

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

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



General Purpose Financial Statements

for the year ended 30 June 2022

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The Flinders Ranges Council

General Purpose Financial Statements for the year ended 30 June 2022

Certification of Financial Statements

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


In our opinion:

- the accompanying Financial Statements comply with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the Financial Statements present a true and fair view of the Council's financial position at 30 June 2022 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

04 April 2023



Ken Anderson
Mayor

04 April 2023

General Purpose Financial Statements

for the year ended 30 June 2022

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 2022.

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

The Financial Statements incorporate 4 "primary" financial statements:

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

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

About the Independence Certificates

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

Who uses the Financial Statements?

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

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

Statement of Comprehensive Income

for the year ended 30 June 2022

\$	Notes	2022	2021
Income			
Rates	2a	2,463,143	2,361,646
Statutory Charges	2b	46,412	66,529
User Charges	2c	105,681	82,175
Grants, Subsidies & Contributions	2g	3,238,707	3,177,971
Investment Income	2d	18,271	19,698
Reimbursements	2e	58,891	56,022
Other income	2f	443,024	457,062
Total Income		6,374,129	6,221,103
Expenses			
Employee costs	3a	1,850,510	1,773,907
Materials, Contracts & Other Expenses	3b	2,891,370	2,783,349
Depreciation, Amortisation & Impairment	3c	1,517,345	1,512,969
Finance Costs	3d	4,435	5,504
Total Expenses		6,263,660	6,075,729
Operating Surplus / (Deficit)		110,469	145,374
Asset Disposal & Fair Value Adjustments	4	(42,837)	9,623
Amounts Received Specifically for New or Upgraded Assets	2g	983,092	742,455
Net Surplus / (Deficit)		1,050,724	897,452
Total Comprehensive Income		1,050,724	897,452
AASB1004 Recognition			
Fin. Assistance Grants & Supp. Road Funding Received in Advance	8a,2g	440,240	(165,822)
Total Comprehensive Income after AASB1004		1,490,964	731,630

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

Statement of Financial Position

as at 30 June 2022

\$	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	3,076,108	3,270,184
Trade & Other Receivables	5b	469,299	493,139
Inventories	5c	175,503	177,812
Total current assets		3,720,910	3,941,135
Non-current assets			
Financial Assets	6a	14,632	20,049
Other Non-Current Assets	6b	2,802,530	1,304,482
Infrastructure, Property, Plant & Equipment	7a(i)	53,834,852	53,782,243
Total non-current assets		56,652,014	55,106,774
TOTAL ASSETS		60,372,924	59,047,909
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	1,946,309	1,465,637
Borrowings	8b	44,383	43,599
Provisions	8c	1,975,625	2,126,038
Total Current Liabilities		3,966,317	3,635,274
Non-Current Liabilities			
Borrowings	8b	113,319	157,702
Provisions	8c	28,074	40,443
Total Non-Current Liabilities		141,393	198,145
TOTAL LIABILITIES		4,107,710	3,833,419
Net Assets		56,265,214	55,214,490
EQUITY			
Accumulated surplus		18,653,710	17,511,693
Asset revaluation reserves	9a	35,764,708	35,764,708
Other reserves	9b	1,846,796	1,938,089
Total Equity		56,265,214	55,214,490

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

Statement of Changes in Equity

for the year ended 30 June 2022

\$	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2022				
Balance at End of Previous Reporting Period	17,511,693	35,764,708	1,938,089	55,214,490
Net Surplus / (Deficit) for Year	1,050,724	–	–	1,050,724
Total comprehensive income	1,050,724	–	–	1,050,724
Transfers between Reserves	91,293	–	(91,293)	–
Balance at End of Reporting Period	18,653,710	35,764,708	1,846,796	56,265,214
2021				
Balance at End of Previous Reporting Period	16,598,993	35,764,708	1,953,337	54,317,038
Net Surplus / (Deficit) for Year	897,452	–	–	897,452
Total comprehensive income	897,452	–	–	897,452
Transfers between Reserves	15,248	–	(15,248)	–
Balance at End of Reporting Period	17,511,693	35,764,708	1,938,089	55,214,490

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

Statement of Cash Flows

for the year ended 30 June 2022

\$	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		6,940,228	6,098,596
Investment Receipts		16,788	19,698
<u>Payments</u>			
Operating Payments to Suppliers & Employees		(4,705,543)	(3,153,857)
Finance Payments		(4,681)	(5,097)
Net Cash Provided By (Used In) Operating Activities	11b	<u>2,246,792</u>	<u>2,959,340</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		746,960	742,455
Sale of Replaced Assets		8,773	45,455
Repayments of Loans by Community Groups		5,183	4,960
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,335,736)	(1,270,205)
Expenditure on New/Upgraded Assets		(1,822,449)	(1,661,398)
Net Cash Provided (Used In) Investing Activities		<u>(2,397,269)</u>	<u>(2,138,733)</u>
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Loans		(16,326)	(15,724)
Repayment of Lease Liabilities		(27,273)	(29,627)
Net Cash Provided By (Used In) Financing Activities		<u>(43,599)</u>	<u>(45,351)</u>
Net Increase (Decrease) in Cash Held		(194,076)	775,256
plus: Cash & Cash Equivalents at Beginning of Reporting Period		3,270,184	2,494,928
<u>Cash & Cash Equivalents at End of Reporting Period</u>	11a	<u>3,076,108</u>	<u>3,270,184</u>

