

# The Flinders Ranges Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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*An engaging community which enjoys a sustainable,  
contemporary lifestyle and flourishing economy within an  
unspoilt natural environment.*



# The Flinders Ranges Council

## General Purpose Financial Statements for the year ended 30 June 2019

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# The Flinders Ranges Council


## General Purpose Financial Statements for the year ended 30 June 2019

### 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 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Eric Brown  
**CHIEF EXECUTIVE OFFICER**



Peter Slattery  
**MAYOR**

**Date: 4 May 2020**

# The Flinders Ranges Council

## General Purpose Financial Statements for the year ended 30 June 2019

### Understanding Council's Financial Statements

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#### 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 2019.

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 specialise in Local Government).

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

#### About the Independence Certificates

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

#### Who uses the Financial Statements?

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

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

#### More information...

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

# The Flinders Ranges Council

## Statement of Comprehensive Income

for the year ended 30 June 2019

| \$   | Notes    | 2019             | 2018             |
|--|----------|------------------|------------------|
| <b>Income</b>  |          |                  |                  |
| Rates Revenues   | 2a       | 2,329,553        | 2,222,028        |
| Statutory Charges  | 2b       | 31,119           | 49,170           |
| User Charges   | 2c       | 107,185          | 99,868           |
| Grants, Subsidies and Contributions  | 2g       | 1,887,076        | 1,655,354        |
| Investment Income  | 2d       | 85,174           | 82,362           |
| Reimbursements   | 2e       | 60,297           | 33,951           |
| Other Income   | 2f       | 484,521          | 506,397          |
| <b>Total Income</b>  |          | <b>4,984,925</b> | <b>4,649,130</b> |
| <b>Expenses</b>  |          |                  |                  |
| Employee Costs   | 3a       | 1,472,881        | 1,520,048        |
| Materials, Contracts & Other Expenses  | 3b       | 2,841,607        | 2,452,630        |
| Depreciation, Amortisation & Impairment  | 3c       | 1,511,060        | 1,523,742        |
| Finance Costs  | 3d       | 65,510           | 72,107           |
| <b>Total Expenses</b>  |          | <b>5,891,058</b> | <b>5,568,526</b> |
| <b>Operating Surplus / (Deficit)</b>   |          | <b>(906,133)</b> | <b>(919,396)</b> |
| Asset Disposal & Fair Value Adjustments  | 4        | 45,042           | 22,896           |
| Amounts Received Specifically for New or Upgraded Assets                       | 2g       | 371,514          | 1,465,842        |
| <b>Net Surplus / (Deficit) <sup>1</sup></b>                                    |          | <b>(489,577)</b> | <b>569,342</b>   |
| <b>Other Comprehensive Income</b>  |          |                  |                  |
| <i>Amounts which will not be reclassified subsequently to operating result</i> |          |                  |                  |
| Nil  |          |                  |                  |
| <i>Amounts which will be reclassified subsequently to operating result</i>     |          |                  |                  |
| Nil  |          |                  |                  |
| <b>Total Comprehensive Income</b>  |          | <b>(489,577)</b> | <b>569,342</b>   |
| <b>AASB1004 Recognition</b>  |          |                  |                  |
| Fin. Assistance Grants & Supp. Road Funding Received in Advance                | 2ga, 8aa | 279,275          | 39,062           |
| <b>Operating Surplus / (Deficit) adjusted for AASB1004</b>                     |          | <b>(626,858)</b> | <b>(880,334)</b> |
| Grants Received in Advance (CCTV)  | 2ga, 8aa | -                | (38,882)         |
| <b>Total AASB1004 Adjustments</b>  |          | <b>279,275</b>   | <b>180</b>       |
| <b>Total Comprehensive Income after AASB1004</b>                               |          | <b>(210,302)</b> | <b>569,521</b>   |

<sup>1</sup> Transferred to Statement of Changes in Equity

# The Flinders Ranges Council

## Statement of Financial Position

as at 30 June 2019

| \$  | Notes | 2019              | 2018              |
|---|-------|-------------------|-------------------|
| <b>ASSETS</b>                               |       |                   |                   |
| <b>Current Assets</b>                       |       |                   |                   |
| Cash and Cash Equivalents                   | 5a    | 3,327,155         | 3,259,832         |
| Trade & Other Receivables                   | 5b    | 623,682           | 470,397           |
| Inventories                                 | 5c    | 355,813           | 503,524           |
| <b>Total Current Assets</b>                 |       | <b>4,306,650</b>  | <b>4,233,753</b>  |
| <b>Non-Current Assets</b>                   |       |                   |                   |
| Financial Assets                            | 6a    | 30,193            | 34,939            |
| Infrastructure, Property, Plant & Equipment | 7a    | 53,076,375        | 53,127,592        |
| Other Non-Current Assets                    | 6b    | 305,613           | 521,394           |
| <b>Total Non-Current Assets</b>             |       | <b>53,412,181</b> | <b>53,683,925</b> |
| <b>TOTAL ASSETS</b>                         |       | <b>57,718,831</b> | <b>57,917,679</b> |
| <b>LIABILITIES</b>                          |       |                   |                   |
| <b>Current Liabilities</b>                  |       |                   |                   |
| Trade & Other Payables                      | 8a    | 1,616,340         | 992,518           |
| Borrowings                                  | 8b    | 869,356           | 214,155           |
| Provisions                                  | 8c    | 858,594           | 1,089,336         |
| <b>Total Current Liabilities</b>            |       | <b>3,344,290</b>  | <b>2,296,009</b>  |
| <b>Non-Current Liabilities</b>              |       |                   |                   |
| Borrowings                                  | 8b    | 134,730           | 889,151           |
| Provisions                                  | 8c    | 29,917            | 33,048            |
| <b>Total Non-Current Liabilities</b>        |       | <b>164,647</b>    | <b>922,199</b>    |
| <b>TOTAL LIABILITIES</b>                    |       | <b>3,508,937</b>  | <b>3,218,207</b>  |
| <b>Net Assets</b>                           |       | <b>54,209,894</b> | <b>54,699,471</b> |
| <b>EQUITY</b>                               |       |                   |                   |
| Accumulated Surplus                         |       | 15,571,499        | 15,902,633        |
| Asset Revaluation Reserves                  | 9a    | 35,764,708        | 35,764,708        |
| Other Reserves                              | 9b    | 2,873,687         | 3,032,130         |
| <b>Total Council Equity</b>                 |       | <b>54,209,894</b> | <b>54,699,471</b> |

# The Flinders Ranges Council

## Statement of Changes in Equity for the year ended 30 June 2019

|  |       | Asset                  |                        |                   |
|--|-------|------------------------|------------------------|-------------------|
| \$   | Notes | Accumulated<br>Surplus | Revaluation<br>Reserve | Other<br>Reserves |
|  |       |                        |                        | Total<br>Equity   |
| <b>2019</b>  |       |                        |                        |                   |
| <b>Balance at the end of previous reporting period</b> |       | 15,902,633             | 35,764,708             | 3,032,130         |
| <b>a. Net Surplus / (Deficit) for Year</b>             |       | (489,577)              | -                      | -                 |
| <b>Total Comprehensive Income</b>                      |       | <b>(489,577)</b>       | <b>-</b>               | <b>-</b>          |
| b. Transfers between Reserves                          |       | 158,443                | -                      | (158,443)         |
| <b>Balance at the end of period</b>                    |       | <b>15,571,499</b>      | <b>35,764,708</b>      | <b>2,873,687</b>  |
| <b>2018</b>  |       |                        |                        |                   |
| <b>Balance at the end of previous reporting period</b> |       | 14,612,093             | 35,764,708             | 3,753,328         |
| <b>a. Net Surplus / (Deficit) for Year</b>             |       | 569,342                | -                      | -                 |
| <b>Total Comprehensive Income</b>                      |       | <b>569,342</b>         | <b>-</b>               | <b>-</b>          |
| b. Transfers between Reserves                          |       | 721,198                | -                      | (721,198)         |
| <b>Balance at the end of period</b>                    |       | <b>15,902,633</b>      | <b>35,764,708</b>      | <b>3,032,130</b>  |

