

District Council of Franklin Harbour

General Purpose Financial Reports

for the year ended 30 June 2025

District Council of Franklin Harbour

General Purpose Financial Reports

for the year ended 30 June 2025

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District Council of Franklin Harbour
Annual Financial Statements
for the year ended 30 June 2025

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 2025 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.

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Shane Gill

CHIEF EXECUTIVE OFFICER

.....

Robert Walsh

MAYOR/COUNCILLOR

Date: 13/11/2025

District Council of Franklin Harbour

Statement of Comprehensive Income

for the year ended 30 June 2025

	Notes	2025 $	2024 $
INCOME			
Rates	2	**2,363,683**	2,192,498
Statutory charges	2	**53,701**	42,387
User charges	2	**901,978**	787,483
Grants, subsidies and contributions - Capital	2	**517,148**	699,868
Grants, subsidies and contributions - Operating	2	**2,504,259**	1,106,471
Investment income	2	**18,608**	27,684
Reimbursements	2	**3,317**	16,447
Other income	2	**268,879**	241,653
Total Income		**6,631,573**	5,114,491
EXPENSES			
Employee costs	3	**1,479,549**	1,552,377
Materials, contracts & other expenses	3	**1,997,327**	2,895,159
Depreciation, amortisation & impairment	3	**1,848,682**	1,782,670
Finance costs	3	**180,052**	178,047
Total Expenses		**5,505,610**	6,408,253
OPERATING SURPLUS / (DEFICIT)		**1,125,963**	(1,293,762)
Amounts received specifically for new or upgraded assets	2	**856,000**	770,000
NET SURPLUS / (DEFICIT) transferred to Equity Statement		**1,981,963**	(523,762)
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - infrastructure, property, plant & equipment	6	**12,195,603**	-
Total Other Comprehensive Income		**12,195,603**	-
TOTAL COMPREHENSIVE INCOME		**14,177,567**	(523,762)

This Statement is to be read in conjunction with the attached Notes.

District Council of Franklin Harbour

Statement of Financial Position

as at 30 June 2025

	Notes	2025 $	2024 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	**571,828**	451,239
Trade & other receivables	4	**559,003**	521,916
Inventories	4	**26,474**	11,332
Total Current Assets		**1,157,305**	984,487
Non-current Assets			
Infrastructure, property, plant & equipment	6	**62,340,833**	50,366,036
Other non-current assets	5	**109,600**	-
Total Non-current Assets		**62,450,433**	50,366,036
Total Assets		**63,607,738**	51,350,523
LIABILITIES			
Current Liabilities			
Trade & other payables	7	**458,698**	316,586
Borrowings	7	**382,733**	367,760
Provisions	7	**662,115**	720,477
Total Current Liabilities		**1,503,546**	1,404,823
Non-current Liabilities			
Borrowings	7	**3,531,253**	5,571,985
Provisions	7	**2,055,475**	2,033,818
Total Non-current Liabilities		**5,586,728**	7,605,803
Total Liabilities		**7,090,274**	9,010,626
NET ASSETS		**56,517,464**	42,339,897
EQUITY			
Accumulated surplus		**36,824,921**	34,842,958
Asset revaluation reserves	8	**19,657,407**	7,461,804
Other reserves	8	**35,135**	35,135
TOTAL EQUITY		**56,517,464**	42,339,897

This Statement is to be read in conjunction with the attached Notes.