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The Financial Report was authorised for issue by Certificate under Regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 04 April 2023

1.2 Critical Accounting Estimates

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

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

1.3 Rounding

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

(2) The Local Government Reporting Entity

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

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

(3) Income Recognition

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

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

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

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

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

Construction Contracts

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

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

(4) Cash, Cash Equivalents & Other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

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

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

These thresholds were last reviewed in March 2019 and are contained with the Council Policy 'Accounting for Assets'.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

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

6.6 Borrowing Costs

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

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

(9) Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured at the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Council does not make payment for untaken sick leave.

9.2 Superannuation

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(10) Provisions for Reinstatement, Restoration & Rehabilitation

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

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

(11) Leases

Accounting Policy Applicable from 01 July 2019

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

11.1 Council as a Lessee

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

i) Right-of-Use-Assets

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

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

ii) Lease Liabilities

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

(12) Equity Accounted Council Businesses

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(13) GST Implications

In accordance with UIG Abstract 1031 “*Accounting for the Goods & Services Tax*”

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

(14) New Accounting Standards & UIG Interpretations

No new or amended standards or interpretations applicable to Council have applied for the first time in the current reporting period.

The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued by the AASB Not Yet Effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, 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.

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7))

(15) 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.

(16) COVID-19

The COVID-19 pandemic has impacted the 2021/2022 Financial Statements, as it did within the 2020/2021 and 2019/2020 Financial Statements, although to a significant less degree. This 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.

Council estimates that, as in the two previous reporting periods, the reduction in revenue and increase in expenditure has resulted in a non-material change in the operating surplus for the current reporting period. It is expected that further financial impacts, though not significant, will flow into the 2022/2023 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.

(17) Disclaimer

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income

\$	2022	2021
(a) Rates		
General Rates		
General Rates	1,978,511	1,920,165
Less: Mandatory Rebates	(36,393)	(35,414)
Less: Discretionary Rebates, Remissions & Write Offs	(50,126)	(51,142)
Total General Rates	1,891,992	1,833,609
Other Rates (Including Service Charges)		
Landscape Levy	47,610	46,032
Waste Collection	250,730	237,510
Community Wastewater Management Systems	250,626	239,970
Total Other Rates (Including Service Charges)	548,966	523,512
Other Charges		
Penalties for Late Payment	22,877	6,027
Total Other Charges	22,877	6,027
Less: Discretionary Rebates, Remissions & Write Offs	(692)	(1,502)
Total Rates	2,463,143	2,361,646
(b) Statutory Charges		
Development Act Fees	18,268	43,944
Health & Septic Tank Inspection Fees	5,667	1,740
Animal Registration Fees & Fines	15,954	15,664
Other Licences, Fees & Fines	6,523	5,181
Total Statutory Charges	46,412	66,529
(c) User Charges		
Cemetery/Crematoria Fees	14,825	15,322
Hall & Equipment Hire	15,249	4,564
Sundry	2,749	248
Swimming Pools	30,225	21,929
Community Bus Hire	904	2,771
Waste Management	18,274	21,277
Airport Fees	2,607	693
Marathon Entry Fees	20,848	15,371
Total User Charges	105,681	82,175

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
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(d) Investment Income

Interest on Investments

- Local Government Finance Authority	16,958	18,437
- Banks & Other	315	37
- Loans to Community Groups	998	1,224

<u>Total Investment Income</u>	<u>18,271</u>	<u>19,698</u>
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(e) Reimbursements

Private Works	32,277	32,073
Insurance Recoveries	4,791	—
Shared Services Fees	445	7,630
Recreation & Sport - Oval	9,013	4,168
Workers Insurance	9,596	—
Other	2,769	12,151

<u>Total Reimbursements</u>	<u>58,891</u>	<u>56,022</u>
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(f) Other income

Rebates & Incentives Received	18,770	7,802
Sundry	13,060	14,092
Commercial Income	58,872	7,276
Donations	10,113	8,045
Outback Community Authority	23,487	26,597
FRVIC	284,977	346,163
Warren's Gorge	25,927	31,087
Sponsorship	7,818	16,000

<u>Total Other income</u>	<u>443,024</u>	<u>457,062</u>
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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
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(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	983,092	742,455
Total Amounts Received Specifically for New or Upgraded Assets	983,092	742,455
Other Grants, Subsidies and Contributions	1,235,525	52,532
Untied - Financial Assistance Grant	1,538,789	1,498,944
Roads to Recovery	314,766	476,362
Drought Communities Grant	–	1,000,000
Individually Significant Item - Additional Grants Commission Payment (refer below)	149,627	150,133
Total Other Grants, Subsidies and Contributions	3,238,707	3,177,971
Total Grants, Subsidies, Contributions	4,221,799	3,920,426

The functions to which these grants relate are shown in Note 12.

