Order & Health | 959 | 955 | 58,730 | 34,850 | (57,771) | (33,896) | - | 3,000 | - | - |
| Social Security & Welfare | 6,245 | 24,735 | 35,052 | 31,566 | (28,807) | (6,831) | 1,127 | 14,700 | - | - |
| Community Amenities | 512,691 | 507,944 | 892,655 | 1,110,244 | (379,965) | (602,300) | - | - | - | - |
| Recreation & Culture | 147,916 | 194,964 | 1,755,066 | 1,590,292 | (1,607,150) | (1,395,328) | 51,085 | 92,944 | - | - |
| Agricultural Services | 45,422 | 47,943 | 46,473 | 44,412 | (1,051) | 3,531 | - | - | - | - |
| Regulatory Services | 34,138 | 33,554 | 202,257 | 166,244 | (168,119) | (132,690) | - | - | - | - |
| Transport & Communication | 468,165 | 461,675 | 1,558,163 | 1,417,800 | (1,089,998) | (956,125) | 468,165 | 461,675 | - | - |
| Economic Development | 1,261,952 | 425,208 | 893,344 | 820,138 | 368,608 | (394,930) | 1,009,908 | 136,695 | - | - |
| Not Elsewhere Classified | 89,434 | 150,291 | 204,374 | 215,777 | (114,940) | (65,486) | - | 9,934 | - | - |
| Works Overheads | - | - | 353,652 | 399,452 | (353,652) | (399,452) | - | - | - | - |
| Other Functions/Activities | - | - | - | - | - | - | - | - | 56,990,605 | 57,718,831 |
| Total Functions/Activities | 5,741,759 | 4,984,925 | 6,101,359 | 5,891,058 | (359,600) | (906,133) | 2,695,001 | 1,887,076 | 56,990,605 | 57,718,831 |

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 12b. Components of Functions

\$

The activities relating to Council functions are as follows:

COUNCIL ADMINISTRATION

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

PUBLIC ORDER & HEALTH

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

SOCIAL SECURITY & WELFARE

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

COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

AGRICULTURAL SERVICES

NRM Levy, Corella Control, Animal & Pest Plant expenditure

REGULATORY SERVICES

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

TRANSPORT & COMMUNICATION

Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), Drainage, Signs, Guide Posts, Line Marking

ECONOMIC DEVELOPMENT

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

NOT ELSEWHERE CLASSIFIED (NEC)

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

WORKS - INDIRECT

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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 0.4% and 0.65% (2019: 1.25% and 2.47%). Short term deposits have an average maturity of 34 days and an average interest rate of 0.51% (2019: 82 days and 1.7%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables**Rates & 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 0.5292% (2019: 0.5500%). 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 & 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).

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments**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 Federal Governments.

Carrying Amount:

Approximates fair value.

Liabilities**Creditors and 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.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments**Liabilities****Interest Bearing Borrowings****Accounting Policy:**

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 3.49% and 4.45% (2019: 3.49% and 6.65%).

Carrying Amount:

Approximates fair value.

Liabilities**Leases****Accounting Policy:**

Accounted for in accordance with AASB 117.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

| \$ | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|-------------------------------|------------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2020 | | | | | |
| Financial Assets | | | | | |
| Cash & Equivalents | 2,494,928 | - | - | 2,494,928 | 2,494,928 |
| Receivables | 411,741 | 22,176 | 3,057 | 436,973 | 436,973 |
| Total Financial Assets | 2,906,669 | 22,176 | 3,057 | 2,931,901 | 2,931,901 |

| | | | | | |
|------------------------------------|----------------|----------------|---------------|----------------|----------------|
| Financial Liabilities | | | | | |
| Payables | 513,786 | - | - | 513,786 | 513,786 |
| Current Borrowings | 15,724 | - | - | 15,724 | 15,724 |
| Non-Current Borrowings | - | 69,155 | 49,850 | 119,006 | 119,006 |
| Lease Liabilities | 29,119 | 88,378 | - | 117,497 | 117,497 |
| Total Financial Liabilities | 558,629 | 157,533 | 49,850 | 766,013 | 766,013 |