District Council of Franklin Harbour

Statement of Changes in Equity

for the year ended 30 June 2025

2025	Notes	Acc'd Surplus $	Asset Rev'n Reserve $	Other Reserves $	TOTAL EQUITY $
Balance at end of previous reporting period		**34,842,958**	**7,461,804**	**35,135**	**42,339,897**
Net Surplus / (Deficit) for Year		**1,981,963**	**-**	**-**	**1,981,963**
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		**-**	**12,195,603**	**-**	**12,195,603**
Transfers between reserves		**-**		**-**	**-**
Balance at end of period	8	**36,824,921**	**19,657,407**	**35,135**	**56,517,464**
2024					
Balance at end of previous reporting period		35,366,720	7,461,804	35,135	42,863,659
Net Surplus / (Deficit) for Year		(523,762)	-	-	(523,762)
Balance at end of period	8	34,842,958	7,461,804	35,135	42,339,897

This Statement is to be read in conjunction with the attached Notes

District Council of Franklin Harbour

Statement of Cash Flows

for the year ended 30 June 2025

	Notes	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Rates - general & other		**2,320,856**	2,094,451
Fees & other charges		**59,071**	46,626
User charges		**1,016,328**	1,334,026
Investment receipts		**18,608**	27,684
Grants utilised for operating purposes		**2,503,533**	1,107,830
Reimbursements		**3,649**	18,092
Other revenues		**510,147**	741,945
Payments:			
Employee costs		**(1,512,919)**	(1,522,594)
Materials, contracts & other expenses		**(2,228,546)**	(3,566,068)
Finance payments		**(180,052)**	(176,150)
Net Cash provided by (or used in) Operating Activities		**2,510,675**	105,842
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets		**856,000**	770,000
Grants utilised for capital` purposes		**517,148**	699,868
Payments:			
Expenditure on renewal/replacement of assets		**(912,142)**	(553,978)
Expenditure on new/upgraded assets		**(825,334)**	(2,443,916)
Net Cash provided by (or used in) Investing Activities		**(364,327)**	(1,528,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts:			
Proceeds from borrowings		**-**	65,493
Payments:			
Repayments of borrowings		**(2,025,759)**	-
Net Cash provided by (or used in) Financing Activities		**(2,025,759)**	65,493
Net Increase (Decrease) in cash held		**120,589**	(1,356,690)
Cash & cash equivalents at beginning of period	9	**451,239**	1,807,929
Cash & cash equivalents at end of period	9	**571,828**	451,239

This Statement is to be read in conjunction with the attached Notes

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 1 - Material Accounting Policies

The principal accounting policies adopted in the preparation of the financial report 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.

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 material 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 District Council of Franklin Harbour is incorporated under the SA Local Government Act 1999 and has its principal place of business at 6 Main Street, Cowell. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

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

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

In other cases, AASB 1058 applies when Council enters into transactions where the consideration to acquire an asset is materially less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years, the payment of untied grants (financial assistance grants/ local roads/ supplementary grants) has varied from the annual allocation as shown in the table below:

Note 1 - Material Accounting Policies

Cash Payment Received Annual Allocation Difference

	Cash Payment Received	Annual Allocation	Difference	
2022-23	1,960,319	1,380,888	+	579,431
2023-24	15,079	1,507,921	-	1,492,842
2024-25	353,595	1,623,524	-	1,269,929

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.
The Operating Surplus Ratio disclosed in Note 11 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

3.2 Construction Contract Revenue

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. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".
For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments also form part of Note 10.

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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.
Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Note 1 - Material Accounting Policies

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 6. No capitalisation threshold is applied to the

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. Material 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 6.

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 6. 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.

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, 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". Interest free loans are initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

9 Provisions

9.1 Employee Benefits

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 on costs) 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 on-costs) 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.

Weighted average discount rate	4.41% (2024, 4.19%)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Superannuation:

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 13.

9.2 Provisions for reinstatement, restoration, rehabilitation.

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

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

10 Leases

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

Council as a lessee

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

ii) Lease liabilities

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

17 of the Cowell Cottages are occupied under a licence to occupy. In the event the tenants vacate the premises, the licenses are repayable by Council. A provision has been included in Note 7.

11 Goods & Services Tax

In accordance with interpretation of 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.