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

Other Grants, Subsidies and Contributions - AASB1004 adjustment	440,240	(165,822)
Total Grants, Subsidies, Contributions - AASB1004 adjustments	440,240	(165,822)
AASB1004 adjusted Total Grants, Subsidies, Contributions	4,662,039	3,754,604

(i) Sources of grants

Commonwealth Government	1,714,934	2,014,437
State Government	2,367,865	1,902,719
Other	139,000	3,270
Total	4,221,799	3,920,426
AASB1004 adjusted Sources of grants		
Commonwealth Government	1,714,934	2,014,437
State Government	2,808,105	1,736,897
Other	139,000	3,270
Total	4,662,039	3,754,604

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
(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	1,412,491	20,000
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	(9,613)	—
NRWMF & P4P Projects	(814,329)	—
Subtotal	(823,942)	—
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	—	163,697
Other	261,478	—
NRWMF & P4P Projects	233,333	1,228,794
Other Infrastructure	188,061	—
Subtotal	682,872	1,392,491
Unexpended at the close of this reporting period	1,271,421	1,412,491
Net increase (decrease) in assets subject to conditions in the current reporting period	(141,070)	1,392,491

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses

\$	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		1,458,816	1,438,239
Employee Leave Expense		207,514	154,137
Superannuation - Defined Contribution Plan Contributions	18	169,277	182,862
Workers' Compensation Payments		39,580	10,703
Less: Capitalised and Distributed Costs		(24,677)	(12,034)
Total Operating Employee Costs		1,850,510	1,773,907
Total Number of Employees (full time equivalent at end of reporting period)		25	24
(b) Materials, Contracts & Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		13,000	16,157
Elected Members' Expenses		96,743	90,987
Election Expenses		13,787	6,429
Subtotal - Prescribed Expenses		123,530	113,573
(ii) Other Materials, Contracts and Expenses			
Contractors		996,387	1,061,875
Energy - Fuel & Power		208,287	189,462
Plant and Equipment Capital Purchases		8,050	149,565
Legal Expenses		46,171	50,788
Levies Paid to Government - NRM levy		46,943	46,478
Levies - Other		4,177	3,053
Parts, Accessories & Consumables		40,972	46,352
Professional Services		48,709	31,557
Sundry		287,414	263,705
Waste Management		301,240	269,311
Insurance		240,909	264,482
Vehicle Maintenance		114,337	87,019
FBT		25,910	22,464
FRVIC		230,561	281,531
Workers Compensation Insurance		64,616	38,471
LG Systems / Magiq Contract		29,377	33,407
Infrastructure Construction & Maintenance		906,289	920,253
CWMS		19,447	31,871
Land & Building Purchase, Construction & Upgrades		623,839	1,326,885
Water		62,383	61,838
Less: Capitalised and Distributed Costs		(1,538,178)	(2,510,591)
Subtotal - Other Material, Contracts & Expenses		2,767,840	2,669,776
Total Materials, Contracts and Other Expenses		2,891,370	2,783,349

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses (continued)

\$	2022	2021
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(c) Depreciation, Amortisation & Impairment

(i) Depreciation and Amortisation

Buildings	722,899	743,546
Infrastructure	505,559	487,175
Infrastructure		
CWMS	72,354	72,354
Right-of-Use Assets - Buildings	27,432	29,289
Plant & Equipment	138,626	136,043
Furniture & Fittings	50,475	44,562
Total Depreciation, Amortisation and Impairment	1,517,345	1,512,969

(d) Finance Costs

Interest on Overdraft and Short-Term Drawdown	—	253
Interest on Loans	3,996	4,606
Interest on Leases	439	645
Total Finance Costs	4,435	5,504

Note 4. Asset Disposal & Fair Value Adjustments

\$	2022	2021
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Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	8,773	45,455
Less: Carrying Amount of Assets Sold	(51,610)	(35,832)
Net Gain (Loss) on Disposal or Revaluation of Assets	(42,837)	9,623

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 5. Current Assets

\$	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	31,107	348,879
Deposits at Call	1,295,001	671,305
Short Term Deposits & Bills, etc.	1,750,000	2,250,000
Total Cash & Cash Equivalent Assets	3,076,108	3,270,184

(b) Trade & Other Receivables

Rates - General & Other	294,493	322,664
Council Rates Postponement Scheme	1,071	—
Accrued Interest	2,340	858
Debtors - General	34,078	11,766
Prepayments	35,277	7,171
Loans to Community Organisations	5,417	5,183
Accrued Income - ATO	5,397	—
Accrued Income - Grants	84,008	138,366
Accrued Income - Other	7,218	7,131
Total Trade & Other Receivables	469,299	493,139

(c) Inventories

Stores & Materials	134,447	137,554
Trading Stock	41,056	40,258
Total Inventories	175,503	177,812

Note 6. Non-Current Assets

\$	2022	2021
(a) Financial Assets		
Receivables		
Loans to Community Organisations	14,632	20,049
Total Financial Assets	14,632	20,049