| \$ | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|-------------------------------|------------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2019 | | | | | |
| Financial Assets | | | | | |
| Cash & Equivalents | 3,327,155 | - | - | 3,327,155 | 3,327,155 |
| Receivables | 261,369 | 21,221 | 8,972 | 291,562 | 291,562 |
| Total Financial Assets | 3,588,524 | 21,221 | 8,972 | 3,618,717 | 3,618,717 |

| | | | | | |
|------------------------------------|------------------|---------------|---------------|------------------|------------------|
| Financial Liabilities | | | | | |
| Payables | 550,389 | - | - | 550,389 | 550,389 |
| Current Borrowings | 869,356 | - | - | 869,356 | 869,356 |
| Non-Current Borrowings | - | 66,603 | 68,127 | 134,730 | 134,730 |
| Total Financial Liabilities | 1,419,745 | 66,603 | 68,127 | 1,554,475 | 1,554,475 |

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

| | 30 June 2020 | | 30 June 2019 | |
|----------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| | Weighted Avg Interest Rate | Carrying Value | Weighted Avg Interest Rate | Carrying Value |
| Fixed Interest Rates | 3.71% | 134,730 | 6.04% | 1,004,086 |
| | | 134,730 | | 1,004,086 |

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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 allowance for doubtful debts. 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 & 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 14. Commitments for Expenditure

| \$ | Notes | 2020 | 2019 |
|---|-------|----------------|------------------|
| Other Expenditure Commitments | | | |
| Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Audit Services | | - | 20,201 |
| Employee Remuneration Contracts | | 697,500 | 1,006,131 |
| | | 697,500 | 1,026,332 |
| These expenditures are payable: | | | |
| Not later than one year | | 155,000 | 388,832 |
| Later than one year and not later than 5 years | | 542,500 | 637,500 |
| Later than 5 years | | - | - |
| | | 697,500 | 1,026,332 |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 15. Financial Indicators

| | Amounts | Indicator | Prior Periods | |
|----|---------|-----------|---------------|------|
| \$ | 2020 | 2020 | 2019 | 2018 |

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 | (359,600) | (6%) | (18%) | (20%) |
| Total Operating Income | 5,741,759 | | | |

This ratio expresses the operating surplus as a percentage of total operating revenue.

2. Net Financial Liabilities Ratio

| | | | | |
|---------------------------|-----------|-------|------|-------|
| Net Financial Liabilities | (650,341) | (11%) | (9%) | (12%) |
| Total Operating Income | 5,741,759 | | | |

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.

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 correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

If other Individually Significant Items are used to adjust the Adjusted Ratios below, details should also be disclosed here. NB: These adjustments should also be disclosed in Note 2(g)(ii) and/or Note 3(b)(vi).

| | | | |
|---|-------|-------|-------|
| Adjusted Operating Surplus Ratio | (8%) | (12%) | (19%) |
| Adjusted Net Financial Liabilities Ratio | (10%) | (14%) | (12%) |

3. Asset Renewal Funding Ratio

| | | | | |
|---|-----------|-----|-----|-----|
| Net Asset Renewals | 591,822 | 59% | 16% | 97% |
| Infrastructure & Asset Management Plan required expenditure | 1,005,900 | | | |

