

The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

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 2021

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General Purpose Financial Statements

for the year ended 30 June 2021

Certification of Financial Statements

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

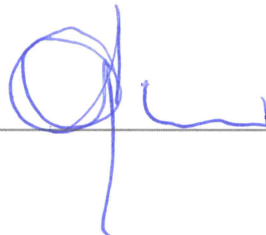
In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 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

25 May 2022



Greg Flint
Mayor

25 May 2022

General Purpose Financial Statements

for the year ended 30 June 2021

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 2021.

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

The Financial Statements incorporate 4 "primary" financial statements:

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

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

About the Independence Certificates

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

Who uses the Financial Statements?

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

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

Statement of Comprehensive Income

for the year ended 30 June 2021

\$	Notes	2021	2020
Income			
Rates	2a	2,361,646	2,378,502
Statutory Charges	2b	66,529	34,890
User Charges	2c	82,175	76,955
Grants, Subsidies and Contributions	2g	3,177,971	3,161,745
Investment Income	2d	19,698	40,755
Reimbursements	2e	56,022	143,668
Other income	2f	457,062	371,988
Total Income		6,221,103	6,208,503
Expenses			
Employee costs	3a	1,773,907	1,334,630
Materials, Contracts and Other Expenses	3b	2,783,349	3,220,831
Depreciation, Amortisation and Impairment	3c	1,512,969	1,528,517
Finance Costs	3d	5,504	17,381
Total Expenses		6,075,729	6,101,359
Operating Surplus / (Deficit)		145,374	107,144
Asset Disposal & Fair Value Adjustments	4	9,623	—
Amounts Received Specifically for New or Upgraded Assets	2g	742,455	—
Net Surplus / (Deficit)		897,452	107,144
Total Comprehensive Income		897,452	107,144
AASB1004 Recognition			
Fin. Assistance Grants & Supp. Road Funding Received in Advance	8a,2g	(165,822)	(100,088)
Total Comprehensive Income after AASB1004		731,630	7,056

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

Statement of Financial Position

as at 30 June 2021

\$	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	3,270,184	2,494,928
Trade & Other Receivables	5b	493,139	803,747
Inventories	5c	177,812	230,596
Total current assets		3,941,135	3,529,271
Non-current assets			
Financial Assets	6a	20,049	25,232
Other Non-Current Assets	6b	1,304,482	610,075
Infrastructure, Property, Plant & Equipment	7a(i)	53,782,243	52,826,027
Total non-current assets		55,106,774	53,461,334
TOTAL ASSETS		59,047,909	56,990,605
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	1,465,637	1,722,468
Borrowings	8b	43,599	44,843
Provisions	8c	2,126,038	654,777
Total Current Liabilities		3,635,274	2,422,088
Non-Current Liabilities			
Borrowings	8b	157,702	207,384
Provisions	8c	40,443	44,095
Total Non-Current Liabilities		198,145	251,479
TOTAL LIABILITIES		3,833,419	2,673,567
Net Assets		55,214,490	54,317,038
EQUITY			
Accumulated surplus		17,511,693	16,598,993
Asset revaluation reserves	9a	35,764,708	35,764,708
Other reserves	9b	1,938,089	1,953,337
Total Equity		55,214,490	54,317,038

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 2021

\$	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021				
Balance at the 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 the end of period	17,511,693	35,764,708	1,938,089	55,214,490
2020				
Balance at the end of previous reporting period	15,571,499	35,764,708	2,873,687	54,209,894
Net Surplus / (Deficit) for Year	107,144	–	–	107,144
Total comprehensive income	107,144	–	–	107,144
Transfers between Reserves	920,350	–	(920,350)	–
Balance at the end of period	16,598,993	35,764,708	1,953,337	54,317,038

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 2021

\$	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		6,098,596	6,531,910
Investment Receipts		19,698	40,755
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(3,153,857)	(5,041,381)
Finance Payments		(5,097)	(32,958)
Net cash provided by (or used in) Operating Activities	11b	<u>2,959,340</u>	<u>1,498,326</u>
Cash flows from investing activities			
Amounts received specifically for new or upgraded assets		742,455	—
Sale of Replaced Assets		45,455	—
Repayments of Loans by Community Groups		4,960	4,747
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,270,205)	(591,822)
Expenditure on New/Upgraded Assets		(1,661,398)	(844,362)
Net cash provided (or used in) investing activities		<u>(2,138,733)</u>	<u>(1,431,437)</u>
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Loans		(15,724)	(869,356)
Repayment of Lease Liabilities		(29,627)	(29,760)
Net Cash provided by (or used in) Financing Activities		<u>(45,351)</u>	<u>(899,116)</u>
Net Increase (Decrease) in Cash Held		<u>775,256</u>	<u>(832,227)</u>
plus: Cash & Cash Equivalents at beginning of period		2,494,928	3,327,155
Cash and cash equivalents held at end of period	11a	<u>3,270,184</u>	<u>2,494,928</u>