(b) Other Non-Current Assets

Other		
Capital Works-in-Progress	2,802,530	1,304,482
Total Other Non-Current Assets	2,802,530	1,304,482

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property

(a(i)) Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/06/21				Asset movements during the reporting period					as at 30/06/22			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land	2	1,641,465	74,136	–	1,715,601	–	–	–	–	–	1,641,465	74,136	–	1,715,601
Land	3	1,207,899	–	–	1,207,899	–	–	–	–	–	1,207,899	–	–	1,207,899
Buildings	3	28,673,188	2,960,206	(18,403,066)	13,230,328	–	683,930	17,376	51,610	(722,899)	28,587,328	3,661,511	(19,091,714)	13,157,125
Infrastructure	3	39,187,037	2,667,498	(8,670,081)	33,184,454	–	345,649	566,559	–	(505,559)	39,187,037	3,579,706	(9,175,640)	33,591,103
CWMS	3	4,124,928	–	(1,665,203)	2,459,725	–	–	–	–	(72,354)	4,124,928	–	(1,737,557)	2,387,371
Right-of-Use Assets		140,874	–	(58,579)	82,295	–	–	–	–	(27,432)	140,874	–	(86,011)	54,863
Plant & Equipment	3	2,221,155	936,187	(1,665,909)	1,491,433	–	–	8,050	–	(138,626)	2,221,155	944,237	(1,804,535)	1,360,857
Furniture & Fittings	3	242,500	411,984	(243,976)	410,508	–	–	–	–	(50,475)	242,500	411,984	(294,451)	360,033
Total Infrastructure, Property, Plant & Equipment		77,439,046	7,050,011	(30,706,814)	53,782,243	–	1,029,579	591,985	51,610	(1,517,345)	77,353,186	8,671,574	(32,189,908)	53,834,852
Comparatives		77,543,619	4,539,420	(29,257,012)	52,826,027	(5,573)	1,578,877	931,713	35,832	(1,512,969)	77,439,046	7,050,011	(30,706,814)	53,782,243

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

(b) 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

Other Information

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

Highest & Best Use

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

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

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

Infrastructure

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

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

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

The next scheduled revaluation of this class of assets will be during the 2022 / 2023 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 2022 / 2023 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 2022 / 2023 financial year.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

Furniture & Fittings

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

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

The next scheduled revaluation of this class of assets will be during the 2022 / 2023 financial year.

Land, Land Improvements, Buildings & Other Structures

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

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

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised at written down current replacement cost, deriving from a valuation at 30 June 2017 by Maloney's.

Additions are recognised at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the written down current replacement cost basis, deriving from a valuation at 30 June 2017 by Maloney's. Additions are recognised at cost.

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

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

The next scheduled revaluation of this class of assets will be during the 2022 / 2023 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 2022 / 2023 financial year.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 8. Liabilities

	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
\$				
(a) Trade & Other Payables				
Goods & Services	574,961	—	539,455	—
Payments Received in Advance	1,235,281	—	795,041	—
Accrued Expenses - Emp. Entitlements	71,290	—	67,403	—
Accrued Expenses - Finance Costs	1,584	—	1,830	—
Accrued Expenses - Other	20,098	—	18,950	—
Sec 184 Proceeds Held in Trust	43,095	—	42,958	—
Total Trade & Other Payables	1,946,309	—	1,465,637	—

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

FAGs Received in Advance	(1,235,281)	—	(795,041)	—
Total AASB1004 Adjustments	(1,235,281)	-	(765,041)	-
AASB 1004 Adjusted Trade & Other	711,028		664,096	

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

	Notes	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
\$					
(b) Borrowings					
Loans		16,951	85,728	16,326	102,679
Lease Liabilities	17b	27,432	27,591	27,273	55,023
Total Borrowings		44,383	113,319	43,599	157,702

	2022 Current	2022 Non Current	2021 Current	2021 Non Current
\$				
(c) Provisions				
Employee Entitlements (including oncosts)	304,204	28,074	282,335	40,443
Future Reinstatement / Restoration, etc	400,000	—	431,212	—
Unspent Grants	1,271,421	—	1,412,491	—
Total Provisions	1,975,625	28,074	2,126,038	40,443

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Buildings & Other Structures	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

	as at 30/06/21				as at 30/06/22
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Landscape Levy (Separate Rate)	1,117	666	—	—	1,783
Land & Buildings	61,835	191	—	—	62,026
Plant Replacement	52,446	47,554	—	—	100,000
Waste Collection (Service Charge)	117,907	364	(47,281)	—	70,990
Stormwater Dams	2,098	6	—	—	2,104
Community Trust Funds	36,720	314	(54)	—	36,980
Hawker CWMS (Service Charge)	354,032	34,366	—	—	388,398
Quorn CWMS (Service Charge)	415,423	77,696	—	—	493,119
Community Buses	52,446	163	—	—	52,609
Other Reserves	801,107	7,476	(212,891)	—	595,692
Sec 184 Proceeds	42,958	137	—	—	43,095
Total Other Reserves	1,938,089	168,933	(260,226)	—	1,846,796
Comparatives	1,953,337	175,027	(190,275)	—	1,938,089