12 New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2 - INCOME

	Notes	2025 $	2024 $
RATES REVENUES			
General Rates		**1,713,923**	1,616,006
Less: Mandatory rebates		**(17,954)**	(17,911)
		1,695,969	1,598,095
Other Rates (including service charges)			
Landscape levy		**116,913**	110,116
Community wastewater management systems		**537,886**	475,526
		654,799	585,642
Other Charges			
Penalties for late payment		**12,915**	8,761
		2,363,683	2,192,498
STATUTORY CHARGES			
Planning Development and Infrastructure Act Fees		**36,950**	26,375
Health & Septic Tank Inspection fees		**1,175**	-
Animal registration fees & fines		**9,410**	9,061
Other licences, fees, & fines		**6,166**	6,951
		53,701	42,387
USER CHARGES			
Cemetery/crematoria fees		**7,152**	10,182
Camping Fees		**161,572**	129,440
Shack Area Fees		**128,746**	129,441
Rubbish Disposal Fees		**278,877**	257,569
Boat Ramp Fees		**46,914**	34,406
Cowell Cottages		**138,883**	132,203
Coolanie Water Fees		**84,061**	62,823
Hall & Equipment Hire		**4,382**	9,171
Sales - general		**2,925**	3,550
Effluent Drainage Service Charge - Cowell		**11,064**	-
Parks & Gardens Hire Fees		**14,678**	-
Plant & Machinery Hire Fees		**22,724**	-
Sundry		**-**	18,698
		901,978	787,483

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2 - INCOME (con't)

	Notes	2025 $	2024 $
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		**17,872**	27,140
Banks & other		**736**	544
		18,608	27,684
REIMBURSEMENTS			
Private works		**3,317**	16,447
		3,317	16,447
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		**35,104**	7,010
EPLGA Conference		**-**	85,480
LGFA Rebate		**20,446**	11,546
Power Refund		**-**	68,818
Management Fee Cowell Cottages		**-**	27,643
Other Community & Housing Support		**37,034**	-
Sport & Rec Income		**7,022**	-
Road Construction Other Income		**151,057**	-
OPS Other Income		**6,034**	-
Sundry		**12,182**	41,156
		268,879	241,653
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		**856,000**	770,000
Other grants, subsidies and contributions - Capital			
Roads to Recovery		**287,901**	221,461
Disaster Recovery Funding		**-**	100,148
LRCIP		**229,247**	378,259
S/Tot Other grants, subsidies and contributions - Capital		**517,148**	699,868
Other grants, subsidies and contributions - Operating			
Untied - Financial Assistance Grant		**1,545,742**	124,111
Disaster Recovery Funding		**790,512**	965,034
Library & Communications		**3,215**	3,326
Australia Day Grant		**8,005**	-
Veterans Affairs Grant		**10,899**	-
Tourism Grant		**84,236**	
Sundry		**61,650**	14,000
S/Tot Other grants, subsidies and contributions - Operating		**2,504,259**	1,106,471
Grants Included in Operating Surplus/(deficit)		**3,021,407**	1,806,339
Total Grants all sources		**3,877,407**	2,576,339

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 2 - INCOME (con't)

		2025	2024
Sources of grants	**Notes**	**$**	$
Commonwealth government		**287,901**	991,461
State government		**3,589,506**	1,584,878
		3,877,407	2,576,339
Individually Material Item			
Disaster Recovery Funding Spent on Capital		**-**	*110,148*
Fags Prepaid June 2025		***798,869***	-

Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	-	*301,330*
Less: expended during the current period from revenues recognised in previous reporting periods:		
LRCIP (x2)		*(301,330)*
Subtotal	-	*(301,330)*
Unexpended at the close of this reporting period	-	-
Net increase / (decrease) in assets subject to conditions in the current reporting period	-	*(301,330)*