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

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

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Notes to the Financial Statements

for the year ended 30 June 2021

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 25 May 2022

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.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

(2) The Local Government Reporting Entity

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

(3) Income Recognition

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

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

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

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

In previous years, Grants Commission funds were also shown as Commonwealth sourced funding. This has been corrected, consistent with the Model Financial Statements, in the current reporting period and comparative figures for prior periods adjusted accordingly throughout the Statements and Notes.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Roads to Recovery funding has previously been reported as an amount received specifically for new and upgraded assets in the Statement of Comprehensive Income and Notes. In accordance with the Model Financial Statements, these funds are now shown as operating grants, subsidies and contributions. Comparative figures for previous reporting periods have also been adjusted to reflect this correct disclosure.

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.

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 and other Financial Instruments

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

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

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

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

(5) Inventories

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

These thresholds were last reviewed in July 2018 and are contained with the Council Policy 'Accounting for Assets'.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

Office Equipment	3 to 15 years
Office Furniture	4 to 15 years
Vehicles and Road-making Equip	2 to 15 years
Other Plant & Equipment	5 to 50 years

Building & Other Structures

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

Infrastructure

Sealed Roads – Surface	15 years
Sealed Roads – Structure	120 years
Unsealed Roads	Not Depreciated (Interpretation 1055)
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	20 to 80 years
Drains	80 years
Culverts	60 years
Flood Control Structures	50 to 80 years
Dams and Reservoirs	80 to 100 years

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

Council does not make payment for untaken sick leave.

9.2 Superannuation

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

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

(10) Provisions for Reinstatement, Restoration and Rehabilitation

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

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

(11) Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

i) Right-of-Use-Assets

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(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 and UIG interpretations

New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

(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.

Specific notation is made again of the changes to comparative information included within these Statements and Notes relating to the Grants Commission funding source corrections and the treatments of Roads to Recovery funding outlined within Section 3 'Income Recognition' of this Note.

(16) COVID-19

The COVID-19 pandemic has impacted the 2020/2021 financial statements, as it did within the 2019/2020 financial statements,. 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 2019/2020 reporting period, 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 2021/2022 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 the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$	2021	2020
(a) Rates		
General Rates		
General Rates	1,920,165	1,924,607
Less: Mandatory Rebates	(86,556)	(89,956)
Total General Rates	1,833,609	1,834,651
Other Rates (Including Service Charges)		
Natural Resource Management Levy	46,032	45,422
Waste Collection	237,510	237,981
Community Wastewater Management Systems	239,970	240,800
Total Other Rates (Including Service Charges)	523,512	524,203
Other Charges		
Penalties for Late Payment	6,027	26,968
Total Other Charges	6,027	26,968
Less: Discretionary Rebates, Remissions & Write Offs	(1,502)	(7,320)
Total Rates	2,361,646	2,378,502
(b) Statutory Charges		
Development Act Fees	43,944	15,782
Health & Septic Tank Inspection Fees	1,740	—
Animal Registration Fees & Fines	15,664	14,985
Other Licences, Fees & Fines	5,181	4,123
Total Statutory Charges	66,529	34,890
(c) User Charges		
Cemetery/Crematoria Fees	15,322	15,471
Hall & Equipment Hire	4,564	3,393
Sundry	248	1,465
Swimming Pools	21,929	28,185
Community Bus Hire	2,771	4,513
Waste Management	21,277	16,952
Airport Fees	693	5,758
Marathon Entry Fees	15,371	1,218
Total User Charges	82,175	76,955

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$	2021	2020
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	18,437	38,702
- Banks & Other	37	612
- Loans to Community Groups	1,224	1,441
<u>Total Investment Income</u>	<u>19,698</u>	<u>40,755</u>
(e) Reimbursements		
Private Works	32,073	2,333
NRWMF Legal Fees, Ballot & Study	—	87,640
Shared Services Fees	7,630	27,181
Recreation & Sport - Oval	4,168	7,033
Other	12,151	19,481
<u>Total Reimbursements</u>	<u>56,022</u>	<u>143,668</u>
(f) Other income		
Insurance & Other Recoupments - Infrastructure, IPP&E	—	6,555
Rebates & Incentives Received	7,802	39,854
Sundry	14,092	10,799
Commercial Income	7,276	47,073
Donations	8,045	5,736
Outback Community Authority	26,597	31,242
FRVIC	346,163	210,077
Warren's Gorge	31,087	18,388
Sponsorship	16,000	—
Other	—	2,264
<u>Total Other income</u>	<u>457,062</u>	<u>371,988</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$	2021	2020
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(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	742,455	—
Total Amounts Received Specifically for New or Upgraded Assets	742,455	—
Other Grants, Subsidies and Contributions	52,532	46,287
Untied - Financial Assistance Grant	1,498,944	1,482,748
Roads to Recovery	476,362	466,744
Home and Community Care Grant	1,000,000	1,000,000
Sundry	—	15,833
Individually Significant Item - Additional Grants Commission Payment (refer below)	150,133	150,133
Total Other Grants, Subsidies and Contributions	3,177,971	3,161,745
Total Grants, Subsidies, Contributions	3,920,426	3,161,745