Purposes of Reserves

Asset Revaluation Reserves

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 10. Assets Subject to Restrictions

\$	Notes	2022	2021
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash & Financial Assets

CWMS Annual Service Charge		881,517	769,456
Waste Collection Annual Service Charge		70,990	117,907
Landscape Levy		1,783	1,116
Unexpended Grant Funds		1,271,421	1,412,491
Employee Entitlements		403,568	390,181
Total Assets Subject to Externally Imposed Restrictions		2,629,279	2,691,151

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

Provisions	8	403,568	390,181
Total		403,568	390,181

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2022	2021
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(a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	3,076,108	3,270,184
Balances per Statement of Cash Flows		3,076,108	3,270,184

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

Net Surplus/(Deficit)		1,050,724	897,452
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,517,345	1,512,969
Grants for capital acquisitions treated as Investing Activity		(983,092)	(742,455)
Net (Gain) Loss on Disposals		42,837	(9,623)
		1,627,814	1,658,343
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		24,074	310,831
Net (Increase)/Decrease in Inventories		2,310	52,784
Net Increase/(Decrease) in Trade & Other Payables		515,358	(530,227)
Net Increase/(Decrease) in Unpaid Employee Benefits		13,386	75,118
Net Increase/(Decrease) in Other Provisions		63,850	1,392,491
Net Cash provided by (or used in) operations		2,246,792	2,959,340

(c) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	11,000	11,000
LGFA Cash Advance Debenture Facility	1,000,000	1,000,000

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
		INCOME		EXPENSES	OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
\$	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Administration	3,159,826	3,055,282	362,947	51,636	2,796,879	3,003,646	1,217,208	1,175,571	60,372,924	59,047,909
Public Order & Health	350	630	45,914	42,987	(45,564)	(42,357)	–	–	–	–
Social Security & Welfare	28,687	9,909	94,796	90,165	(66,109)	(80,256)	–	–	–	–
Community Amenities	540,509	516,008	1,052,620	1,031,284	(512,111)	(515,276)	6,055	–	–	–
Recreation & Culture	97,038	101,127	1,710,863	1,831,525	(1,613,825)	(1,730,398)	3,860	34,088	–	–
Agricultural Services	47,610	46,032	65,404	58,336	(17,794)	(12,304)	–	–	–	–
Regulatory Services	40,392	63,977	205,546	171,165	(165,154)	(107,188)	–	–	–	–
Transport & Communication	1,250,891	949,868	1,509,765	1,664,293	(258,874)	(714,425)	1,250,891	949,868	–	–
Economic Development	1,027,845	1,364,517	736,679	707,418	291,166	657,099	736,461	1,018,444	–	–
Not Elsewhere Classified	180,981	113,753	500,397	302,055	(319,416)	(188,302)	24,232	–	–	–
Works Overheads	–	–	(21,271)	124,865	21,271	(124,865)	–	–	–	–
Other Functions/Activities	–	–	–	–	–	–	–	–	–	–
Total										
Functions/Activities	6,374,129	6,221,103	6,263,660	6,075,729	110,469	145,374	3,238,707	3,177,971	60,372,924	59,047,909

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

Council Administration

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

PUBLIC ORDER & HEALTH

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

SOCIAL SECURITY & WELFARE

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

COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

AGRICULTURAL SERVICES

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

Regulatory Services

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

TRANSPORT & COMMUNICATION

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

Economic Development

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

NOT ELSEWHERE CLASSIFIED (NEC)

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

WORKS - INDIRECT

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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 0.53% and 1.05% (2021: 0.3% and 0.45%). Short term deposits have an average maturity of 13 days and an average interest rate of 0.95% (2021: 28 days and 0.3%).

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 0.4208% (2021: 0.4333%). 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).

Receivables - Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Creditors & Accruals

Accounting Policy:

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 3.49% and 4.45% (2021: 3.49% and 4.45%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets & Liabilities					
2022					
Financial Assets					
Cash & Cash Equivalents	3,076,108	–	–	3,076,108	3,076,108
Receivables	138,458	14,632	–	153,090	153,090
Total Financial Assets	3,214,566	14,632	–	3,229,198	3,229,198
Financial Liabilities					
Payables	711,028	–	–	711,028	711,028
Current Borrowings	16,951	–	–	16,951	16,951
Non-Current Borrowings	–	64,978	20,750	85,728	85,728
Leases	27,432	27,591	–	55,023	55,023
Total Financial Liabilities	755,411	92,569	20,750	868,730	868,730
2021					
Financial Assets					
Cash & Cash Equivalents	3,270,184	–	–	3,270,184	3,270,184
Receivables	163,304	20,049	–	183,353	183,353
Total Financial Assets	3,433,488	20,049	–	3,453,537	3,453,537
Financial Liabilities					
Payables	670,596	–	–	670,596	670,596
Current Borrowings	16,326	–	–	16,326	16,326
Non-Current Borrowings	–	68,682	33,997	102,679	102,679
Leases	27,273	55,023	–	82,296	82,296
Total Financial Liabilities	714,195	123,705	33,997	871,897	871,897