# The Flinders Ranges Council

## Statement of Cash Flows

for the year ended 30 June 2019

| \$  | Notes | 2019             | 2018             |
|---|-------|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                     |       |                  |                  |
| <b><u>Receipts</u></b>  |       |                  |                  |
| Operating Receipts  |       | 5,355,779        | 5,008,856        |
| Investment Receipts   |       | 85,174           | 82,362           |
| <b><u>Payments</u></b>  |       |                  |                  |
| Operating Payments to Suppliers and Employees                   |       | (4,384,610)      | (4,985,028)      |
| Finance Payments  |       | (66,834)         | (75,112)         |
| <b>Net Cash provided by (or used in) Operating Activities</b>   | 11b   | <b>989,509</b>   | <b>31,077</b>    |
| <b>Cash Flows from Investing Activities</b>                     |       |                  |                  |
| <b><u>Receipts</u></b>  |       |                  |                  |
| Amounts Received Specifically for New/Upgraded Assets           |       | 371,514          | 1,465,842        |
| Sale of Replaced Assets   |       | 114,864          | 115,182          |
| Repayments of Loans by Community Groups                         |       | 4,542            | 4,347            |
| <b><u>Payments</u></b>  |       |                  |                  |
| Expenditure on Renewal/Replacement of Assets                    |       | (270,951)        | (868,488)        |
| Expenditure on New/Upgraded Assets                              |       | (1,042,934)      | (1,530,939)      |
| <b>Net Cash provided by (or used in) Investing Activities</b>   |       | <b>(822,965)</b> | <b>(814,057)</b> |
| <b>Cash Flows from Financing Activities</b>                     |       |                  |                  |
| <b><u>Receipts</u></b>  |       |                  |                  |
| Proceeds from Borrowings  |       | 120,000          | -                |
| <b><u>Payments</u></b>  |       |                  |                  |
| Repayments of Borrowings  |       | (219,221)        | (203,782)        |
| <b>Net Cash provided by (or used in) Financing Activities</b>   |       | <b>(99,221)</b>  | <b>(203,782)</b> |
| <b>Net Increase (Decrease) in Cash Held</b>                     |       | <b>67,323</b>    | <b>(986,761)</b> |
| plus: <b>Cash &amp; Cash Equivalents at beginning of period</b> | 11    | <b>3,259,832</b> | <b>4,246,593</b> |
| <b>Cash &amp; Cash Equivalents at end of period</b>             | 11    | <b>3,327,155</b> | <b>3,259,832</b> |



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies

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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 15 October 2019.

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of 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 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

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. AASB 1004 recognition comparatives are shown within the Statements and Notes as applicable (Notes 2 and 8).

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.

The actual amounts of untied grants received during the reporting periods are disclosed in Note 2.

#### 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.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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

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

#### 5 Inventories

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

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

All assets are initially recognised at cost. 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 periodically reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

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

##### 6.3 Subsequent Recognition

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

##### 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 periodically.

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 |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

#### *Building & Other Structures*

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

#### *Infrastructure*

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

#### *Other Assets*

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

#### 6.5 Impairment

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).

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

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

#### 6.6 Borrowing Costs

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

#### 7 Payables

##### 7.1 Goods & Services

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

##### 7.2 Payments Received in Advance & Deposits

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

#### 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".

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### 9 Employee Benefits

##### 9.1 Salaries, Wages & Compensated Absences

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

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

Council does not make payment for untaken sick leave.

##### 9.2 Superannuation

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

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

#### 10 Provisions for Reinstatement, Restoration and Rehabilitation

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

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

#### 11 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

#### 12 Construction Contracts

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

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

#### 13 Equity Accounted Council Businesses

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



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

#### 14 GST Implications

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

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

#### 15 New accounting standards and UIG interpretations

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure,

Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

***The standards that are expected to have a material impact upon Council's future financial statements are:***

**Effective for annual reporting periods beginning on or after 1 July 2019**

- AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. This is consistent with Council's present recognition practices.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Where Council receives grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had a minimal and non-material impact given Council's current recognition practices.

It is also noted that a range of new disclosures will also be required by the new standards in respect of the council's revenue.

#### Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

- AASB 16 Leases – The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the

actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

It is specifically noted that Council currently has no operating or finance leases and has not done so for a considerable time.

Based on Council's assessment and current practices, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have no impact on the financial statements.

It is noted that Council is the lessee of a number of Deed of Grant in Trust leases for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

#### Transition method

The Council intends to apply AASB 16 from 1 July 2019, using the modified retrospective approach. As such, any cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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

***The standards expected to have an impact, whether material or non-material, upon Council's future financial statements are:***

**Effective for annual reporting periods beginning on or after 1 January 2019**

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

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

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

### 16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

### 17 Disclaimer

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



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 2. Income

| \$   | Notes | 2019             | 2018             |
|--|-------|------------------|------------------|
| <b>(a). Rates Revenues</b>                           |       |                  |                  |
| <b>General Rates</b>                                 |       |                  |                  |
| General Rates  |       | 1,873,198        | 1,791,573        |
| Less: Mandatory Rebates                              |       | (86,808)         | (71,911)         |
| <b>Total General Rates</b>                           |       | <b>1,786,390</b> | <b>1,719,662</b> |
| <b>Other Rates (Including Service Charges)</b>       |       |                  |                  |
| Natural Resource Management Levy                     |       | 44,690           | 43,512           |
| Waste Collection                                     |       | 229,435          | 192,900          |
| Community Wastewater Management Systems              |       | 243,530          | 240,720          |
| <b>Total Other Rates</b>                             |       | <b>517,655</b>   | <b>477,132</b>   |
| <b>Other Charges</b>                                 |       |                  |                  |
| Penalties for Late Payment                           |       | 25,508           | 25,254           |
| <b>Total Other Charges</b>                           |       | <b>25,508</b>    | <b>25,254</b>    |
| Less: Discretionary Rebates, Remissions & Write Offs |       | -                | (20)             |
| <b>Total Rates Revenues</b>                          |       | <b>2,329,553</b> | <b>2,222,028</b> |
| <b>(b). Statutory Charges</b>                        |       |                  |                  |
| Development Act Fees                                 |       | 11,299           | 23,047           |
| Animal Registration Fees & Fines                     |       | 16,672           | 22,976           |
| Other Licences, Fees & Fines                         |       | 2,938            | 3,146            |
| <b>Total Statutory Charges</b>                       |       | <b>31,119</b>    | <b>49,170</b>    |
| <b>(c). User Charges</b>                             |       |                  |                  |
| Cemetery/Crematoria Fees                             |       | 16,766           | 24,040           |
| Hall & Equipment Hire                                |       | 8,616            | 8,767            |
| Sundry   |       | 8,061            | 2,188            |
| Swimming Pools                                       |       | 36,922           | 34,830           |
| Community Bus Hire                                   |       | 4,788            | 5,656            |
| Waste Management                                     |       | 18,573           | 17,097           |
| Airport Fees   |       | 2,099            | 224              |
| Film Industry Support                                |       | 1,522            | 7,068            |
| Marathon Entry Fees                                  |       | 9,838            | -                |
| <b>Total User Charges</b>                            |       | <b>107,185</b>   | <b>99,868</b>    |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 2. Income (continued)

| \$   | Notes | 2019             | 2018             |
|--|-------|------------------|------------------|
| <b>(d). Investment Income</b>  |       |                  |                  |
| Interest on Investments  |       |                  |                  |
| - Local Government Finance Authority   |       | 82,954           | 79,517           |
| - Banks & Other  |       | 572              | 999              |
| - Loans to Community Groups  |       | 1,648            | 1,846            |
| <b>Total Investment Income</b>   |       | <b>85,174</b>    | <b>82,362</b>    |
| <b>(e). Reimbursements</b>   |       |                  |                  |
| Private Works  |       | 4,178            | 6,108            |
| Shared Services Fees   |       | 18,246           | 11,999           |
| Recreation & Sport - Oval  |       | 7,270            | 10,910           |
| Workers Insurance  |       | -                | -                |
| Other  |       | 30,603           | 4,934            |
| <b>Total Reimbursements</b>  |       | <b>60,297</b>    | <b>33,951</b>    |
| <b>(f). Other Income</b>   |       |                  |                  |
| Insurance & Other Recoupments - Infrastructure, IPP&E                              |       | 59,163           | 71,663           |
| Rebates & Incentives Received  |       | 39,371           | 59,164           |
| Sundry   |       | 12,728           | 13,854           |
| Commercial Income  |       | 37,748           | 44,735           |
| Donations  |       | 10,710           | 10,826           |
| Outback Community Authority  |       | 21,441           | 20,938           |
| FRVIC  |       | 270,359          | 266,990          |
| Warren's Gorge   |       | 21,092           | 18,227           |
| NRWMF  |       | 11,000           | -                |
| Other  |       | 909              | -                |
| <b>Total Other Income</b>  |       | <b>484,521</b>   | <b>506,397</b>   |
| <b>(g). Grants, Subsidies, Contributions</b>                                       |       |                  |                  |
| Amounts Received Specifically for New or Upgraded Assets                           |       | 371,514          | 1,465,842        |
| <b>Total Amounts Received Specifically for New or Upgraded Assets</b>              |       | <b>371,514</b>   | <b>1,465,842</b> |
| Other Grants, Subsidies and Contributions  |       | 1,729,443        | 1,506,006        |
| Sundry   |       | 7,500            | -                |
| Individually Significant Item - Additional Grants Commission Payment (refer below) |       | 150,133          | 149,348          |
| <b>Total Other Grants, Subsidies and Contributions</b>                             |       | <b>1,887,076</b> | <b>1,655,354</b> |
| <b>Total Grants, Subsidies, Contributions</b>                                      |       | <b>2,258,590</b> | <b>3,121,196</b> |

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

|  |                  |                  |
|--|------------------|------------------|
| Amounts Received Specifically for New or Upgraded Assets - AASB1004 adjustment | -                | (38,882)         |
| Other Grants, Subsidies and Contributions - AASB1004 adjustment                | 279,275          | 39,062           |
| <b>Total Grants, Subsidies, Contributions - AASB1004 adjustments</b>           | <b>279,275</b>   | <b>180</b>       |
| <b>AASB1004 adjusted Total Grants, Subsidies, Contributions</b>                | <b>2,537,865</b> | <b>3,121,376</b> |

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

### (i) Sources of grants

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Commonwealth Government | 2,138,790        | 3,055,992        |
| State Government        | 116,801          | 65,204           |
| Other                   | 2,999            | -                |
| <b>Total</b>            | <b>2,258,590</b> | <b>3,121,196</b> |

### AASB1004 adjusted Sources of grants

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Commonwealth Government | 2,418,065        | 3,075,054        |
| State Government        | 116,801          | 46,322           |
| Other                   | 3,000            | -                |
| <b>Total</b>            | <b>2,537,866</b> | <b>3,121,376</b> |

\*In accordance with the Accounting Standard AASB 1004, not for profit entities must recognise a contribution immediately as revenue when it has control or the right to receive the contribution.