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	(165,822)	(100,088)
Total Grants, Subsidies, Contributions - AASB1004 adjustments	(165,822)	(100,088)
AASB1004 adjusted Total Grants, Subsidies, Contributions	3,754,604	3,061,657

(i) Sources of grants

Commonwealth Government	2,014,437	1,474,175
State Government	1,902,719	1,638,120
Other	3,270	49,450
Total	3,920,426	3,161,745
AASB1004 adjusted Sources of grants		
Commonwealth Government	2,014,437	1,539,909
State Government	1,736,897	1,472,298
Other	3,270	49,450
Total	3,754,604	3,061,657

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$	2021	2020
(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	20,000	27,546
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Heritage & Cultural Services	—	(7,546)
Sporting & Recreation Services	—	—
Subtotal	—	(7,546)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	163,697	—
NRWMF & P4P Projects	1,228,794	—
Subtotal	1,392,491	—
Unexpended at the close of this reporting period	1,412,491	20,000
Net increase (decrease) in assets subject to conditions in the current reporting period	1,392,491	(7,546)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		1,438,239	1,147,060
Employee Leave Expense		154,137	75,875
Superannuation - Defined Contribution Plan Contributions	18	182,862	138,102
Workers' Compensation Payments		10,703	—
Less: Capitalised and Distributed Costs		(12,034)	(26,407)
Total Operating Employee Costs		1,773,907	1,334,630
Total Number of Employees (full time equivalent at end of reporting period)			
		24	19
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		16,157	23,563
Elected Members' Expenses		90,987	95,893
Election Expenses		6,429	515
Subtotal - Prescribed Expenses		113,573	119,971
(ii) Other Materials, Contracts and Expenses			
Contractors		1,061,875	1,374,634
Energy - Fuel & Power		189,462	99,702
Plant and Equipment Capital Purchases		149,565	64,212
Legal Expenses		50,788	115,870
Levies Paid to Government - NRM levy		46,478	45,611
Levies - Other		3,053	2,827
Parts, Accessories & Consumables		46,352	27,394
Professional Services		31,557	42,394
Sundry		263,705	450,959
Waste Management		269,311	230,625
Insurance		264,482	251,915
Vehicle Maintenance		87,019	75,394
FBT		22,464	24,419
FRVIC		281,531	177,810
Workers Compensation Insurance		38,471	35,704
LG Systems / Magiq Contract		33,407	29,500
Infrastructure Construction & Maintenance		920,253	763,237
CWMS		31,871	27,195
Land & Building Purchase, Construction & Upgrades		1,326,885	260,459
Water		61,838	73,447
Drought Rates Relief		—	14,866
Less: Capitalised and Distributed Costs		(2,510,591)	(1,087,314)
Subtotal - Other Material, Contracts & Expenses		2,669,776	3,100,860
Total Materials, Contracts and Other Expenses		2,783,349	3,220,831

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$	2021	2020
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(c) Depreciation, Amortisation and Impairment

(i) Depreciation and Amortisation

Buildings	743,546	724,284
Infrastructure	487,175	519,022
Infrastructure		
CWMS	72,354	72,354
Right-of-Use Assets - Buildings	29,289	29,289
Plant & Equipment	136,043	137,009
Furniture & Fittings	44,562	46,559
Total Depreciation, Amortisation and Impairment	1,512,969	1,528,517

(d) Finance Costs

Interest on Overdraft and Short-Term Drawdown	253	2
Interest on Loans	4,606	16,569
Interest on Leases	645	810
Total Finance Costs	5,504	17,381

Note 4. Asset Disposal & Fair Value Adjustments

\$	2021	2020
----	------	------

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	45,455	—
Less: Carrying Amount of Assets Sold	(35,832)	—
Net Gain (Loss) on Disposal or Revaluation of Assets	9,623	—

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	348,879	278,724
Deposits at Call	671,305	716,204
Short Term Deposits & Bills, etc.	2,250,000	1,500,000
Total Cash & Cash Equivalent Assets	3,270,184	2,494,928