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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 15. Financial Indicators - Graphs (continued)

| | | |
|--|---|--|
| <div><div><div>1. Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div>2015</div><div>2016</div><div>2017</div><div>2018</div><div>2019</div><div>2020</div></div><div><div>-2%</div><div>-10%</div><div>-30%</div><div>-20%</div><div>-18%</div><div>-6%</div></div></div></div></div></div> | <div><div>Purpose of Operating Surplus Ratio</div><div>This indicator is to determine the percentage the operating revenue varies from operating expenditure</div></div> | <div><div>2019/20 Ratio</div><div>-6%</div></div> |
| <div><div><div>2. Net Financial Liabilities Ratio</div><div><div>Ratio %</div><div><div>2015</div><div>2016</div><div>2017</div><div>2018</div><div>2019</div><div>2020</div></div><div><div>-15%</div><div>-14%</div><div>-19%</div><div>-12%</div><div>-9%</div><div>-11%</div></div></div></div></div> | <div><div>Purpose of Net Financial Liabilities Ratio</div><div>This indicator shows the significance of the net amount owed to others, compared to operating revenue</div></div> | <div><div>2019/20 Ratio</div><div>-11%</div></div> |
| <div><div><div>Adjusted Operating Surplus Ratio</div><div><div>Ratio %</div><div><div>2015</div><div>2016</div><div>2017</div><div>2018</div><div>2019</div><div>2020</div></div><div><div>13%</div><div>-33%</div><div>-40%</div><div>-19%</div><div>-12%</div><div>-8%</div></div></div></div></div> | <div><div>Purpose of Adjusted Operating Surplus Ratio</div><div>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div> | <div><div>2019/20 Ratio</div><div>-8%</div></div> |
| <div><div><div>Adjusted Net Financial Liabilities Ratio</div><div><div>Ratio %</div><div><div>2015</div><div>2016</div><div>2017</div><div>2018</div><div>2019</div><div>2020</div></div><div><div>-28%</div><div>5%</div><div>-31%</div><div>-12%</div><div>-14%</div><div>-10%</div></div></div></div></div> | <div><div>Purpose of Adjusted Net Financial Liabilities Ratio</div><div>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div> | <div><div>2019/20 Ratio</div><div>-10%</div></div> |
| <div><div><div>3. Asset Renewal Funding Ratio</div><div><div>Ratio %</div><div><div>2015</div><div>2016</div><div>2017</div><div>2018</div><div>2019</div><div>2020</div></div><div><div>15%</div><div>30%</div><div>6%</div><div>97%</div><div>16%</div><div>59%</div></div></div></div></div> | <div><div>Purpose of Asset Renewal Funding Ratio</div><div>This indicator aims to determine if assets are being renewed and replaced in an optimal way</div></div> | <div><div>2019/20 Ratio</div><div>59%</div></div> |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 16. Uniform Presentation of Finances

| \$ | 2020 | 2019 |
|--|------------------|------------------|
| <p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p> | | |
| Income | 5,741,759 | 4,984,925 |
| less Expenses | (6,101,359) | (5,891,058) |
| Operating Surplus / (Deficit) | (359,600) | (906,134) |
| Net Outlays on Existing Assets | | |
| Capital Expenditure on Renewal and Replacement of Existing Assets | (591,822) | (270,951) |
| add back Depreciation, Amortisation and Impairment | 1,528,517 | 1,511,060 |
| add back Proceeds from Sale of Replaced Assets | - | 114,864 |
| Subtotal | 936,695 | 1,354,973 |
| Net Outlays on New and Upgraded Assets | | |
| Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments) | (844,362) | (1,042,934) |
| add back Amounts Received Specifically for New and Upgraded Assets | 466,744 | 371,514 |
| add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale) | - | - |
| Subtotal | (377,618) | (671,420) |
| Net Lending / (Borrowing) for Financial Year | 199,477 | (222,581) |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 17. Leases

| \$ | 2020 | 2019 |
|----|------|------|
|----|------|------|

Council as a Lessee

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 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:

| | Buildings | | | | Total |
|------------------------------------|----------------|----------|----------|----------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Adoption of AASB 16 at 1 July 2019 | 146,447 | - | - | - | 146,447 |
| Depreciation charge | (29,289) | - | - | - | (29,289) |
| Balance at 30 June 2020 | 117,158 | - | - | - | 117,158 |

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

| \$ | 2020 | 2019 |
|---------------------------|----------------|----------|
| Balance at 1 July | 146,447 | - |
| Accretion of interest | 810 | - |
| Payments | (29,760) | - |
| Balance at 30 June | 117,497 | - |

Classified as:

| | | |
|-------------|--------|---|
| Current | 29,119 | - |
| Non Current | 88,378 | - |

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$29,760.