For this reason, the first instalment of the 2019-2020 Financial Assistance Grants, which was receipted by the Council in June 2019, must be recognised as revenue in the 2019-2020 financial year, and other Commonwealth grants received but not expended during 2019-2020 must be recorded as revenue in the 2019-2020 financial year. The impact of these adjustments is illustrated above.

As a result of the above, the Council's operating surplus / (deficit) and total comprehensive income have been restated on the Statement of Comprehensive Income. See also Note 8 (aa).

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 2. Income (continued)

| \$  | Notes | 2019             | 2018             |
|---|-------|------------------|------------------|
| <b>(h). Conditions over Grants &amp; Contributions</b>  |       |                  |                  |
| 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: |       |                  |                  |
| <b>Unexpended at the close of the previous reporting period</b>   |       | 219,708          | 465,089          |
| <i>Less:</i>  |       |                  |                  |
| <i>Expended during the current period from revenues recognised in previous reporting periods</i>  |       |                  |                  |
| Roads Infrastructure  |       | -                | (390,230)        |
| Heritage & Cultural Services  |       | (59,270)         | (67,500)         |
| Sporting & Recreation Services  |       | (160,438)        | (7,359)          |
| <b>Subtotal</b>   |       | <b>(219,708)</b> | <b>(465,089)</b> |
| <i>Plus:</i>  |       |                  |                  |
| <i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>   |       |                  |                  |
| Heritage & Cultural Services  |       | 7,546            | 59,270           |
| Sporting & Recreation Services  |       | -                | 160,438          |
| Medical Workforce   |       | 20,000           | -                |
| <b>Subtotal</b>   |       | <b>27,546</b>    | <b>219,708</b>   |
| <b>Unexpended at the close of this reporting period</b>   |       | <b>27,546</b>    | <b>219,708</b>   |
| <b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>  |       | <b>(192,162)</b> | <b>(245,381)</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 3. Expenses

| \$  | Notes | 2019             | 2018             |
|---|-------|------------------|------------------|
| <b>(a). Employee Costs</b>  |       |                  |                  |
| Salaries and Wages  |       | 1,266,302        | 1,257,653        |
| Employee Leave Expense  |       | 101,317          | 143,967          |
| Superannuation - Defined Contribution Plan Contributions                    | 18    | 113,721          | 111,678          |
| Workers' Compensation Payments  |       | -                | 10,557           |
| Less: Capitalised and Distributed Costs                                     |       | (8,459)          | (3,808)          |
| <b>Total Operating Employee Costs</b>                                       |       | <b>1,472,881</b> | <b>1,520,048</b> |
| Total Number of Employees (full time equivalent at end of reporting period) |       | 19               | 19               |
| <b>(b). Materials, Contracts and Other Expenses</b>                         |       |                  |                  |
| <b>(i) Prescribed Expenses</b>  |       |                  |                  |
| Auditor's Remuneration  |       |                  |                  |
| - Auditing the Financial Reports  |       | 23,190           | 27,307           |
| Elected Members' Expenses   |       | 91,333           | 78,178           |
| Election Expenses   |       | 13,009           | 9,438            |
| <b>Subtotal - Prescribed Expenses</b>                                       |       | <b>127,532</b>   | <b>114,923</b>   |
| <b>(ii) Other Materials, Contracts and Expenses</b>                         |       |                  |                  |
| Contractors   |       | 1,015,530        | 988,686          |
| Energy - Fuel & Power   |       | 77,581           | 96,137           |
| Plant and Equipment Capital Purchases                                       |       | 308,078          | 506,697          |
| Legal Expenses  |       | 11,020           | 13,623           |
| Levies Paid to Government - NRM levy  |       | 44,412           | 43,452           |
| Levies - Other  |       | 4,613            | 4,036            |
| Parts, Accessories & Consumables  |       | 40,533           | 40,314           |
| Professional Services   |       | 27,824           | 20,141           |
| Sundry  |       | 439,361          | 322,444          |
| Waste Management  |       | 221,126          | 245,851          |
| Insurance   |       | 177,371          | 87,588           |
| Vehicle Maintenance   |       | 53,274           | 125,305          |
| FBT   |       | 21,971           | 11,831           |
| FRVIC   |       | 305,120          | 190,338          |
| Workers Compensation Insurance  |       | 60,002           | 63,346           |
| LG Systems Contract   |       | 44,250           | 55,650           |
| Rubble / Crushed Rock   |       | 810              | (42,887)         |
| Infrastructure Construction & Maintenance                                   |       | 1,150,066        | 1,201,591        |
| CWMS  |       | 73,568           | 7,770            |
| Building Upgrades   |       | 87,110           | 156,982          |
| Water   |       | 71,661           | 76,844           |
| Less: Capitalised and Distributed Costs                                     |       | (1,521,206)      | (1,878,034)      |
| <b>Subtotal - Other Material, Contracts &amp; Expenses</b>                  |       | <b>2,714,075</b> | <b>2,337,706</b> |
| <b>Total Materials, Contracts and Other Expenses</b>                        |       | <b>2,841,607</b> | <b>2,452,630</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 3. Expenses (continued)

| \$   | Notes | 2019             | 2018             |
|--|-------|------------------|------------------|
| <b>(c). Depreciation, Amortisation and Impairment</b>  |       |                  |                  |
| <b>(i) Depreciation and Amortisation</b>               |       |                  |                  |
| Buildings  |       | 743,312          | 771,532          |
| Infrastructure   |       | 520,285          | 505,022          |
| CWMS   |       | 72,354           | 72,354           |
| Plant & Equipment                                      |       | 140,924          | 149,451          |
| Furniture & Fittings                                   |       | 34,185           | 25,383           |
| <b>Total Depreciation, Amortisation and Impairment</b> |       | <b>1,511,060</b> | <b>1,523,742</b> |
| <b>(d). Finance Costs</b>                              |       |                  |                  |
| Interest on Loans                                      |       | 65,510           | 72,107           |
| <b>Total Finance Costs</b>                             |       | <b>65,510</b>    | <b>72,107</b>    |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 4. Asset Disposal & Fair Value Adjustments

| \$  | Notes | 2019          | 2018          |
|---|-------|---------------|---------------|
| Infrastructure, Property, Plant & Equipment                 |       |               |               |
| <b>(i) Assets Renewed or Directly Replaced</b>              |       |               |               |
| Proceeds from Disposal                                      |       | 114,864       | 115,182       |
| Less: Carrying Amount of Assets Sold                        |       | (69,822)      | (92,286)      |
| <b>Gain (Loss) on Disposal</b>                              |       | <b>45,042</b> | <b>22,896</b> |
| <b>Net Gain (Loss) on Disposal or Revaluation of Assets</b> |       | <b>45,042</b> | <b>22,896</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 5. Current Assets

| \$   | Notes | 2019             | 2018             |
|--|-------|------------------|------------------|
| <b>(a). Cash &amp; Cash Equivalents</b>    |       |                  |                  |
| Cash on Hand at Bank                       |       | 18,082           | 33,291           |
| Deposits at Call                           |       | 309,073          | 401,442          |
| Short Term Deposits & Bills, etc.          |       | 3,000,000        | 2,825,099        |
| <b>Total Cash &amp; Cash Equivalents</b>   |       | <b>3,327,155</b> | <b>3,259,832</b> |
| <b>(b). Trade &amp; Other Receivables</b>  |       |                  |                  |
| Rates - General & Other                    |       | 357,554          | 341,076          |
| Accrued Interest                           |       | 18,099           | 3,006            |
| Debtors - General                          |       | 99,690           | 55,670           |
| Prepayments                                |       | 4,758            | -                |
| Loans to Community Organisations           |       | 4,747            | 4,542            |
| Accrued Income - ATO                       |       | 4,272            | 66,103           |
| Accrued Income - NRWFM Grants              |       | 134,562          | -                |
| <b>Total Trade &amp; Other Receivables</b> |       | <b>623,682</b>   | <b>470,397</b>   |
| <b>(c). Inventories</b>                    |       |                  |                  |
| Stores & Materials                         |       | 312,990          | 474,604          |
| Trading Stock                              |       | 42,823           | 28,920           |
| <b>Total Inventories</b>                   |       | <b>355,813</b>   | <b>503,524</b>   |