(b) Trade & Other Receivables

Rates - General & Other	322,664	386,342
Accrued Interest	858	1,515
Debtors - General	11,766	137,793
Prepayments	7,171	5,665
Loans to Community Organisations	5,183	4,960
Accrued Income - ATO	—	8,271
Accrued Income - Grants	138,366	259,201
Accrued Income - Other	7,131	—
Total Trade & Other Receivables	493,139	803,747

(c) Inventories

Stores & Materials	137,554	192,125
Trading Stock	40,258	38,471
Total Inventories	177,812	230,596

Note 6. Non-Current Assets

\$	2021	2020
(a) Financial Assets		
Receivables		
Loans to Community Organisations	20,049	25,232
Total Financial Assets	20,049	25,232

(b) Other Non-Current Assets

Other		
Capital Works-in-Progress	1,304,482	610,075
Total Other Non-Current Assets	1,304,482	610,075

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

\$	Fair Value Level	as at 30/06/20				Asset movements during the reporting period					as at 30/06/21			
		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	1,633,321	(17,659,520)	12,646,989	–	719,444	607,441	–	(743,546)	28,673,188	2,960,206	(18,403,066)	13,230,328
Infrastructure	3	39,187,037	1,815,048	(8,182,906)	32,819,179	–	852,450	–	–	(487,175)	39,187,037	2,667,498	(8,670,081)	33,184,454
CWMS	3	4,124,928	–	(1,592,849)	2,532,079	–	–	–	–	(72,354)	4,124,928	–	(1,665,203)	2,459,725
Right-of-Use Assets		146,447	–	(29,289)	117,158	(5,573)	–	–	–	(29,289)	140,874	–	(58,579)	82,295
Plant & Equipment	3	2,320,155	786,621	(1,593,034)	1,513,742	–	–	149,565	35,832	(136,043)	2,221,155	936,187	(1,665,909)	1,491,433
Furniture & Fittings	3	242,500	230,294	(199,414)	273,380	–	6,983	174,707	–	(44,562)	242,500	411,984	(243,976)	410,508
Total Infrastructure, Property, Plant & Equipment		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
Comparatives		77,397,172	3,407,699	(27,728,495)	53,076,376	146,447	844,362	287,359	–	(1,528,517)	77,543,619	4,539,420	(29,257,012)	52,826,027

Notes to the Financial Statements

for the year ended 30 June 2021

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 the Financial Statements

for the year ended 30 June 2021

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

Highest and best use

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

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

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

Infrastructure

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

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

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

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Community Wastewater Management Systems

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

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

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Plant & Equipment

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

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

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Notes to the Financial Statements

for the year ended 30 June 2021

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 2021 / 2022 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 2021 / 2022 financial year.

Minor Plant

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

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

The next scheduled revaluation of this class of assets will be during the 2021 / 2022 financial year.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

	2021 Current	2021 Non Current	2020 Current	2020 Non Current
\$				
(a) Trade and Other Payables				
Goods & Services	539,455	—	376,940	—
Payments Received in Advance	795,041	—	1,208,681	—
Accrued Expenses - Employee Entitlements	67,403	—	43,248	—
Accrued Expenses - Finance Costs	1,830	—	2,068	—
Accrued Expenses - Other	18,950	—	48,728	—
Sec 184 Proceeds Held in Trust	42,958	—	42,803	—
<u>TOTAL Trade and Other Payables</u>	<u>1,465,637</u>	<u>—</u>	<u>1,722,468</u>	<u>—</u>

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

FAGs Received in Advance	(795,041)	—	(965,863)	—
Total AASB1004 Adjustments	(795,041)	-	(965,863)	-
AASB 1004 Adjusted Trade & Other	664,096		756,605	

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

	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
\$					
(b) Borrowings					
Loans		16,326	102,679	15,724	119,006
Lease Liabilities	17b	27,273	55,023	29,119	88,378
<u>TOTAL Borrowings</u>		<u>43,599</u>	<u>157,702</u>	<u>44,843</u>	<u>207,384</u>