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 3 - EXPENSE

	Notes	2025 $	2024 $
EMPLOYEE COSTS			
Salaries and Wages		**1,401,759**	1,433,476
Employee leave expense		**155,570**	182,503
Superannuation - defined contribution plan contributions	13	**131,377**	125,033
Superannuation - defined benefit plan contributions	13	**42,981**	39,877
Workers' Compensation Insurance		**38,585**	35,805
Less: Capitalised and distributed costs		**(290,723)**	(264,317)
Total Operating Employee Costs		**1,479,549**	1,552,377
Total Number of Employees		***18***	*18*
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		**13,000**	13,000
Elected members' expenses		**84,220**	77,369
Election expenses		**473**	445
Subtotal - Prescribed Expenses		**97,693**	90,814
Other Materials, Contracts & Expenses			
Contractors		**249,027**	1,821,260
Patrol Grading		**99,662**	-
Plant & Machinery Repairs		**142,359**	-
Road Maintenance		**60,071**	1,013,962
Plant & Equpment Overheads		**300,377**	301,998
Depot Overheads		**85,785**	79,071
Rubbish Disposal		**197,322**	223,777
Administration		**199,942**	200,268
Legal Expenses		**25,403**	8,784
Levies Paid to Government - Landscape Levy		**116,363**	103,863
Materials		**94,127**	433,326
Public Functions & Community Events		**30,025**	24,872
EPLGA Conference		**-**	67,884
Effluent Drainage		**183,564**	141,019
Cowell Cottages		**66,784**	91,360
Street Lighting		**34,744**	35,899
Town Planning		**68,618**	47,337
Development / Building Code		**12,698**	27,588
OHCS		**169,284**	208,728
Parts, Accessories & Consumables		**79,225**	-
Parks & Gardens		**144,866**	146,345
Professional Services		**50,000**	34,105
Insurance		**210,478**	164,841
Other Capital		**437,154**	311,445
Sundry		**178,910**	50,190
Less: Capitalised and Distributed Costs		**(1,337,154)**	(2,733,577)
Subtotal - Other Materials, Contracts & Expenses		**1,899,634**	2,804,345
		1,997,327	2,895,159

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 3 - EXPENSE con't

	Notes	2025 $	2024 $
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		**295,228**	295,228
CWMS		**157,974**	147,337
Other Community Assets		**367,200**	355,377
Office Equipment, Furniture		**6,985**	6,985
Plant, Machinery, Equipment		**191,371**	191,371
Sealed Roads		**478,019**	448,857
Unsealed Roads		**295,109**	273,398
Kerb & Gutter		**30,767**	42,528
Footpath		**21,743**	17,301
Stormwater		**2,140**	2,140
Bridges		**2,148**	2,148
		1,848,682	1,782,670
FINANCE COSTS			
Interest on Loans		**180,052**	178,047
		180,052	178,047

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 4 - CURRENT ASSETS

		2025	2024
CASH & EQUIVALENT ASSETS	**Notes**	**$**	$
Cash on Hand and at Bank		**116,993**	67,389
Deposits at Call		**445,860**	369,576
Short Term Deposits & Bills, etc		**8,975**	14,274
		571,828	451,239
TRADE & OTHER RECEIVABLES			
Rates - General & Other		**307,886**	261,866
Debtors - general		**99,393**	123,545
Other levels of Government		**2,506**	1,780
GST Recoupment		**39,718**	30,188
Prepayments		**109,500**	104,537
		559,003	521,916
Amounts included in receivables that are not expected to be received within 12 months of reporting date.		**-**	-
INVENTORIES			
Stores & Materials		**26,474**	11,332
		26,474	11,332

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 5 - NON-CURRENT ASSETS

	2025	2024
OTHER NON-CURRENT ASSETS		
Inventories		
Capital Works-in-Progress	**109,600**	-
	109,600	-