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 6. Non-Current Assets

| \$                                    | Notes | 2019           | 2018           |
|---------------------------------------|-------|----------------|----------------|
| (a). Financial Assets                 |       |                |                |
| <b>Receivables</b>                    |       |                |                |
| Loans to Community Organisations      |       | 30,193         | 34,939         |
| <b>Total Receivables</b>              |       | <b>30,193</b>  | <b>34,939</b>  |
| <b>Total Financial Assets</b>         |       |                |                |
|                                       |       | <b>30,193</b>  | <b>34,939</b>  |
| (b). Other Non-Current Assets         |       |                |                |
| <b>Other</b>                          |       |                |                |
| Capital Works-in-Progress             |       | 305,613        | 521,394        |
| <b>Total Other Non-Current Assets</b> |       | <b>305,613</b> | <b>521,394</b> |

The Flinders Ranges Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 7a (i). Infrastructure, Property, Plant & Equipment

| \$   | Fair Value<br>Level | as at 30/6/2018   |                  |                   |            |                   | Asset Movements during the Reporting Period |                |                              |                                      | as at 30/6/2019   |                  |                   |            |                   |
|--|---------------------|-------------------|------------------|-------------------|------------|-------------------|---|----------------|------------------------------|--------------------------------------|-------------------|------------------|-------------------|------------|-------------------|
|  |                     | At<br>Fair Value  | At<br>Cost       | Accumulated       |            | Carrying<br>Value | Asset Additions                             |                | WDV<br>of Asset<br>Disposals | Depreciation<br>Expense (Note<br>3c) | At<br>Fair Value  | At<br>Cost       | Accumulated       |            | Carrying<br>Value |
|  |                     |                   |                  | Dep'n             | Impairment |                   | New / Upgrade                               | Renewals       |                              |                                      |                   |                  | Dep'n             | Impairment |                   |
| Land   | 2                   | 1,641,465         | -                | -                 | -          | 1,641,465         | -   | -              | -                            | -                                    | 1,641,465         | -                | -                 | -          | 1,641,465         |
| Land   | 3                   | 1,207,899         | -                | -                 | -          | 1,207,899         | -   | -              | -                            | -                                    | 1,207,899         | -                | -                 | -          | 1,207,899         |
| Buildings  | 3                   | 28,673,188        | 156,982          | 16,191,924        | -          | 12,638,246        | 482,968                                     | -              | -                            | (743,312)                            | 28,673,188        | 639,947          | 16,935,236        | -          | 12,377,899        |
| Infrastructure   | 3                   | 39,187,037        | 1,201,591        | 7,143,599         | -          | 33,245,029        | 613,456                                     | -              | -                            | (520,285)                            | 39,187,037        | 1,815,048        | 7,663,884         | -          | 33,338,201        |
| CWMS   | 3                   | 4,124,928         | -                | 1,448,141         | -          | 2,676,787         | -   | -              | -                            | (72,354)                             | 4,124,928         | -                | 1,520,495         | -          | 2,604,433         |
| Plant & Equipment  | 3                   | 2,560,955         | 414,332          | 1,486,079         | -          | 1,489,208         | 37,127                                      | 270,951        | (69,822)                     | (140,924)                            | 2,320,155         | 722,410          | 1,456,025         | -          | 1,586,540         |
| Furniture & Fittings   | 3                   | 242,500           | 105,129          | 118,670           | -          | 228,959           | 125,165                                     | -              | -                            | (34,185)                             | 242,500           | 230,294          | 152,855           | -          | 319,939           |
| <b>Total Infrastructure, Property,<br/>Plant &amp; Equipment</b> |                     | <b>77,637,972</b> | <b>1,878,034</b> | <b>26,388,413</b> | <b>-</b>   | <b>53,127,592</b> | <b>1,258,718</b>                            | <b>270,951</b> | <b>(69,822)</b>              | <b>(1,511,060)</b>                   | <b>77,397,172</b> | <b>3,407,699</b> | <b>27,728,495</b> | <b>-</b>   | <b>53,076,375</b> |
| <b>Comparatives</b>  |                     | 78,011,999        | -                | 25,146,413        | -          | <b>52,865,586</b> | 1,530,939                                   | 347,095        | (92,286)                     | (1,523,742)                          | 77,637,972        | 1,878,034        | 26,388,413        | -          | <b>53,127,592</b> |

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

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#### Valuation of Assets

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

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

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

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

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

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

#### Information on Valuations

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

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

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

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

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

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

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#### Valuation of Assets (continued)

##### Other Information

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

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

##### Highest and best use

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

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

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

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

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

##### Transition to AASB 13 - Fair Value Measurement

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

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

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#### Valuation of Assets (continued)

##### Infrastructure

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

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

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

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

##### Community Wastewater Management Systems

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

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

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

##### Plant & Equipment

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

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

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

##### Furniture & Fittings

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

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

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

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

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### Valuation of Assets (continued)

#### Land, Land Improvements, Buildings & Other Structures

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

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

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

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

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

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

#### Minor Plant

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

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

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 8. Liabilities

|  |       | 2019      | 2019        | 2018    | 2018        |
|--|-------|-----------|-------------|---------|-------------|
| \$                                       | Notes | Current   | Non Current | Current | Non Current |
| (a). Trade and Other Payables            |       |           |             |         |             |
| Goods & Services                         |       | 409,930   | -           | 104,806 | -           |
| Payments Received in Advance             |       | 1,065,951 | -           | 806,676 | -           |
| Accrued Expenses - Employee Entitlements |       | 40,081    | -           | 34,074  | -           |
| Accrued Expenses - Finance Costs         |       | 18,456    | -           | 19,780  | -           |
| Accrued Expenses - Other                 |       | 39,441    | -           | 27,182  | -           |
| Sec 184 Proceeds Held in Trust           |       | 42,481    | -           | -       | -           |
| Total Trade and Other Payables           |       | 1,616,340 | -           | 992,518 | -           |

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

Payments Received in Advance - AASB1004 adjustment

|  |                  |              |
|--|------------------|--------------|
| FAGs Received in Advance                 | (279,275)        | (19,062)     |
| Other Grants Received in Advance (CCTV)  | -                | 38,882       |
| Other Grants Received in Advance (PRRPS) | -                | (20,000)     |
| <b>Total AASB1004 Adjustments</b>        | <b>(279,275)</b> | <b>(180)</b> |

|   |                  |                |
|---|------------------|----------------|
| <b>AASB 1004 Adjusted Trade &amp; Other</b> | <b>1,337,065</b> | <b>992,338</b> |
|---|------------------|----------------|

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

### (b). Borrowings

|                         |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|
| Loans                   | 869,356        | 134,730        | 214,155        | 889,151        |
| Other                   | -              | -              | -              | -              |
| <b>Total Borrowings</b> | <b>869,356</b> | <b>134,730</b> | <b>214,155</b> | <b>889,151</b> |

All interest bearing liabilities are secured over the future revenues of the Council

### (c). Provisions

|   |                |               |                  |               |
|---|----------------|---------------|------------------|---------------|
| Employee Entitlements (including oncosts) | 399,836        | 29,917        | 424,853          | 33,048        |
| Future Reinstatement / Restoration, etc   | 431,212        | -             | 431,212          | -             |
| Unspent Grants                            | 27,546         | -             | 219,708          | -             |
| Other                                     | -              | -             | 13,563           | -             |
| <b>Total Provisions</b>                   | <b>858,594</b> | <b>29,917</b> | <b>1,089,336</b> | <b>33,048</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 9. Reserves

| \$                                     | 1/7/2018          | Increments<br>(Decrements) | Transfers | Impairments | 30/6/2019         |
|--|-------------------|----------------------------|-----------|-------------|-------------------|
| <b>(a). Asset Revaluation Reserve</b>  |                   |                            |           |             |                   |
| Buildings                              | 10,593,820        | -                          | -         | -           | 10,593,820        |
| Infrastructure                         | 15,739,843        | -                          | -         | -           | 15,739,843        |
| CWMS                                   | 816,063           | -                          | -         | -           | 816,063           |
| Plant & Equipment                      | (106,236)         | -                          | -         | -           | (106,236)         |
| Furniture & Fittings                   | 36,278            | -                          | -         | -           | 36,278            |
| Minor Plant                            | 15,926            | -                          | -         | -           | 15,926            |
| Other Assets                           | 8,669,014         | -                          | -         | -           | 8,669,014         |
| <b>Total Asset Revaluation Reserve</b> | <b>35,764,708</b> | <b>-</b>                   | <b>-</b>  | <b>-</b>    | <b>35,764,708</b> |
| <b>Comparatives</b>                    | <b>35,764,708</b> | <b>-</b>                   | <b>-</b>  | <b>-</b>    | <b>35,764,708</b> |