(c) Provisions

Employee Entitlements (including oncosts)	282,335	40,443	203,565	44,095
Future Reinstatement / Restoration, etc	431,212	—	431,212	—
Unspent Grants	1,412,491	—	20,000	—
<u>TOTAL Provisions</u>	<u>2,126,038</u>	<u>40,443</u>	<u>654,777</u>	<u>44,095</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$	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
Infrastructure					
- 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 30/06/20				as at 30/06/21
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
NRM Levy	1,563	1	(447)	—	1,117
Land & Buildings	61,370	465	—	—	61,835
Plant Replacement	52,052	394	—	—	52,446
Other	904,414	50,554	(153,861)	—	801,107
Garbage Service Charge	151,108	1,146	(34,347)	—	117,907
Stormwater Dams	2,083	15	—	—	2,098
Hawker Swimming Pool	—	—	—	—	—
Legal Costs	—	—	—	—	—
Community Trust Funds	37,662	678	(1,620)	—	36,720
Quorn Swimming Pool	—	—	—	—	—
Hawker CWMS Service Charge	326,166	27,866	—	—	354,032
Quorn CWMS Service Charge	322,065	93,358	—	—	415,423
Airstrips	—	—	—	—	—
Roads	—	—	—	—	—
Community Buses	52,052	394	—	—	52,446
Sec 184 Proceeds	42,802	156	—	—	42,958
Total Other Reserves	1,953,337	175,027	(190,275)	—	1,938,089
Comparatives	2,873,687	168,056	(1,088,406)	—	1,953,337

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 the Financial Statements

for the year ended 30 June 2021

Note 10. Assets Subject to Restrictions

\$	Notes	2021	2020
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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		769,456	648,231
Garbage Annual Service Charge		117,907	151,109
NRM Levy		1,116	1,562
Unexpended Grant funds		1,412,491	20,000
Employee Entitlements		322,778	247,660
Total Assets Subject to Externally Imposed Restrictions		2,623,748	1,068,562

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

Provisions	8	322,778	247,660
Total		322,778	247,660

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2021	2020
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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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	3,270,184	2,494,928
Balances per Statement of Cash Flows		3,270,184	2,494,928

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

Net Surplus/(Deficit)		897,452	107,144
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,512,969	1,528,517
Grants for capital acquisitions treated as Investing Activity		(742,455)	–
Net (Gain) Loss on Disposals		(9,623)	–
		1,658,343	1,635,661
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		310,831	(179,852)
Net (Increase)/Decrease in Inventories		52,784	125,217
Net Increase/(Decrease) in Trade & Other Payables		(530,227)	106,939
Net Increase/(Decrease) in Unpaid Employee Benefits		75,118	(182,093)
Net Increase/(Decrease) in Other Provisions		1,392,491	(7,546)
Net Increase/(Decrease) in Other Liabilities		273,396	–
Net Cash provided by (or used in) operations		3,232,736	1,498,326

(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 the Financial Statements

for the year ended 30 June 2021

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)	
\$	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Administration	3,055,282	3,174,838	51,636	101,593	3,003,646	3,073,245	1,175,571	1,164,716	59,047,909	56,990,605
Public Order & Health	630	959	42,987	58,730	(42,357)	(57,771)	–	–	–	–
Social Security & Welfare	9,909	6,245	90,165	35,052	(80,256)	(28,807)	–	1,127	–	–
Community Amenities	516,008	512,691	1,031,284	892,655	(515,276)	(379,964)	–	–	–	–
Recreation & Culture	101,127	147,916	1,831,525	1,755,066	(1,730,398)	(1,607,150)	34,088	51,085	–	–
Agricultural Services	46,032	45,422	58,336	46,473	(12,304)	(1,051)	–	–	–	–
Regulatory Services	63,977	34,138	171,165	202,257	(107,188)	(168,119)	–	–	–	–
Transport & Communication	949,868	934,909	1,664,293	1,558,163	(714,425)	(623,254)	949,868	934,909	–	–
Economic Development	1,364,517	1,261,952	707,418	893,344	657,099	368,608	1,018,444	1,009,908	–	–
Not Elsewhere Classified	113,753	89,433	302,055	204,374	(188,302)	(114,941)	–	–	–	–
Works Overheads	–	–	124,865	353,652	(124,865)	(353,652)	–	–	–	–
Other Functions/Activities	–	–	–	–	–	–	–	–	–	–
Total										
Functions/Activities	6,221,103	6,208,503	6,075,729	6,101,359	145,374	107,144	3,177,971	3,161,745	59,047,909	56,990,605

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 the Financial Statements

for the year ended 30 June 2021

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, and Separate and Special Rates.

PUBLIC ORDER & HEALTH

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

SOCIAL SECURITY & WELFARE

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

COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

AGRICULTURAL SERVICES

NRM Levy, Corella Control, Animal & Pest Plant expenditure

REGULATORY SERVICES

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

TRANSPORT & COMMUNICATION

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

ECONOMIC DEVELOPMENT

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

NOT ELSEWHERE CLASSIFIED (NEC)

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

WORKS - INDIRECT

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

Notes to the Financial Statements

for the year ended 30 June 2021

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 0.3% and 0.45% (2020: 0.4% and 0.65%). Short term deposits have an average maturity of 28 days and an average interest rate of 0.3% (2020: 34 days and 0.51%).

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 interest of 0.4333% (2020: 0.5292%). 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 Federal Governments.