The following are the amounts recognised in profit or loss:

| | | |
|--|---------------|----------|
| Depreciation expense of Right-of-Use Assets | 29,289 | - |
| Interest expense on lease liabilities | 810 | - |
| Total amount recognised in profit or loss | 30,099 | - |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 18. Superannuation

\$

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly 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 (9.50% in 2019/20; 9.50% in 2018/19). 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 2018/19) 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 119.32(b), 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 Willie Towers Watson as at 30 June 2020. 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.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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 & Discontinued Operations

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge 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 \$30,193 (2019: \$34,940) at reporting date.

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

4. LEGAL MATTERS

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 22. Events After the Statement of Financial Position Date

Events that occur after the reporting date of 30 June 2020, 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 Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 15 September 2020.

Council is aware of the following "non adjusting events" that merit disclosure:

- COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations. At this stage, the financial impacts on Council's operations have not been significant and Council does not expect that further financial impacts to flow into the 2020/21 financial year to be significant. We refer to Note 1 providing details of the financial impacts caused by COVID-19.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 23. Related Party Transactions

| \$ | 2020 | 2019 |
|----|------|------|
|----|------|------|

Key Management Personnel

Key Management Personnel - Compensation

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 following table details the number of individual benefits provided by Council to Key Management Personnel and their collective values.

The compensation paid to Key Management Personnel comprises:

| | | |
|------------------------------|----------------|----------------|
| Short-Term Employee Benefits | 476,800 | 583,588 |
| Post-Employment Benefits | 30,975 | 35,784 |
| Long-Term Benefits | 3,849 | 36,555 |
| Termination Benefits | 35,000 | - |
| Total | 546,624 | 655,927 |

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

Of these amounts, \$528,857 has been paid, \$13,917 is payable by Council and \$3,849 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.

Key Management Personnel or close family members lodged a total of zero (0) planning and building application during the reporting period.

One (1) Key Management Personnel were on the Executive of the Pichi Richi Railway Preservation Society Inc. Council collected ticket sale income of \$102,321 for the organisation and paid this to the organisation during the reporting period. \$11,677 remained payable to the organisation by Council at 30 June 2020. Commission received commissions on ticket sales of \$8,653 during the reporting period.

Council paid the organisation for memberships during the reporting period.

Council provided in-kind works and a 100% discretionary rebate of rates to the organisation during the reporting period.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 23. Related Party Transactions (continued)

| \$ | 2020 | 2019 |
|----|------|------|
|----|------|------|

Council leases the Visitor Information Centre from the organisation. Council paid the organisation \$38,694 during the reporting period in respect to lease obligations.

The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

One (1) Key Management Personnel Chairs the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$2,302. Council also purchased the Land and Buildings associated from Scouts Australia during the reporting period for \$57,950.

The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

Two (2) Key Management Personnel sit 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 in the past. During the period an amount of \$134,562 was paid to Council as the final grant payments.

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 \$5,220 during the reporting period. No amounts are outstanding at 30 June 2020.

The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this. Council provided in-kind works to the organisation during the reporting period.

One (1) Key Management Personnel and a close member of the person's family are involved in a business from which Council made purchases totalling \$7,586 during the reporting period. At 30 June 2020, a balance of \$305 remained payable by Council. Council also sells product of another business operated by this close family member on a commission basis. Sales totalled \$1,821 and commissions of \$165 were received during the reporting period.

Two (2) Key Management Personnel were members of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$22,000 to the organisation. As at 30 June 2020, no amounts were outstanding.

One (1) Key Management Personnel is on the Board of Hawker Community Development Board Inc. During the reporting period, Council received \$2,555 from the organisation for cleaning, electricity and freight reimbursements. As at 30 June 2020, an amount of \$358 remained payable to Council by the organisation.