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

\$	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	3.68%	102,679	3.69%	119,005
		102,679		119,005

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Note 14. Capital Expenditure and Investment Property Commitments

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators

\$	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019
Financial Indicators overview					
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.					
1. Operating Surplus Ratio					
Operating Surplus	110,469	1.7%	2.3%	1.7%	(18.2)%
Total Operating Income	6,374,129				
This ratio expresses the operating surplus as a percentage of total operating revenue.					
2. Net Financial Liabilities Ratio					
Net Financial Liabilities	547,671	9%	1%	(10)%	(9)%
Total Operating Income	6,374,129				
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.					
Adjusted Operating Surplus Ratio					
Operating Surplus	550,709	8.1%	(0.3)%	0.1%	(11.9)%
Total Operating Income	6,814,369				
Adjustments to Ratios					
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios show the correct treatment, and resulting distortion in key ratios for each year.					
Adjusted Net Financial Liabilities Ratio					
Net Financial Liabilities	(687,610)	(10)%	(12)%	(9)%	(14)%
Total Operating Income	6,814,369				
3. Asset Renewal Funding Ratio					
Asset Renewals	1,326,963	127%	119%	59%	16%
Infrastructure & Asset Management Plan required expenditure	1,047,500				
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.					

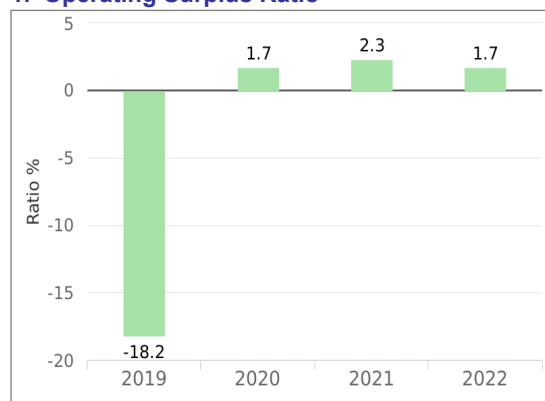
Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



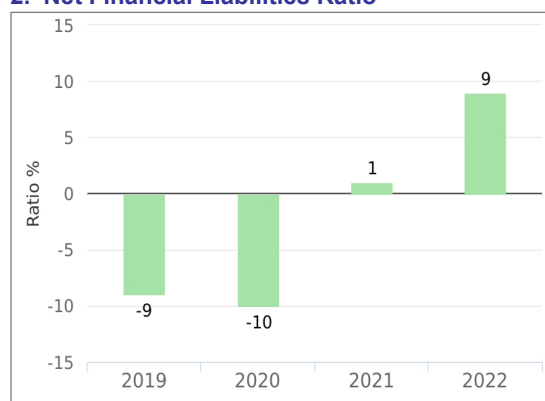
Purpose of operating surplus ratio

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

Commentary on 2021/22 result

2021/22 ratio 1.7%

2. Net Financial Liabilities Ratio



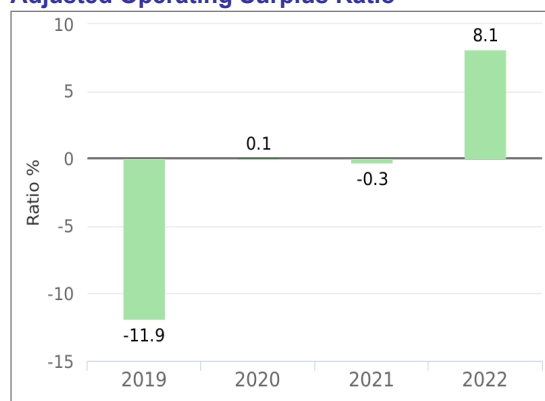
Purpose of net financial liabilities ratio

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

Commentary on 2021/22 result

2021/22 ratio 9%

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

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

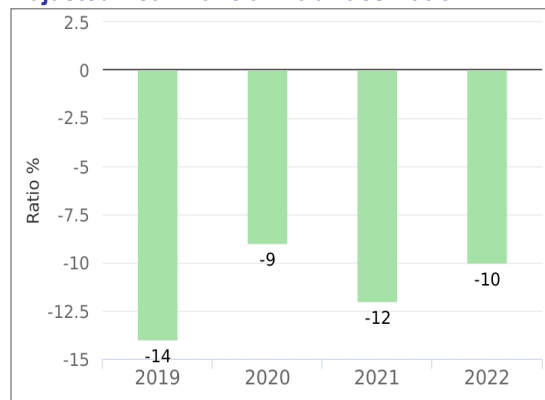
Commentary on 2021/22 result

2021/22 ratio 8.1%

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



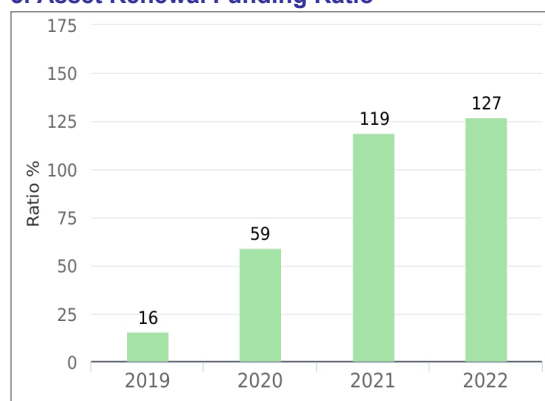
Purpose of adjusted net financial liabilities ratio