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy:

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

Notes to the Financial Statements

for the year ended 30 June 2021

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% (2020: 3.49% and 4.45%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	3,270,184	—	—	3,270,184	3,270,184
Receivables	192,096	20,049	—	212,145	183,353
Total Financial Assets	3,462,280	20,049	—	3,482,329	3,453,537
Financial Liabilities					
Payables	664,096	—	—	664,096	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	707,695	123,705	33,997	865,397	871,897
2020					
Cash & Cash Equivalents	2,494,928	—	—	2,494,928	2,494,928
Receivables	411,741	22,175	3,057	436,973	436,973
Total Financial Assets	2,906,669	22,175	3,057	2,931,901	2,931,901
Financial Liabilities					
Payables	513,786	—	—	513,786	513,786
Current Borrowings	15,724	—	—	15,724	15,724
Non-Current Borrowings	—	69,156	49,850	119,006	119,006
Leases	29,119	88,378	—	117,497	117,497
Total Financial Liabilities	558,629	157,534	49,850	766,013	766,013

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

\$	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	3.69%	119,005	3.71%	134,730
		119,005		134,730

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 the Financial Statements

for the year ended 30 June 2021

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

\$	2021	2020
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Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Waste Management	1,268,132	—
Audit Services	52,000	—
Employee Remuneration Contracts	553,350	697,500
	1,873,482	697,500

These expenditures are payable:

Not later than one year	332,781	155,000
Later than one year and not later than 5 years	1,105,041	542,500
Later than 5 years	435,660	—
	1,873,482	697,500

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

\$	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018
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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	145,374	2.3%	1.7%	(18.2)%	(4.4)%
Total Operating Income	6,221,103				

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	50,047	1%	(10)%	(9)%	(10)%
Total Operating Income	6,221,103				

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

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios show the correct treatment, and resulting distortion in key ratios for each year.

Adjusted Operating Surplus Ratio

Operating Surplus	(20,448)	(0.3)%	0.1%	(11.9)%	(4.0)%
Total Operating Income	6,055,281				

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	215,869	4%	(9)%	(14)%	(11)%
Total Operating Income	6,055,281				

3. Asset Renewal Funding Ratio

Net Asset Renewals	1,224,750				
Infrastructure & Asset Management Plan required expenditure	1,026,600	119%	59%	16%	97%

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.

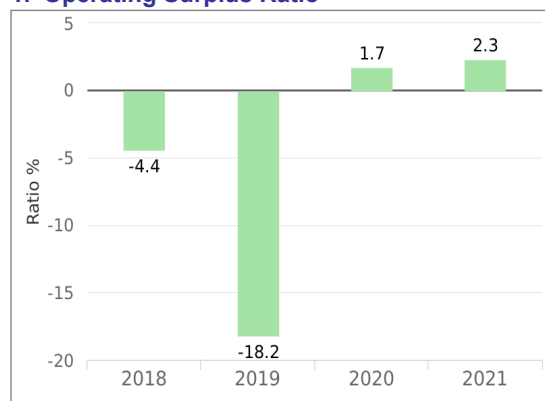
Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



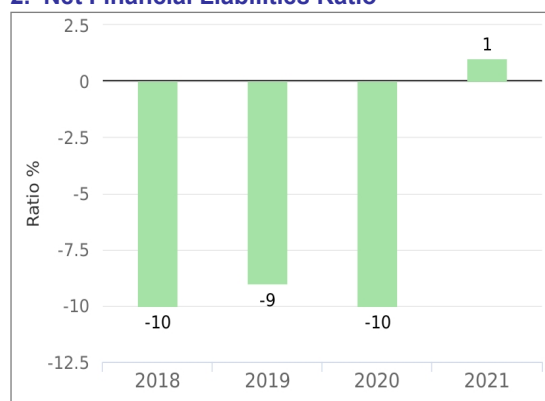
Purpose of operating surplus ratio

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

Commentary on 2020/21 result

2020/21 ratio 2.3%

2. Net Financial Liabilities Ratio



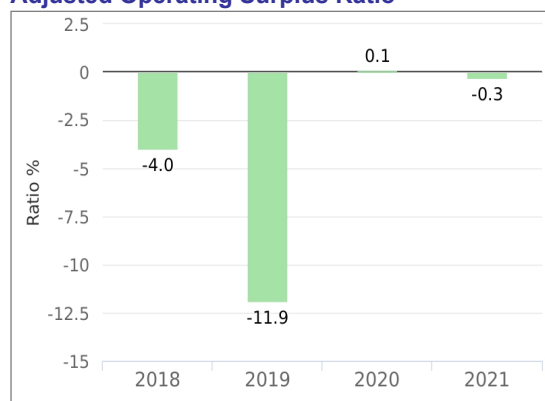
Purpose of net financial liabilities ratio