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2024 $				2025 $			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	2,229,589	-	-	2,229,589	**2,229,589**	**42,793**	**-**	**2,272,382**
Buildings & Other Structures	3	16,538,098	33,941	(11,830,470)	4,741,569	**16,572,040**	**40,933**	**(12,125,698)**	**4,487,275**
CWMS	3	10,801,840	10,128	(1,116,485)	9,695,482	**13,725,322**	**-**	**(1,210,571)**	**12,514,751**
Other Community Assets	3	14,236,963	430,487	(2,022,879)	12,644,571	**14,932,255**	**517,265**	**(2,451,016)**	**12,998,504**
Office Equipment, Furniture	3	-	399,371	(379,541)	19,830	**399,371**	**-**	**(386,526)**	**12,845**
Plant, Machinery, Equipment	3	-	3,992,987	(2,269,702)	1,723,285	**3,992,988**	**164,989**	**(2,461,073)**	**1,696,903**
Sealed Roads	3	16,013,303	2,410,886	(4,685,498)	13,738,690	**26,078,678**	**861,897**	**(4,921,352)**	**22,019,222**
Unsealed Roads	3	7,144,435	100,148	(4,007,706)	3,236,876	**6,616,503**	**-**	**(2,999,131)**	**3,617,373**
Kerb & Gutter	3	2,199,700	-	(807,653)	1,392,047	**2,145,020**	**-**	**(707,391)**	**1,437,629**
Footpath	3	1,100,420	-	(417,752)	682,668	**1,454,639**	**-**	**(427,829)**	**1,026,809**
Stormwater	3	554,624	-	(391,993)	162,632	**554,624**	**-**	**(394,132)**	**160,492**
Bridges	3	180,000	-	(81,205)	98,795	**180,000**	**-**	**(83,353)**	**96,647**
Total IPP&E		70,998,972	7,377,948	(28,010,884)	50,366,036	**88,881,029**	**1,627,877**	**(28,168,072)**	**62,340,833**
Comparatives		*55,797,763*	*19,581,263*	*(26,228,214)*	*49,150,812*	*70,998,972*	*7,377,948*	*(28,010,884)*	*50,366,036*

This Note continues on the following pages.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2024 $	Carrying Amounts Movement During the Year $				2025 $
	Carrying Amount	Additions		Dep'n	Net Reval'n	Carrying Amount
		New / Upgrade	Renewals			
Land	2,229,589	42,793	-	-	-	**2,272,382**
Buildings & Other Structures	4,741,569	27,581	13,353	(295,228)	-	**4,487,275**
CWMS	9,695,482	-	-	(157,974)	2,977,243	**12,514,751**
Other Community Assets	12,644,571	510,740	6,525	(367,200)	203,868	**12,998,504**
Office Equipment, Furniture	19,830	-	-	(6,985)	-	**12,845**
Plant, Machinery, Equipment	1,723,285	164,989	-	(191,371)	-	**1,696,903**
Sealed Roads	13,738,690	79,231	782,666	(478,019)	7,896,654	**22,019,222**
Unsealed Roads	3,236,876	-	-	(295,109)	675,605	**3,617,373**
Kerb & Gutter	1,392,047	-	-	(30,767)	76,349	**1,437,629**
Footpath	682,668	-	-	(21,743)	365,884	**1,026,809**
Stormwater	162,632	-	-	(2,140)	-	**160,492**
Bridges	98,795	-	-	(2,148)	-	**96,647**
Total IPP&E	**50,366,036**	**825,334**	**802,544**	**(1,848,682)**	**12,195,603**	**62,340,833**
Comparatives	*49,150,812*	***2,443,916***	***553,979***	***(1,782,671)***	**-**	*50,366,036*

This note continues on the following pages.

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: 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 Measuremen*t: 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: 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.

Fair value hierarchy level 2 valuations: 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.

Fair value hierarchy level 3 valuations of land: 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they 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. Accordingly, formal sensitivity analysis does not provide useful information.

Note 6 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	1,000
Other Plant & Equipment	1,000
Buildings - new construction/extensions	10,000
Park & Playground Furniture & Equipment	2,000
Road construction & reconstruction	10,000
Paving & footpaths, Kerb & Gutter	2,000
Drains & Culverts	5,000
Reticulation extensions	5,000
Sidelines & household connections	5,000
Artworks	5,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains & Culverts	80 to 100 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC Other	70 to 80 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite
Right-of-use assets	2 to 3 years

Land Improvements
Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2020 at current replacement cost. Additions are recognised at cost.