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

Commentary on 2021/22 result

2021/22 ratio (10)%

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2021/22 result

2021/22 ratio 127%

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 16. Uniform Presentation of Finances

\$	2022	2021
<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	6,374,129	6,221,103
less Expenses	(6,263,660)	(6,075,729)
Operating Surplus / (Deficit)	110,469	145,374
Net Outlays on Existing Assets		
Capital Expenditure on Renewal & Replacement of Existing Assets	(1,335,736)	(1,270,205)
add back Depreciation, Amortisation & Impairment	1,517,345	1,512,969
add back Proceeds from Sale of Replaced Assets	8,773	45,455
	190,382	288,219
Net Outlays on New & Upgraded Assets		
Capital Expenditure on New & Upgraded Assets (including Investment Property & Real Estate Developments)	(1,822,449)	(1,661,398)
add back Amounts Received Specifically for New & Upgraded Assets	983,092	742,455
	(839,357)	(918,943)
Net Lending / (Borrowing) for Financial Year	(538,506)	(485,350)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Right of Use Assets

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

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

(a) Right of use assets

\$	Buildings	Total
2022		
Opening balance	82,296	82,296
Depreciation charge	(27,432)	(27,432)
Balance at 30 June	54,864	54,864
2021		
Opening balance	111,585	111,585
Depreciation charge	(29,289)	(29,289)
Balance at 30 June	82,296	82,296

(b) Lease liabilities

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

\$	2022	2021
Opening Balance	82,296	111,924
Accretion of interest	439	645
Payments	(27,712)	(30,273)
Balance at 30 June	55,023	82,296
Classified as:		
Current	27,432	27,273
Non-Current	27,591	55,023

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	29,289	29,289
Interest expense on lease liabilities	439	645
Total amount recognised in profit or loss	29,728	29,934

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 18. Superannuation

Pre-amble

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). 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 2020/21) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Note 19. Interests in Other Entities

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

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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

1. Land under roads

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

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

2. Potential insurance losses

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

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

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

3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$20,049 (2021: \$25,232) at reporting date.

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

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

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

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed Officers under Section 112 of the Local Government Act 1999. In all, 13 persons were paid the following total compensation:

\$	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	613,751	520,255
Post-Employment Benefits	45,281	36,147
Long-Term Benefits	26,417	14,450
Total	685,449	570,852

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

Of these amounts, \$624,376 has been paid, \$41,230 is payable by Council and \$19,843 has been provided for as at the reporting date. The amounts detailed as "payable" and "provided for" relate entirely to accrued Employee Leave Entitlements as at the reporting date, and are total amounts and not the net movement for the reporting period.

Key Management Personnel - Receipts From

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

Parties Related to Key Management Personnel

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

One (1) Key Management Personnel Chaired the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$1,774. The organisation has a lease agreement with Council to use Council land and buildings thereon. No fees or rentals are charged for this.

Two (2) Key Management Personnel 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 during the previous reporting period with implementation of those projects continuing in the current period. During the previous period an amount of \$419,357 was paid to Council as the initial grant instalments. During the current reporting period a further \$754,940 of instalments were received, of which \$233,333 has been recognised as unspent at 30 June 2022.

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 \$5,961 during the reporting period. No amounts are outstanding at 30 June 2022. The organisation has a lease agreement with Council to use Council land and buildings. No fees or rentals are charged for this. During the reporting period, Council received a \$550 reimbursement from the organisation. As at 30 June 2022, an amount of \$1753 remained payable to the organisation by Council for water reimbursements, with a further \$8,717 paid to the organisation for water during the reporting period. Council provided in-kind works to the organisation during the reporting period.

One (1) Key Management Personnel is on the Board of the Hawker Community Development Board Inc. The organisation has lease agreement(s) with Council to use Council land and buildings. No fees or rentals are charged for this. During the reporting period, Council received \$1,674 from the organisation for cleaning, electricity and freight reimbursements. As at 30 June 2022, no amounts remained payable to Council by the organisation. Council provided in-kind works to the organisation during the reporting period. Council provided the organisation with a Community Grant of \$1,000 during the reporting period.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 23. Related Party Transactions (continued)

One (1) Key Management Personnel was a member of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$26,648 to the organisation. As at 30 June 2022, no amounts were outstanding.

One (1) Key Management Personnel is on the Board of Wirreanda Cottage. During the reporting period, Council provided the organisation with \$4,496 of discretionary rate rebates over three properties. As at 30 June 2022, no amounts were outstanding.