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

Commentary on 2020/21 result

2020/21 ratio 1%

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 2020/21 result

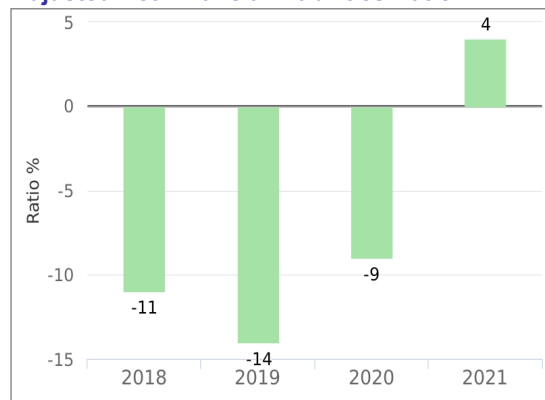
2020/21 ratio (0.3)%

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



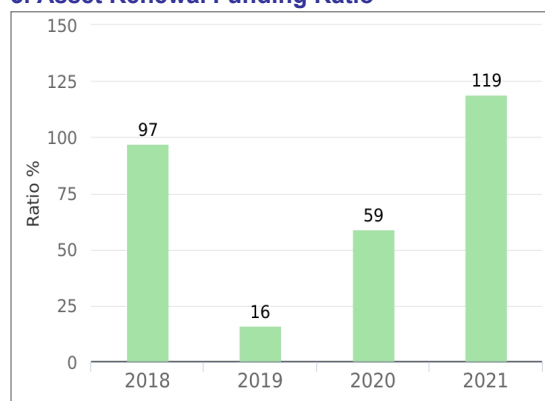
Purpose of adjusted net financial liabilities ratio

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 2020/21 result

2020/21 ratio 4%

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 2020/21 result

2020/21 ratio 119%

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$	2021	2020
<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	6,221,103	6,208,503
less Expenses	(6,075,729)	(6,101,359)
Operating Surplus / (Deficit)	145,374	107,144
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(1,270,205)	(591,822)
add back Depreciation, Amortisation and Impairment	1,512,969	1,528,517
add back Proceeds from Sale of Replaced Assets	45,455	—
	288,219	936,695
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,661,398)	(844,362)
add back Amounts Received Specifically for New and Upgraded Assets	742,455	—
	(918,943)	(844,362)
Net Lending / (Borrowing) for Financial Year	(485,350)	199,477

Notes to the Financial Statements

for the year ended 30 June 2021

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
2021		
Adoption of AASB 16 at 1 July 2019	140,874	140,874
Depreciation charge	(58,578)	(58,578)
Balance at 30 June	82,296	82,296
2020		
Adoption of AASB 16 at 1 July 2019	140,874	140,874
Depreciation charge	(29,289)	(29,289)
Balance at 30 June	111,585	111,585

(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:

\$	2021	2020
Balance at 1 July	111,924	140,874
Accretion of interest	645	810
Payments	(30,273)	(30,099)
Balance at 30 June	82,296	111,585
Classified as:		
Current	27,273	23,207
Non Current	55,023	88,378

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

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

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	29,289	29,289
Interest expense on lease liabilities	645	810
Total amount recognised in profit or loss	29,934	30,099

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). 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 2019/20) 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 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

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 the Financial Statements

for the year ended 30 June 2021

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

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

1. LAND UNDER ROADS

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

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$25,232 (2019: \$30,193) 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 2021, 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 the Financial Statements

for the year ended 30 June 2021

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

\$	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	520,255	476,800
Post-Employment Benefits	36,147	30,975
Long-Term Benefits	14,450	3,849
Termination Benefits	–	35,000
Total	570,852	546,624

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

Of these amounts, \$535,221 has been paid, \$21,181 is payable by Council and \$14,450 has been provided for as at the reporting date. The amounts detailed as "payable" and "provided for" relate entirely to accrued Employee Leave Entitlements as at the reporting date, and are total amounts and not the net movement for the reporting period.

Key Management Personnel - Receipts From

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

Parties Related to Key Management Personnel

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

Key Management Personnel or close family members lodged a total of four (4) planning and building application during the reporting period. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

One (1) Key Management Personnel Chairs the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$1,796. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this.

Two (2) Key Management Personnel sit on the Barndioota Consultative Committee established by the Australian Government's Department of Industry, Innovation and Science. Council received six grants under the Department's National Radioactive Waste Management Facility Community Benefit Programme during the reporting period. During the period an amount of \$419,357 was paid to Council as the initial grant instalments, of which \$360,658 has been recognised as unspent at 30 June 2021.