| \$                          | 1/7/2018         | Tfrs to<br>Reserve | Tfrs from<br>Reserve | Other<br>Movements | 30/6/2019        |
|-----------------------------|------------------|--------------------|----------------------|--------------------|------------------|
| <b>(b). Other Reserves</b>  |                  |                    |                      |                    |                  |
| NRM Levy                    | 1,474            | 278                | -                    | -                  | 1,752            |
| Land & Buildings            | 120,000          | 2,493              | -                    | -                  | 122,493          |
| Plant Replacement           | 50,000           | 1,039              | -                    | -                  | 51,039           |
| Other                       | 1,200,115        | 74,934             | (150,521)            | -                  | 1,124,528        |
| Garbage Service Charge      | 144,243          | 8,236              | -                    | -                  | 152,479          |
| Stormwater Dams             | 2,000            | 42                 | -                    | -                  | 2,042            |
| Hawker Swimming Pool        | -                | -                  | -                    | -                  | -                |
| Legal Costs                 | 5,000            | 20,104             | -                    | -                  | 25,104           |
| Community Trust Funds       | 33,267           | 24,312             | (22,690)             | -                  | 34,889           |
| Quorn Swimming Pool         | -                | -                  | -                    | -                  | -                |
| Hawker CWMS Service Charge  | 246,950          | 27,018             | -                    | -                  | 273,968          |
| Quorn CWMS Service Charge   | 1,029,081        | -                  | (37,208)             | -                  | 991,873          |
| Airstrips                   | -                | -                  | -                    | -                  | -                |
| Roads                       | 150,000          | 3,117              | (153,117)            | -                  | 0                |
| Community Buses             | 50,000           | 1,039              | -                    | -                  | 51,039           |
| Sec 184 Proceeds            | -                | 42,481             | -                    | -                  | 42,481           |
| Other Reserves              | -                | -                  | -                    | -                  | -                |
| <b>Total Other Reserves</b> | <b>3,032,130</b> | <b>205,093</b>     | <b>(363,536)</b>     | <b>-</b>           | <b>2,873,687</b> |
| <b>Comparatives</b>         | <b>3,753,328</b> | <b>444,298</b>     | <b>(1,165,496)</b>   | <b>-</b>           | <b>3,032,130</b> |

### PURPOSES OF RESERVES

#### Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).



# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 10. Assets Subject to Restrictions

| \$  | Notes | 2019             | 2018             |
|---|-------|------------------|------------------|
| <p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p> |       |                  |                  |
| <b>Cash &amp; Financial Assets</b>  |       |                  |                  |
| CWMS Annual Service Charge  |       | 1,265,841        | 1,276,031        |
| Garbage Annual Service Charge   |       | 152,479          | 144,244          |
| NRM Levy  |       | 1,752            | 1,474            |
| Unexpended Grant funds  |       | 27,546           | 219,708          |
| Employee Entitlements   |       | 429,753          | 457,900          |
| <b>Total Cash &amp; Financial Assets</b>  |       | <b>1,877,371</b> | <b>2,099,357</b> |
| <b>Total Assets Subject to Externally Imposed Restrictions</b>  |       | <b>1,877,371</b> | <b>2,099,357</b> |
| <p>The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:</p>   |       |                  |                  |
| Provisions  | 8     | 457,299          | 677,608          |
| <b>Total</b>  |       | <b>457,299</b>   | <b>677,608</b>   |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 11. Reconciliation to Statement of Cash Flows

| \$   | Notes | 2019             | 2018             |
|--|-------|------------------|------------------|
| <b>(a). Reconciliation of Cash</b>   |       |                  |                  |
| 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     | 3,327,155        | 3,259,832        |
| <b>Balances per Statement of Cash Flows</b>  |       | <b>3,327,155</b> | <b>3,259,832</b> |
| <b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>   |       |                  |                  |
| <b>Net Surplus/(Deficit)</b>   |       | <b>(489,577)</b> | <b>569,342</b>   |
| Non-Cash Items in Income Statements  |       |                  |                  |
| Depreciation, Amortisation & Impairment  |       | 1,511,060        | 1,523,742        |
| Grants for Capital Acquisitions (Treated as Investing Activity Receipts)   |       | (371,514)        | (1,465,842)      |
| Net (Gain) Loss on Disposals   |       | (45,042)         | (22,896)         |
|  |       | <b>604,927</b>   | <b>604,346</b>   |
| <b>Add (Less): Changes in Net Current Assets</b>   |       |                  |                  |
| Net (Increase)/Decrease in Receivables   |       | (153,080)        | 2,269            |
| Net (Increase)/Decrease in Inventories   |       | 147,711          | (59,987)         |
| Net Increase/(Decrease) in Trade & Other Payables  |       | 623,823          | (259,224)        |
| Net Increase/(Decrease) in Unpaid Employee Benefits  |       | (28,148)         | (14,224)         |
| Net Increase/(Decrease) in Other Provisions  |       | (205,724)        | (242,103)        |
| <b>Net Cash provided by (or used in) operations</b>  |       | <b>989,508</b>   | <b>31,077</b>    |

### (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 interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of South Australia.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 12a. Functions

| Functions/Activities              | Income, Expenses and Assets have been directly attributed to the following Functions / Activities.<br>Details of these Functions/Activities are provided in Note 12(b). |                  |                  |                  |                             |                  |                           |                  |   |                   |
|-----------------------------------|---|------------------|------------------|------------------|-----------------------------|------------------|---------------------------|------------------|---|-------------------|
|                                   | INCOME  |                  | EXPENSES         |                  | OPERATING SURPLUS (DEFICIT) |                  | GRANTS INCLUDED IN INCOME |                  | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) |                   |
|                                   | Actual 2019   | Actual 2018      | Actual 2019      | Actual 2018      | Actual 2019                 | Actual 2018      | Actual 2019               | Actual 2018      | Actual 2019                               | Actual 2018       |
| \$                                |   |                  |                  |                  |                             |                  |                           |                  |   |                   |
| Administration                    | 3,137,656   | 3,067,306        | 60,281           | 317,278          | 3,077,375                   | 2,750,029        | 1,168,129                 | 1,181,629        | (0)                                       | 0                 |
| Public Order & Health             | 955   | 23,278           | 34,850           | 89,431           | (33,896)                    | (66,153)         | 3,000                     | 24,500           | -   | -                 |
| Social Security & Welfare         | 24,735  | 7,934            | 31,566           | 30,565           | (6,831)                     | (22,631)         | 14,700                    | -                | -   | -                 |
| Community Amenities               | 507,944   | 474,756          | 1,110,244        | 945,340          | (602,300)                   | (470,584)        | -                         | -                | -   | -                 |
| Recreation & Culture              | 194,964   | 118,137          | 1,590,292        | 1,629,015        | (1,395,328)                 | (1,510,879)      | 92,944                    | 1,111            | -   | -                 |
| Agricultural Services             | 47,943  | 43,512           | 44,412           | 47,174           | 3,531                       | (3,662)          | -                         | -                | -   | -                 |
| Regulatory Services               | 33,554  | 51,212           | 166,244          | 138,723          | (132,690)                   | (87,511)         | -                         | -                | -   | -                 |
| Transport & Communication         | 461,675   | 448,114          | 1,417,800        | 1,374,770        | (956,125)                   | (926,656)        | 461,675                   | 448,114          | -   | -                 |
| Economic Development              | 425,208   | 275,703          | 820,138          | 537,018          | (394,930)                   | (261,315)        | 136,695                   | -                | -   | -                 |
| Not Elsewhere Classified          | 150,291   | 139,177          | 215,777          | 191,896          | (65,486)                    | (52,719)         | 9,934                     | -                | -   | -                 |
| Works Overheads                   |   | -                | 399,452          | 267,316          | (399,452)                   | (267,316)        | -                         | -                | -   | -                 |
| Other Functions/Activities        |   | -                |                  | -                | -                           | -                | -                         | -                | 57,718,831                                | 57,917,679        |
| <b>Total Functions/Activities</b> | <b>4,984,925</b>  | <b>4,649,130</b> | <b>5,891,058</b> | <b>5,568,526</b> | <b>(906,133)</b>            | <b>(919,396)</b> | <b>1,887,076</b>          | <b>1,655,354</b> | <b>57,718,831</b>                         | <b>57,917,679</b> |

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 12b. Components of Functions

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**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 and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 13. Financial Instruments

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#### Recognised Financial Instruments

##### Bank, Deposits at Call, Short Term Deposits

##### Accounting Policy:

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

##### Terms & Conditions:

Deposits are returning fixed interest rates between 1.25% and **2.47%** (2018: 1.5% and 2.4%). Short term deposits have an average maturity of 82 days and an average interest rate of 1.7% (2018: **9** days and **1.75%**).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables

##### Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

##### 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 0.5500% (2018: **0.56250%**). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables

##### Fees & Other Charges

##### Accounting Policy:

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

##### Terms & Conditions:

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

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 13. Financial Instruments (continued)

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#### Recognised Financial Instruments

##### Receivables

##### Other Levels of Government

##### Accounting Policy:

Carried at nominal value.