A business operated by a close family member of one (1) Key Management Personnel hired equipment and purchased some surplus materials from Council during the reporting period. Hire income from this business totalled \$430 and material purchases totalled \$206 during the reporting period, none of which was outstanding as at 30 June 2022.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 24. Financial Commentary & Review

Key Financial Figures of Council over the past 5 years

\$	2022	2021	2020	2019	2018
Financial Performance Figures					
Inflows:					
Rates	2,463,143	2,361,646	2,378,502	2,329,553	2,222,028
Statutory Charges	46,412	66,529	34,890	31,119	49,170
User Charges	105,681	82,175	76,955	107,185	99,888
Grants, Subsidies & Contributions	3,238,707	3,177,971	3,161,745	1,887,076	2,340,897
Investment Income	18,271	19,698	40,755	85,174	82,362
Total Income from Continuing Operations	6,374,129	6,221,103	6,208,503	4,984,925	5,334,673
Sale Proceeds from I,PP&E	8,773	45,456	—	114,864	115,182
New Loan Borrowings & Advances	—	—	—	120,000	—
Outflows:					
Employee Costs	1,850,510	1,773,907	1,334,630	1,472,881	1,520,048
Materials, Contracts & Other Expenses	2,891,370	2,783,349	3,220,831	2,841,607	2,452,630
Finance Costs	4,435	5,504	17,381	65,510	72,107
Total Expenses from Continuing Operations	6,263,660	6,075,729	6,101,359	5,891,058	5,568,526
Total Cash purchases of I,PP&E	(3,158,185)	(2,931,603)	(1,436,184)	(1,313,885)	(2,399,427)
Total Loan Repayments (incl. Finance Leases)	(43,758)	(45,351)	(899,116)	(219,221)	(203,782)
Operating Surplus/(Deficit) (excl. Capital Income)	110,469	145,374	107,144	906,133	(233,853)
Financial Position Figures					
Current Assets	3,720,910	3,941,135	3,529,271	4,306,650	4,233,753
Current Liabilities	3,966,317	3,635,274	2,422,088	3,344,290	2,296,009
Net Current Assets	(245,407)	305,861	1,107,183	962,360	1,937,743
Cash & Investments	3,076,108	3,270,184	2,494,928	3,327,155	3,259,832
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	157,702	201,301	252,227	1,004,086	1,103,306
Total Value of I,PP&E (excl. Land & Land Imp'ments)	86,024,760	84,489,057	82,083,039	80,804,871	79,516,006
Total Accumulated Depreciation	32,189,908	30,706,814	29,257,012	27,728,495	26,388,413
Indicative Remaining Useful Life (as a % of GBV)	63%	64%	64%	66%	67%

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 25. Council information and contact details

Principal Place of Business:

1 Seventh Street
QUORN SA 5433

Contact details**Mailing Address:**

PO Box 43
QUORN SA 5433

Telephone: 08 8620 0500

Opening Hours:

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

Internet: www.frc.sa.gov.au

Email: council@frc.sa.gov.au

Officers**Chief Executive Officer**

Eric Brown

Auditor

Ian G McDonald FCA
PO Box 75
HENLEY BEACH SA 5022

Elected Members (as at 30 June 2022)**Mayor**

Ken Anderson

Councillors

Cr Ken Anderson
Cr Ian Carpenter
Cr Julian Hipwell
Cr Ashley Parkinson
Cr Patsy Reynolds
Cr Steve Taylor
Cr Kevin Woolford

Other information

ABN: 43 952 255 151



Ian G McDonald FCA

The Flinders Ranges Council Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of the Flinders Ranges Council (Council) for the year ended 30 June 2022.

Opinion

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

- a) to present fairly the financial position of the Council as at the 30 June 2022 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

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

Other Information – Basis of Accounting and Restriction on Distribution

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

Responsibilities of Management for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange this 13 April 2023



Ian G McDonald FCA

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

We have audited the compliance of the Flinders Ranges Council (Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

Basis for Opinion

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

Limitation on Use

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

Inherent Limitations

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

The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125* of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable *Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements*, issued by the *Australian Auditing and Assurance Standards Board*, in order to state whether, in all material respects, the Council has complied with *Section 125* of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2021 to 30 June 2022. *ASAE 3100* also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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

A handwritten signature in blue ink that reads 'Ian G McDonald'.

Ian G McDonald FCA

Chartered Accountant

Registered Company Auditor 16458

Signed at Grange this 13 April 2023

www.creativeauditing.com.au

Ian 0419 620 906

ianmcdonald@creativeauditing.org

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Nancy 0408 832 848

nancytran@creativeauditing.org


General Purpose Financial Statements

for the year ended 30 June 2022

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 2022, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


Eric Brown
Chief Executive Officer
Richard Perkins
Presiding Member, Audit Committee

Date: 04 April 2023

Ian G McDonald FCA

THE FLINDERS RANGES COUNCIL

Annual Financial Statement

For the year ended 30 June 2022

Audit Certificate of Audit Independence

We confirm that, for the audit of the financial statements of the Flinders Ranges Council for the year ended 30 June 2022, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



Ian G McDonald FCA

Date: 31 October 2022