One (1) Key Management Personnel is on the Board of the Hawker Community Sports Centre Inc. Council provided the organisation with discretionary rate rebates of \$5,220 during the reporting period. No amounts are outstanding at 30 June 2021. The organisation has lease agreement(s) with Council to use Council land. No fees or rentals are charged for this. During the reporting period, Council received \$2,658 from the organisation for cleaning, electricity and freight reimbursements. As at 30 June 2021, an amount of \$274 remained payable to Council by the organisation. Council provided in-kind works to the organisation during the reporting period.

One (1) Key Management Personnel and a close member of the person's family are involved in a business from which Council made purchases totalling \$9,734 during the reporting period. At 30 June 2021, a balance of \$34 remained payable by Council. Council also sells product of another business operated by this close family member on a commission basis. Sales totalled \$1,620 and commissions of \$162 were received during the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Related Party Transactions (continued)

One (1) Key Management Personnel were members of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$22,528 to the organisation. As at 30 June 2021, 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 a \$6,759 discretionary rate rebate. As at 30 June 2021, no amounts were outstanding.

A business operated by a close family member of one (1) Key Management Personnel hired equipment from Council during the reporting period. Hire income from this business totalled \$570 during the reporting period, all of which was outstanding as at 30 June 2021.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24. Financial Commentary & Review

Key Financial Figures of Council over the past 5 years

\$	2021	2020	2019	2018	2017
Financial Performance Figures					
Inflows:					
Rates	2,361,646	2,378,502	2,329,553	2,222,028	2,150,716
Statutory Charges	66,529	34,890	31,119	49,170	40,791
User Charges	82,175	76,955	107,185	99,888	79,403
Grants, Subsidies & Contributions	3,177,971	3,161,745	1,887,076	2,340,897	937,356
Investment Income	19,698	40,755	85,174	82,362	97,668
Total Income from Continuing Operations	6,221,103	6,208,503	4,984,925	5,334,673	4,851,402
Sale Proceeds from I,PP&E	787,910	—	486,378	1,581,024	679,890
New Loan Borrowings & Advances	—	—	120,000	—	—
Outflows:					
Employee Costs	1,773,907	1,334,630	1,472,881	1,520,048	1,665,349
Materials, Contracts & Other Expenses	2,783,349	3,220,831	2,841,607	2,452,630	2,479,601
Finance Costs	5,504	17,381	65,510	72,107	83,455
Total Expenses from Continuing Operations	6,075,729	6,101,359	5,891,058	5,568,526	5,731,550
Total Cash purchases of I,PP&E	(2,931,603)	(1,436,184)	(1,313,885)	(2,399,427)	(755,168)
Total Loan Repayments (incl. Finance Leases)	(29,288)	(899,116)	(219,221)	(203,782)	(195,966)
Operating Surplus/(Deficit) (excl. Capital Income)	145,374	107,144	(906,133)	(233,853)	(880,145)
Financial Position Figures					
Current Assets	3,941,135	3,529,271	4,306,650	4,233,753	5,162,601
Current Liabilities	3,635,274	2,422,088	3,344,290	2,296,009	2,778,059
Net Current Assets	305,861	1,107,183	962,360	1,937,743	2,384,542
Cash & Investments	3,270,184	2,494,928	3,327,155	3,259,832	4,246,593
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	201,301	252,227	1,004,086	1,103,306	1,307,088
Total Value of I,PP&E (excl. Land & Land Imp'ments)	84,489,057	82,083,039	80,804,871	79,516,006	78,011,999
Total Accumulated Depreciation	30,706,814	29,257,012	27,728,495	26,388,413	25,146,413
Indicative Remaining Useful Life (as a % of GBV)	64%	64%	66%	67%	68%

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

Notes to the Financial Statements

for the year ended 30 June 2021

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

Opening Hours:

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

Telephone: 08 8620 0500

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

Mayor

Greg Flint

Councillors

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

Other information

ABN: 43 952 255 151

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 2021.

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 2021 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

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

Other Information – Basis of Accounting and Restriction on Distribution

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

Responsibilities of Management for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange this 28 May 2022

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 2020 to 30 June 2021 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 2020 to 30 June 2021.

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 2020 to 30 June 2021. *ASAE 3100* also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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



Ian G McDonald FCA

Chartered Accountant

Registered Company Auditor 16458

Signed at Grange this 28 May 2022

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ianmcdonald@creativeauditing.org

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PO Box 75, Henley Beach SA 5022

ABN 37 158 328 655

Nancy 0408 832 848

nancytran@creativeauditing.org

General Purpose Financial Statements
for the year ended 30 June 2021


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 2021, 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) *Local Government (Financial Management) Regulations 2011*.



Eric Brown
Chief Executive Officer



Richard Perkins
Presiding Member, Audit Committee

Date: 25 May 2022

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Ian G McDonald FCA

Date: 06 May 2022