##### Terms & Conditions:

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

##### Carrying Amount:

Approximates fair value.

##### Receivables

##### Retirement Home Contributions

##### 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:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Liabilities

##### Creditors and Accruals

##### Accounting Policy:

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

##### Terms & Conditions:

Liabilities are normally settled on 30 day terms.

##### Carrying Amount:

Approximates fair value.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 13. Financial Instruments (continued)

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#### Recognised Financial Instruments

##### Liabilities

##### Retirement Home Contributions

##### Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

##### Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

##### Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

##### Liabilities

##### Interest Bearing Borrowings

##### Accounting Policy:

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

##### Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed or variable rates between **3.49%** and **6.65%** (2018: 4.45% and 6.65%).

##### Carrying Amount:

Approximates fair value.

##### Liabilities

##### Finance Leases

##### Accounting Policy:

Accounted for in accordance with AASB 117.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 13. Financial Instruments (continued)

|                                     | Due<br>< 1 year  | Due > 1 year<br>& ≤ 5 years | Due<br>> 5 years | Total Contractual<br>Cash Flows | Carrying<br>Values |
|-------------------------------------|------------------|-----------------------------|------------------|---------------------------------|--------------------|
| \$                                  |                  |                             |                  |                                 |                    |
| <b>2019</b>                         |                  |                             |                  |                                 |                    |
| <b><u>Financial Assets</u></b>      |                  |                             |                  |                                 |                    |
| Cash & Equivalents                  | 3,327,155        | -                           | -                | 3,327,155                       | 3,327,155          |
| Receivables                         | 261,369          | 21,221                      | 8,972            | 291,562                         | 291,562            |
| <b>Total Financial Assets</b>       | <b>3,588,524</b> | <b>21,221</b>               | <b>8,972</b>     | <b>3,618,717</b>                | <b>3,618,717</b>   |
| <b><u>Financial Liabilities</u></b> |                  |                             |                  |                                 |                    |
| Payables                            | 550,389          | -                           | -                | 550,389                         | 550,389            |
| Current Borrowings                  | 869,356          | -                           | -                | 869,356                         | 869,356            |
| Non-Current Borrowings              | -                | 66,603                      | 68,127           | 134,730                         | 134,730            |
| <b>Total Financial Liabilities</b>  | <b>1,419,745</b> | <b>66,603</b>               | <b>68,127</b>    | <b>1,554,475</b>                | <b>1,554,475</b>   |
|                                     |                  |                             |                  |                                 |                    |
|                                     | Due<br>< 1 year  | Due > 1 year<br>& ≤ 5 years | Due<br>> 5 years | Total Contractual<br>Cash Flows | Carrying<br>Values |
| \$                                  |                  |                             |                  |                                 |                    |
| <b>2018</b>                         |                  |                             |                  |                                 |                    |
| <b><u>Financial Assets</u></b>      |                  |                             |                  |                                 |                    |
| Cash & Equivalents                  | 3,259,832        | -                           | -                | 3,259,832                       | 3,259,832          |
| Receivables                         | 129,322          | 20,307                      | 14,632           | 164,261                         | 164,261            |
| <b>Total Financial Assets</b>       | <b>3,389,154</b> | <b>20,307</b>               | <b>14,632</b>    | <b>3,424,093</b>                | <b>3,424,093</b>   |
| <b><u>Financial Liabilities</u></b> |                  |                             |                  |                                 |                    |
| Payables                            | 185,842          | -                           | -                | 185,842                         | 185,842            |
| Current Borrowings                  | 214,155          | -                           | -                | 214,155                         | 214,155            |
| Non-Current Borrowings              | -                | 874,519                     | 14,632           | 889,151                         | 889,151            |
| <b>Total Financial Liabilities</b>  | <b>399,997</b>   | <b>874,519</b>              | <b>14,632</b>    | <b>1,289,148</b>                | <b>1,289,148</b>   |

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

|                      | 30 June 2019                  |                   | 30 June 2018                  |                   |
|----------------------|-------------------------------|-------------------|-------------------------------|-------------------|
|                      | Weighted Avg<br>Interest Rate | Carrying<br>Value | Weighted Avg<br>Interest Rate | Carrying<br>Value |
| Fixed Interest Rates | 6.04%                         | 1,004,086         | 6.11%                         | 1,103,306         |
|                      |                               | <b>1,004,086</b>  |                               | <b>1,103,306</b>  |

### Net Fair Value

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



### Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 13. Financial Instruments (continued)

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##### Risk Exposures

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

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

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

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 14. Commitments for Expenditure

| \$  | Notes | 2019             | 2018             |
|---|-------|------------------|------------------|
| <b>Other Expenditure Commitments</b>  |       |                  |                  |
| <b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b> |       |                  |                  |
| Audit Services  |       | 20,201           | 39,846           |
| Employee Remuneration Contracts   |       | 1,006,131        | 1,292,354        |
|   |       | <b>1,026,332</b> | <b>1,332,200</b> |
| <b>These expenditures are payable:</b>  |       |                  |                  |
| Not later than one year   |       | 388,832          | 391,100          |
| Later than one year and not later than 5 years  |       | 637,500          | 941,100          |
| Later than 5 years  |       | -                | -                |
|   |       | <b>1,026,332</b> | <b>1,332,200</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 15. Financial Indicators

|    | Amounts | Indicator | Prior Periods |      |
|----|---------|-----------|---------------|------|
| \$ | 2019    | 2019      | 2018          | 2017 |

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      | (906,133) | (18%) | (20%) | (30%) |
| Total Operating Income | 4,984,925 |       |       |       |

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

#### 2. Net Financial Liabilities Ratio

|                           |           |      |       |       |
|---------------------------|-----------|------|-------|-------|
| Net Financial Liabilities | (472,092) | (9%) | (12%) | (19%) |
| Total Operating Income    | 4,984,925 |      |       |       |

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

#### Adjustments to Ratios

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

|                                  |       |       |       |
|----------------------------------|-------|-------|-------|
| Adjusted Operating Surplus Ratio | (12%) | (19%) | (30%) |
|----------------------------------|-------|-------|-------|

|  |       |       |       |
|--|-------|-------|-------|
| Adjusted Net Financial Liabilities Ratio | (14%) | (12%) | (18%) |
|--|-------|-------|-------|

#### 3. Asset Renewal Funding Ratio

|   |         |     |     |    |
|---|---------|-----|-----|----|
| Net Asset Renewals  | 156,087 | 16% | 97% | 6% |
| Infrastructure & Asset Management Plan required expenditure | 995,000 |     |     |    |

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.*

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 15. Financial Indicators - Graphs (continued)

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 16. Uniform Presentation of Finances

| \$   | 2019             | 2018             |
|--|------------------|------------------|
| <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   | 4,984,925        | 4,649,130        |
| less Expenses  | (5,891,058)      | (5,568,526)      |
| <b>Operating Surplus / (Deficit)</b>   | <b>(906,133)</b> | <b>(919,397)</b> |
| <b>Net Outlays on Existing Assets</b>  |                  |                  |
| Capital Expenditure on Renewal and Replacement of Existing Assets  | (270,951)        | (868,488)        |
| <i>add back</i> Depreciation, Amortisation and Impairment  | 1,511,060        | 1,523,742        |
| <i>add back</i> Proceeds from Sale of Replaced Assets  | 114,864          | 115,182          |
| <b>Subtotal</b>  | <b>1,354,973</b> | <b>770,435</b>   |
| <b>Net Outlays on New and Upgraded Assets</b>  |                  |                  |
| Capital Expenditure on New and Upgraded Assets<br>(including Investment Property & Real Estate Developments)   | (1,042,934)      | (1,530,939)      |
| <i>add back</i> Amounts Received Specifically for New and Upgraded Assets  | 371,514          | 1,465,842        |
| <b>Subtotal</b>  | <b>(671,420)</b> | <b>(65,097)</b>  |
| <b>Net Lending / (Borrowing) for Financial Year</b>  | <b>(222,580)</b> | <b>(214,058)</b> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 17. Operating Leases

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| \$ | 2019 | 2018 |
|----|------|------|
|----|------|------|

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#### Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

#### **Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:**

|  |            |               |
|--|------------|---------------|
| Not later than one year                        | 666        | 4,000         |
| Later than one year and not later than 5 years | -          | 12,000        |
| Later than 5 years                             | -          | -             |
|  | <u>666</u> | <u>16,000</u> |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 18. Superannuation

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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 2018/19; 9.50% in 2017/18). 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 2017/18) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

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

## The Flinders Ranges Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 19a. Interests in Other Entities

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

#### Note 19b. Controlled Entities

##### **SUBSIDIARIES**

Council has no interest in any Subsidiaries.