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

Land, Buildings & Other Structures
Land, buildings and other structures shown as fair value hierachy level 2 were revalued as at 30 June 2020 by Martin Burns, of Liquid Pacific.

Infrastructure
Transportation assets were valued by Rick Gayler, Gayler Professional Engineering, at depreciated current replacement cost during the reporting period ended 30 June 2025, based on actual costs incurred during the reporting periods ended 30 June 2024 and 2025. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage infrastructure was valued by Council officers as at 30 June 2019 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2021. All acquisitions made after the respective dates of vlauation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacmeent cost during the reporting period ended 30 June 2025, by Rick Gayler, Gayler Professional Engineering, All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment
These assets are recognised at cost.

Office Equipment, Furniture & Fittings
These assets are recognised at cost.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 7 - LIABILITIES

		2025		2024	
		$		$	
TRADE & OTHER PAYABLES	**Notes**	**Current**	**Non-current**	Current	Non-current
Goods & Services		**180,744**	-	88,992	-
Payments received in advance		**24,709**	-	21,516	-
Accrued expenses - employee entitlements		**54,213**	-	50,878	-
Accrued expenses - other		**142,272**	-	127,501	-
GST Payable		**26,689**	-	1,346	-
Other		**30,071**	-	26,353	-
		458,698	-	316,586	-
Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.		-		-	
BORROWINGS					
Loans		**382,733**	**3,531,253**	367,760	5,571,985
		382,733	**3,531,253**	367,760	5,571,985

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

PROVISIONS					
LSL Employee entitlements (including oncosts)		**184,635**	**100,725**	214,432	79,068
AL Employee entitlements (including oncosts)		**169,480**	-	198,045	-
Other		**308,000**	**1,954,750**	308,000	1,954,750
		662,115	**2,055,475**	720,477	2,033,818
Amounts included in provisions that are not expected to be settled within 12 months of reporting date.		-		-	

Movements in Provisions - 2025 year only *(current & non-current)*	*Leave & Other Provision*
Opening Balance	*2,754,295*
(Less) Unused amounts reversed	*(36,705)*
Add (Less) Remeasurement Adjustments	-
Closing Balance	*2,717,590*

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 8 - RESERVES

ASSET REVALUATION RESERVE	Notes	1/7/2024	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2025
		$	$	$	$
Land		1,909,660	-	-	**1,909,660**
Building & Other Structures		2,245,896	-	-	**2,245,896**
Infrastructure		3,236,072	9,014,493	-	**12,250,565**
CWMS		(140,783)	2,977,243	-	**2,836,460**
Other Community Assets		210,959	203,868	-	**414,827**
TOTAL		7,461,804	12,195,603	-	**19,657,407**
	Comparatives	*7,461,804*	-	-	***7,461,804***

OTHER RESERVES	1/7/2024	Transfers to Reserve	Transfers from Reserve	30/6/2025
Lucky Bay LGFA Reserve	35,135	-	-	**35,135**
TOTAL OTHER RESERVES	35,135	-	-	**35,135**
Comparatives	*35,135*	-	-	***35,135***

PURPOSES OF RESERVES

Asset Revaluation Reserve

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).

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2025 $	2024 $
Total cash & equivalent assets	4	**571,828**	451,239
Balances per Cash Flow Statement		**571,828**	451,239

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

Net Surplus (Deficit)	**1,981,963**	(523,762)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	**1,848,682**	1,782,670
Net increase (decrease) in unpaid employee benefits	**(33,370)**	29,783
Grants for capital acquisitions treated as Investing Activity	**(1,373,148)**	(1,469,868)
	2,424,127	(181,177)
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	**(11,744)**	421,116
Net (increase) decrease in inventories	**(15,142)**	16,393
Net increase (decrease) in trade & other payables	**113,434**	(150,490)
Net Cash provided by (or used in) operations	**2,510,675**	105,842

(d) Financing Arrangements

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

Corporate Credit Cards	**9,000**	9,000
LGFA Cash Advance Debenture facility	**1,200,000**	4,400,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables.*