The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

One (1) Key Management Personnel is on the Board of Wirreanda Cottage. During the reporting period, Council provided the organisation with a \$4,459 discretionary rate rebate. As at 30 June 2020, no amounts were outstanding.

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 24. Reconciliation of Grants Received

| | Opening Balance | Movements Received | Expended | Closing Balance |
|--|--------------------|-----------------------|--------------------|--------------------|
| Grants | | | | |
| General Purpose - Commonwealth | | | | |
| Grants Commission Grant - General Purpose | - | 1,164,716 | (1,164,716) | - |
| Grants Commission Grant - Local Roads | - | 318,032 | (318,032) | - |
| Grants Commission Grant - Supplemental Local Roads | - | 150,133 | (150,133) | - |
| Total General Purpose Grants | - | 1,632,881 | (1,632,881) | - |
| Specific Purpose | | | | |
| Drought Communities Extension | - | 1,000,000 | (1,000,000) | - |
| Libraries | - | 2,412 | (2,412) | - |
| Medical Workforce | 20,000 | - | - | 20,000 |
| Cradock Heritage Signs | 2,535 | - | (2,535) | - |
| FRRR 500 Miles of Music | 3,311 | - | (3,311) | - |
| Craddock Memorial Shelter | - | 13,298 | (13,298) | - |
| Quorn and Hawker Walks | - | 4,896 | (4,896) | - |
| Quorn Town Hall upgrades | - | 32,840 | (32,840) | - |
| Arts SA - Christmas Pageant | 1,700 | - | (1,700) | - |
| Waste Management | - | 1,127 | (1,127) | - |
| Total Specific Purpose Grants | 27,546 | 1,054,573 | (1,062,119) | 20,000 |
| Total Other Grants | 27,546 | 2,687,454 | (2,695,000) | 20,000 |
| Comparatives | - | 1,914,622 | (1,887,076) | 27,546 |
| Grants Specifically for New/Upgraded Assets | | | | |
| Specific Purpose | | | | |
| Roads to Recovery | - | 456,393 | (70,632) | 385,761 |
| Hawker Gymnasium | - | 10,351 | (10,351) | - |
| Total Grants Specifically for New/Upgraded Assets | - | 466,744 | (80,983) | 385,761 |
| Comparatives | - | 371,514 | (371,514) | - |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 26. Financial Commentary & Review