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

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



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

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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 **\$34,940** (2018: **\$39,481**) at reporting date.

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

#### 4. LEGAL MATTERS

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

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 22. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 04 May 2020.

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

- On 31 January 2020, subsequent to the reporting period, the World Health Organisation (WHO) announced a global health emergency in relation to the 2019 novel coronavirus (COVID-19) outbreak. The Council is managing the potential impacts on operations. These impacts include the closure of the Visitor Information Centre and various other recreational community facilities and amenities, additional cleaning of Council facilities and some employees working from home and from different locations. At the date of this report, an accurate estimate of the financial impact of this event cannot be made. The Council are ensuring adequate financial reserves are in place to manage any financial risks.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 23. Related Party Transactions

| \$ | 2019 | 2018 |
|----|------|------|
|----|------|------|

#### Key Management Personnel

##### Key Management Personnel - Compensation

Paragraph 17 of AASB 124 requires Council to disclose all forms of Key Management Personnel compensation that is paid, payable or provided by the council (or on its behalf) in exchange for services rendered. The following table details the number of individual benefits provided by Council to Key Management Personnel and their collective values.

##### The compensation paid to Key Management Personnel comprises:

|                              |                |                |
|------------------------------|----------------|----------------|
| Short-Term Employee Benefits | 583,588        | 526,000        |
| Post-Employment Benefits     | 35,784         | 67,000         |
| Long-Term Benefits           | 36,555         | 48,000         |
| Termination Benefits         | -              | -              |
| <b>Total</b>                 | <b>655,927</b> | <b>641,000</b> |

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

Of these amounts, \$514,484 has been paid, \$141,013 is payable by Council and \$429 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 one (1) planning and building application during the reporting period. In accordance with the Local Government Act 1999, these persons took no part in the assessment or approval process for this application. Total fees for this application were \$420 with the full amount paid prior to 30 June 2019.

Two (2) Key Management Personnel are on the Executive of the Pichi Richi Railway Preservation Society Inc. Council collected ticket sale income of \$175,055 for the organisation and paid this to the organisation during the reporting period. \$21,404 remained payable to the organisation by Council at 30 June 2019.

Council paid the organisation for memberships during the reporting period.

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 23. Related Party Transactions (continued)

| \$ | 2019 | 2018 |
|----|------|------|
|----|------|------|

Council leases the Visitor Information Centre from the organisation. Council paid the organisation \$12,500 during the reporting period with a further \$12,500 payable to the organisation by Council at 30 June 2019.

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

One (1) Key Management Personnel Chairs the Quorn Men's Shed Association. During the reporting period, Council provided support (materials and catering provisions) to the value of \$2,512.

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

Two (2) Key Management Personnel sit on the Barndioota Consultative Committee established by the Australian Government's Department of Industry, Innovation and Science. Council received six grants under the Department's National Radioactive Waste Management Facility Community Benefit Programme in the past. As at 30 June 2019 an amount of \$134,562 remains payable to Council as the final grant payments.

One (1) Key Management Personnel is on the Board of the Hawker Community Sports Centre Inc. Council provided the organisation with discretionary rate rebates of \$5,822 during the reporting period. No amounts are outstanding at 30 June 2019.

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

One (1) Key Management Personnel and a close member of the person's family are involved in a business from which Council made purchases totalling \$12,678 during the reporting period. At 30 June 2019, a balance of \$484 remained payable by Council. Council also sells product of another business operated by this close family mem on a commission basis. Sales totalled \$995 and commissions of \$96 were received during the reporting period, with \$ in sale payable and \$35 in commissions receivable as at 30 June 2019.

Two (2) Key Management Personnel are members of the Board of Regional Development Australia Far North. During the reporting period, Council made payments of \$21,897 to the organisation. As at 30 June 2019, no amounts were outstanding.

One (1) Key Management Personnel is on the Board of Hawker Community Development Board Inc. During the reporting period, Council received \$1,915 from the organisation for cleaning, electricity and freight reimbursements. Council made payments of \$20 to the organisation for subscription and materials. As at 30 June 2019, an amount of \$465 remained payable to Council by the organisation.

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

One (1) Key Management Personnel is on the Board of Wirreanda Cottage. During the reporting period, Council provided the organisation with a \$2,310 discretionary rate rebate. As at 30 June 2019, no amounts were outstanding.

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 24. Reconciliation of Grants Received

| \$  | Notes | Opening<br>Balance | Movements<br>Received | Expended           | Closing<br>Balance |
|---|-------|--------------------|-----------------------|--------------------|--------------------|
| This note has been made available for specific Council Notes. |       |                    |                       |                    |                    |
| <b>Grants</b>   |       |                    |                       |                    |                    |
| <b>General Purpose - Commonwealth</b>                         |       |                    |                       |                    |                    |
| Grants Commission Grant - General Purpose                     |       | -                  | 1,168,129             | (1,168,129)        | -                  |
| Grants Commission Grant - Local Roads                         |       | -                  | 461,695               | (461,695)          | -                  |
| <b>Total General Purpose Grants</b>                           |       | -                  | <b>1,629,824</b>      | <b>(1,629,824)</b> | -                  |
| <b>Specific Purpose</b>                                       |       |                    |                       |                    |                    |
| Country SA PHN  |       | -                  | 14,700                | (14,700)           | -                  |
| Libraries   |       | -                  | 1,119                 | (1,119)            | -                  |
| Medical Workforce   |       | -                  | 20,000                | -                  | 20,000             |
| Craddock Heritage Signs                                       |       | -                  | 2,535                 | -                  | 2,535              |
| Hawker Courts   |       | -                  | 68,000                | (68,000)           | -                  |
| FRRR 500 Miles of Music                                       |       | -                  | 19,000                | (15,689)           | 3,311              |
| Craddock Memorial Shelter                                     |       | -                  | 23,804                | (23,804)           | -                  |
| Quorn and Hawker Walks  |       | -                  | 96,506                | (96,506)           | -                  |
| Hawker Aerodrome  |       | -                  | 9,934                 | (9,934)            | -                  |
| Dog Park  |       | -                  | 3,000                 | (3,000)            | -                  |
| DPC - PRRPS Review  |       | -                  | 20,000                | (20,000)           | -                  |
| DVA - Bruce Honour Board                                      |       | -                  | 4,500                 | (4,500)            | -                  |
| Arts SA - Christmas Pageant                                   |       | -                  | 1,700                 | -                  | 1,700              |
| <b>Total Specific Purpose Grants</b>                          |       | -                  | <b>284,798</b>        | <b>(257,252)</b>   | <b>27,546</b>      |
| <b>Total Other Grants</b>                                     |       | -                  | <b>1,914,622</b>      | <b>(1,887,076)</b> | <b>27,546</b>      |
| <b>Comparatives</b>   |       | <b>74,859</b>      | <b>1,655,354</b>      | <b>(1,730,213)</b> | -                  |

### Grants Specifically for New/Upgraded Assets

|  |  |                |                  |                    |   |
|--|--|----------------|------------------|--------------------|---|
| <b>Specific Purpose</b>                                      |  |                |                  |                    |   |
| Skate Park   |  | -              | 142,783          | (142,783)          | - |
| CCTV   |  | -              | 12,960           | (12,960)           | - |
| Hawker Gymnasium   |  | -              | 215,771          | (215,771)          | - |
| <b>Total Grants Specifically for<br/>New/Upgraded Assets</b> |  | -              | <b>371,514</b>   | <b>(371,514)</b>   | - |
| <b>Comparatives</b>  |  | <b>390,230</b> | <b>1,465,842</b> | <b>(1,856,072)</b> | - |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

### Note 25. Material Budget Variations

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This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual Results for the year as per the Income Statement - even though such variations may have been adjusted for during each Budget Review.