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	**Accounting Policy:** initially recognised atfair value and subsequently measured at amortised cost, interest is recognised when earned **Terms & conditions:** Deposits are returning fixed interest rates between 4% and 4.15% (2024: 2.6% and 4.55%). **Carrying amount:** approximates fair value due to the short term to maturity.
Receivables - Rates & Associated	**Accounting Policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method **Terms & conditions:** Secured over the subject land, arrears attract interest of 8% (2024: 8%) Although 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:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method **Terms & conditions:** Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries. **Carrying amount:** approximates fair value (after deduction of any allowance).
Receivables - other levels of government	**Accounting Policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method. **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.

Note 10 - FINANCIAL INSTRUMENTS (con't)

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.

Liabilities - Interest Bearing Borrowings

Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate

Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.55% and 6% (2024: 1.98% and 6.15%)

Carrying amount: approximates fair value.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 10 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2025		Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets						
Cash & Equivalents		**571,828**	-	-	**571,828**	**571,828**
Receivables		**559,003**	-	-	**559,003**	**559,003**
	Total	**1,130,831**	-	-	**1,130,831**	**1,130,831**
Financial Liabilities						
Payables		**458,698**	-	-	**458,698**	**262,213**
Current Borrowings		**382,733**	-	-	**382,733**	**382,733**
Non-Current Borrowings		-	**3,531,253**	-	**3,531,253**	**3,531,253**
	Total	**841,431**	**3,531,253**	-	**4,372,684**	**4,176,199**

2024		Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets						
Cash & Equivalents		451,239	-	-	451,239	451,239
Receivables		417,379	-	-	417,379	417,379
	Total	868,618	-	-	868,618	868,618
Financial Liabilities						
Payables		138,207	-	-	138,207	138,207
Current Borrowings		431,985	-	-	431,985	367,760
Non-Current Borrowings		-	5,651,899	25,699	5,677,598	5,571,985
	Total	570,192	5,651,899	25,699	6,247,790	6,077,952

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

	30 June 2025		30 June 2024	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
Overdraft				
Other Variable Rates	**0.0%**	-	4.50%	4,258,000
Fixed Interest Rates	**4.6%**	**3,913,986**	4.03%	1,681,745
		3,913,986		5,939,745

Note 10 - FINANCIAL INSTRUMENTS (con't)

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.

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 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.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 11 - FINANCIAL INDICATORS

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. Detailed methods of calculation are set out in the SA Model Statements.

Adjustments to Ratios

1. 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. The adjusted ratios below correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.

2. The Net Financial Liabilities Ratio (NFLR) for the 2022-23 financial year has also been adjusted to remove the impact of the provision of $2.3M that relates to the Cowell Cottage Retirement units license deposits reported in Other Provisions in note 6. It should be noted that upon repayment of a deposit an asset is created as the license is now being available to be resold, further to this an asset also exists being the land & buildings which is not included in the calculations of the NFLR.

If a user of these statements were to asess Council's financial health or financial sustainability based on the literal calculation of the NFLR, as prescribed by the Model Financial Statements, they would most likely reach an incorrect conclusion. Accordingly when undertaking such analysis readers are encouraged to understand and refer to the adjusted ratios that follow rather than the rations reported at the end of this note that are consistend with the Model Financial Statements.

	2025	2024	2023
Adjusted Operating Surplus Ratio	**5.6%**	3.0%	-1.3%
Adjusted Net Financial Liabilities Ratio	**77%**	87%	118%

Asset Renewal Funding Ratio

$$\frac{\text{Outlays on Existing Assets}}{\text{Asset Renewals - IAMP}}$$

95%	109%	210%

Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing

Operating Surplus Ratio

$$\frac{\text{Operating Surplus}}{\text{Total Operating Income}}$$

17.0%	-25.3%	27.5%

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

Net Financial Liabilities Ratio

$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Income}}$$

90%	157%	61%

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 12 - UNIFORM PRESENTATION OF FINANCES