\$

Key Financial Figures of Council over the past 5 years

| Financial Performance Figures | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|
| Inflows: | | | | | |
| Rates | 2,378,502 | 2,329,553 | 2,222,028 | 2,150,716 | 2,094,411 |
| Statutory Charges | 34,890 | 31,119 | 49,170 | 40,791 | 36,252 |
| User Charges | 76,955 | 107,185 | 99,868 | 79,403 | 83,328 |
| Grants, Subsidies & Contributions | 2,695,001 | 1,887,076 | 1,655,354 | 1,495,840 | 1,584,685 |
| Investment Income | 40,755 | 85,174 | 82,362 | 97,668 | 95,035 |
| Reimbursements | 143,668 | 60,297 | 33,951 | 42,220 | 81,479 |
| Other Income | 371,988 | 484,521 | 506,397 | 503,248 | 386,292 |
| Total Income from Continuing Operations | 5,741,759 | 4,984,925 | 4,649,130 | 4,409,886 | 4,361,481 |
| Sale Proceeds from I,PP&E | 466,744 | 486,378 | 1,581,024 | 679,890 | 1,154,090 |
| New Loan Borrowings & Advances | - | 120,000 | - | - | - |
| Outflows: | | | | | |
| Employee Costs | 1,334,630 | 1,472,881 | 1,520,048 | 1,665,349 | 1,232,343 |
| Materials, Contracts & Other Expenses | 3,220,831 | 2,841,607 | 2,452,630 | 2,479,601 | 2,211,089 |
| Depreciation | 1,528,517 | 1,511,060 | 1,523,742 | 1,503,145 | 1,240,615 |
| Finance Costs | 17,381 | 65,510 | 72,107 | 83,455 | 92,840 |
| Total Expenses from Continuing Operations | 6,101,359 | 5,891,058 | 5,568,526 | 5,731,550 | 4,776,887 |
| Total Cash purchases of I,PP&E | (1,436,184) | (1,313,885) | (2,399,427) | (755,168) | (1,766,243) |
| Total Loan Repayments (incl. Finance Leases) | (899,116) | (219,221) | (203,782) | (195,966) | (158,479) |
| Operating Surplus/(Deficit) (excl. Capital Income) | (359,600) | (906,133) | (919,396) | (1,321,664) | (415,406) |
| Financial Position Figures | 2020 | 2019 | 2018 | 2017 | 2016 |
| Current Assets | 3,529,271 | 4,306,650 | 4,233,753 | 5,162,601 | 4,146,966 |
| Current Liabilities | 2,422,088 | 3,344,290 | 2,296,009 | 2,778,059 | 1,682,652 |
| Net Current Assets | 1,107,184 | 962,360 | 1,937,743 | 2,384,542 | 2,464,314 |
| Cash & Investments | 2,494,928 | 3,327,155 | 3,259,832 | 4,246,593 | 3,229,917 |
| Total Borrowings Outstanding (Loans, Advances & Finance Leases) | 252,227 | 1,004,086 | 1,103,306 | 1,307,088 | 1,503,054 |
| Total Value of I,PP&E (excl. Land & Land Imp'ments) | 82,083,039 | 80,804,871 | 79,516,006 | 78,011,999 | 76,293,901 |
| Total Accumulated Depreciation | 29,257,012 | 27,728,495 | 26,388,413 | 25,146,413 | 19,635,998 |
| Indicative Remaining Useful Life (as a % of GBV) | 64% | 66% | 67% | 68% | 74% |

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

The Flinders Ranges Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 27. Council Information & 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

Facsimile:

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**

Eric Brown

Elected Members**MAYOR**

Peter Slattery

AUDITORS

Galpins, Accountants, Auditors &
Business Consultants
PO Box 4067
NORWOOD SOUTH SA 5067

COUNCILLORS

Cr Ken Anderson
Cr Greg Flint
Cr Julian Hipwell
Cr Annie Reubenicht
Cr Patsy Reynolds
Cr Andrew Smith
Cr Steve Taylor
Cr Kevin Woolford

Other Information

ABN: 43 952 255 151

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhauser CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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INDEPENDENT AUDITOR'S REPORT

To the members of the Flinders Ranges Council

Opinion

We have audited the accompanying financial report of the Flinders Ranges Council, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Flinders Ranges Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

25 / 11 / 2020

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Flinders Ranges Council

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

Opinion

We have audited the compliance of the Flinders Ranges Council (the 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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the Flinders Ranges 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 2019 to 30 June 2020.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, 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 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for 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* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's 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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, 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 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

25 / 11 / 2020

The Flinders Ranges Council

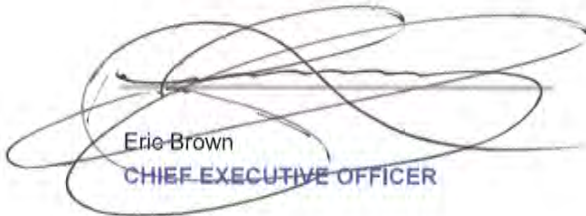
General Purpose Financial Statements

for the year ended 30 June 2020

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 2020, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Eric Brown
CHIEF EXECUTIVE OFFICER



Richard Perkins
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 17 November 2020

The Flinders Ranges Council

General Purpose Financial Statements

For the year ended 30 June 2020

Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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*.



Tim Muhlhausler CA, Registered Company Auditor
Galpins Accountants, Auditors & Business Consultants

20 / 11 / 2020