**Note that for Variations\* of Budget to Actual :**

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

| \$   | 2019<br>Budget   | 2019<br>Actual   | 2019<br>Variance* |                       |
|--|------------------|------------------|-------------------|-----------------------|
| <b>REVENUES</b>  |                  |                  |                   |                       |
| <b>Rates Revenues</b>  | <b>2,321,600</b> | <b>2,329,553</b> | <b>7,953</b>      | <b>0%</b> <b>F</b>    |
| <b>Statutory Charges</b>   | <b>38,800</b>    | <b>31,119</b>    | <b>(7,681)</b>    | <b>(20%)</b> <b>U</b> |
| Development Fee Income significantly lower than Budgeted.  |                  |                  |                   |                       |
| <b>User Charges</b>  | <b>76,500</b>    | <b>107,185</b>   | <b>30,685</b>     | <b>40%</b> <b>F</b>   |
| Pichi Richi Marathon Entry Fees not Budgeted. Rural Refuse and Recycling Pick Up charges not included in Budget calculations. Facility hire fees higher than Budgeted  |                  |                  |                   |                       |
| <b>Grants, Subsidies &amp; Contributions</b>   | <b>1,692,100</b> | <b>1,887,076</b> | <b>194,976</b>    | <b>12%</b> <b>F</b>   |
| More grants received than anticipated in Budget  |                  |                  |                   |                       |
| <b>Investment Income</b>   | <b>44,300</b>    | <b>85,174</b>    | <b>40,874</b>     | <b>92%</b> <b>F</b>   |
| Cash holdings as a result of additional grants and delayed project expenditures resulted in additional funds available for investment. Conservative approach also taken in Budget.                                 |                  |                  |                   |                       |
| <b>Reimbursements</b>  | <b>62,300</b>    | <b>60,297</b>    | <b>(2,003)</b>    | <b>(3%)</b> <b>U</b>  |
| <b>Other Income</b>  | <b>409,600</b>   | <b>484,521</b>   | <b>74,921</b>     | <b>18%</b> <b>F</b>   |
| Other revenue items received that were not budgeted for or were conservatively estimated.  |                  |                  |                   |                       |
| <b>EXPENSES</b>  |                  |                  |                   |                       |
| <b>Employee Costs</b>  | <b>1,946,200</b> | <b>1,472,881</b> | <b>(473,319)</b>  | <b>(24%)</b> <b>U</b> |
| Full employment structure as Budgeted not in place for entirety of year, several employees took extended periods of leave during the year. Less labour capitalised than Budgeted (used contractors in some cases). |                  |                  |                   |                       |
| <b>Materials, Contracts &amp; Other Expenses</b>   | <b>2,491,300</b> | <b>2,841,607</b> | <b>350,307</b>    | <b>14%</b> <b>F</b>   |
| Contractors used for employee vacancies and leave periods. Additional unbudgeted expenditure associated with unbudgeted grants received.   |                  |                  |                   |                       |
| <b>Depreciation, Amortisation &amp; Impairment</b>   | <b>1,552,600</b> | <b>1,511,060</b> | <b>(41,540)</b>   | <b>(3%)</b> <b>U</b>  |
| <b>Finance Costs</b>   | <b>69,400</b>    | <b>65,510</b>    | <b>(3,890)</b>    | <b>(6%)</b> <b>U</b>  |
| <b>CAPITAL REVENUES / EXPENSES</b>   |                  |                  |                   |                       |
| <b>Asset Disposal &amp; Fair Value Adjustments</b>   | <b>-</b>         | <b>45,042</b>    | <b>45,042</b>     | <b>0%</b> <b>F</b>    |
| <b>Amounts Received for New/Upgraded Assets</b>  | <b>-</b>         | <b>371,514</b>   | <b>371,514</b>    | <b>0%</b> <b>F</b>    |

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 26. Financial Commentary & Review

\$

#### Key Financial Figures of Council over the past 5 years

| <b>Financial Performance Figures</b>                               | <b>2019</b>        | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|--------------------|-------------|-------------|-------------|-------------|
| <b>Inflows:</b>  |                    |             |             |             |             |
| Rates  | <b>2,329,553</b>   | 2,222,028   | 2,150,716   | 2,094,411   | 2,050,969   |
| Statutory Charges  | <b>31,119</b>      | 49,170      | 40,791      | 36,252      | 34,897      |
| User Charges   | <b>107,185</b>     | 99,868      | 79,403      | 83,328      | 80,106      |
| Grants, Subsidies & Contributions                                  | <b>1,887,076</b>   | 1,655,354   | 1,495,840   | 1,584,685   | 1,620,397   |
| Investment Income  | <b>85,174</b>      | 82,362      | 97,668      | 95,035      | 95,900      |
| Total Income from Continuing Operations                            | <b>4,984,925</b>   | 4,649,130   | 4,409,886   | 4,361,481   | 4,374,298   |
| Sale Proceeds from I,PP&E  | <b>486,378</b>     | 1,581,024   | 679,890     | 1,154,090   | -           |
| New Loan Borrowings & Advances                                     | <b>120,000</b>     | -           | -           |             | 750,000     |
| <b>Outflows:</b>   |                    |             |             |             |             |
| Employee Costs   | <b>1,472,881</b>   | 1,520,048   | 1,665,349   | 1,232,343   | 1,526,121   |
| Materials, Contracts & Other Expenses                              | <b>2,841,607</b>   | 2,452,630   | 2,479,601   | 2,211,089   | 1,520,454   |
| Finance Costs  | <b>65,510</b>      | 72,107      | 83,455      | 92,840      | 94,707      |
| Total Expenses from Continuing Operations                          | <b>5,891,058</b>   | 5,568,526   | 5,731,550   | 4,776,887   | 4,478,110   |
| Total Cash purchases of I,PP&E                                     | <b>(1,313,884)</b> | (2,399,427) | (755,168)   | (1,766,243) | (3,830,542) |
| Total Loan Repayments (incl. Finance Leases)                       | <b>(219,221)</b>   | (203,782)   | (195,966)   | (158,479)   | (130,039)   |
| Operating Surplus/(Deficit) (excl. Capital Income)                 | <b>(906,133)</b>   | (919,396)   | (1,321,664) | (415,406)   | (103,813)   |
| <b>Financial Position Figures</b>                                  | <b>2019</b>        | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Current Assets   | <b>4,306,650</b>   | 4,233,753   | 5,162,601   | 4,146,966   | 4,536,412   |
| Current Liabilities  | <b>3,344,291</b>   | 2,296,009   | 2,778,059   | 1,682,652   | 2,094,461   |
| Net Current Assets   | <b>962,359</b>     | 1,937,743   | 2,384,542   | 2,464,314   | 2,441,951   |
| Cash & Investments   | <b>3,327,155</b>   | 3,259,832   | 4,246,593   | 3,229,917   | 2,857,871   |
| Total Borrowings Outstanding<br>(Loans, Advances & Finance Leases) | <b>1,004,086</b>   | 1,103,306   | 1,307,088   | 1,503,054   | 1,661,533   |
| Total Value of I,PP&E (excl. Land & Land Imp'ments)                | <b>80,804,871</b>  | 79,516,006  | 78,011,999  | 76,293,901  | 74,645,157  |
| Total Accumulated Depreciation                                     | <b>27,728,495</b>  | 26,388,413  | 25,146,413  | 19,635,998  | 18,458,833  |
| Indicative Remaining Useful Life (as a % of GBV)                   | 66%                | 67%         | 68%         | 74%         | 75%         |

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

# The Flinders Ranges Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 27. Council Information & Contact Details

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#### Principal Place of Business:

1 Seventh Street  
QUORN SA 5433

#### Contact Details

##### Mailing Address:

PO Box 43  
QUORN SA 5433

**Telephone:** 08 8620 0500

##### Opening Hours:

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

**Internet:** [www.frc.sa.gov.au](http://www.frc.sa.gov.au)

**Email:** [council@frc.sa.gov.au](mailto:council@frc.sa.gov.au)

#### Officers

##### CHIEF EXECUTIVE OFFICER

Colin Davies

##### PUBLIC OFFICER

Colin Davies

##### AUDITORS

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

#### Elected Members

##### MAYOR

Peter Slattery

##### COUNCILLORS

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

#### Other Information

**ABN:** 43 952 255 151



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



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E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

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## INDEPENDENT AUDITOR'S REPORT

### To the members of the Flinders Ranges Council

#### Opinion

We have audited the accompanying financial report of the Flinders Ranges Council, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Flinders Ranges Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

#### Basis for Opinion

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

#### Council's Responsibility for the Financial Report

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

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

## **Auditor's Responsibility for the Audit of the Financial Report**

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

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

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

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

## **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**



**Tim Muhlhausler** CA Registered Company Auditor  
Partner

15 / 05 / 2020

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renae Nicholson CA  
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## INDEPENDENT AUDITOR'S REPORT

### To the Members of the Flinders Ranges Council

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

##### Opinion

We have audited the compliance of the Flinders Ranges Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

In our opinion, the Flinders Ranges Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

##### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

##### The Council's Responsibility for Internal controls

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

##### Our Independence and Quality Control

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

**Auditor's responsibility**

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

**Limitations of Controls**

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

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

**Limitation of Use**

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

15 / 05 / 2020

## The Flinders Ranges Council

### General Purpose Financial Statements

for the year ended 30 June 2019

### 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 2019, the Council's Auditor, Galpins Accountants, Auditors and Business Consultants ha 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: 4 May 2020**

## The Flinders Ranges Council

### General Purpose Financial Statements

for the year ended 30 June 2019

### Statement by Auditor

I confirm that, for the audit of the financial statements of The Flinders Ranges Council for the year ended 30 June 2019, 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*.



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Tim Muhlhaausler

**Galpins Accountants, Auditors and Business Consultants**

**Dated this** 28<sup>th</sup> **day of** April **2020.**