The following is a detailed summary of both operating and capital investment activities of the Council prepared on a modified Uniform Presentation Framework basis, adjusted for timing differences associated with prepaid Federal assistance Grants required to be recognised as revenue on receipt in accordance with Australian Accounting Standards.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2025 $	2024 $
Income		
Rates	**2,363,683**	2,192,498
Statutory charges	**53,701**	42,387
User charges	**901,978**	787,483
Grants, subsidies and contributions - Capital	**517,148**	699,868
Grants, subsidies and contributions` - Operating	**2,504,259**	1,106,471
Investment income	**18,608**	27,684
Reimbursements	**3,317**	16,447
Other income	**268,879**	241,653
	6,631,573	5,114,491
Expenses		
Employee costs	**(1,479,549)**	(1,552,377)
Materials, contracts and other expenses	**(1,997,327)**	(2,895,159)
Depreciation, amortisation and impairment	**(1,848,682)**	(1,782,670)
Finance costs	**(180,052)**	(178,047)
	(5,505,610)	(6,408,253)
Operating Surplus / (Deficit)	**1,125,963**	(1,293,762)
Net Timing Adjustment for General Purpose Funding	**(798,869)**	1,492,842
Less: Grants, Subsidies & Contributions - Capital	**(517,148)**	(699,868)
Add Road to Recovery Funding	**287,901**	-
Adjusted Operating Surplus / (Deficit)	**97,847**	(500,788)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	**(912,142)**	(553,978)
Add back Depreciation, Amortisation and Impairment	**1,848,682**	1,782,670
Grants Subsidies and Contributions - Capital Renewal	**517,148**	-
Proceeds from Sale of Replaced Assets	**-**	-
	1,453,688	1,228,692
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets *(including investment property & real estate developments)*	**(825,334)**	(2,443,916)
Amounts received specifically for New and Upgraded Assets	**856,000**	770,000
Proceeds from Sale of Surplus Assets *(including investment property and real estate developments)*	**-**	-
	30,666	(1,673,916)
Adjusted Annual Net Impact to Financing Activities surplus/ (deficit)	**1,582,202**	(946,012)

Note 13 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and Statewide Super). 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 (11.5% in 2024-25; 11% in 2023-24). 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 2023-24) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2024. 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.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 14 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1. LAND UNDER ROADS

As reported elsewhere in these 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 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.

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 a deductible "insurance excess", 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. LEGAL EXPENSES

Council is the planning consent authority for its area under the Planning, Development & Infrastructure Act 2016. 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 zero (0) 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.

District Council of Franklin Harbour

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 15 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 10 persons were paid the following total compensation:

	2025	2024
	$	$
Salaries, allowances & other short term benefits	**648,285**	537,234
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
TOTAL	**648,285**	537,234

Allowances / benefits incurred in the ordinary course of performing the KMPs role, and amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

	2025	2024
	$	$
Contributions for fringe benefits tax purposes	-	-
Planning and building applications fees	**1,289**	-
Rentals for Council property	-	-
TOTAL	**1,289**	-

Key management personnel or close family members (including related parties) lodged a total of 3 planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

3 planning and building approvals, with and without conditions, were granted during the year

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

District Council of Franklin Harbour
Independent Auditor's Report

To the members of the District Council of Franklin Harbour

Opinion

We have audited the accompanying financial report of District Council of Franklin Harbour (the Council), which comprises the statement of financial position as at 30 June 2025, 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 District Council of Franklin Harbor

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2025, 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 Responsibilities 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.

Ian 0419 620 906
ianmcdonald@creativeauditing.org
PO Box 75, Henley Beach SA 5022
ABN 37 158 328 655
Nancy 0408 832 848
nancytran@creativeauditing.org

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- 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.



Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange, 13 November 2025

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Independent Assurance Report on the Internal Controls of the District Council of Franklin Harbour

We have audited the compliance of the District Council of Franklin Harbour (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 2024 to 30 June 2025 have been conducted properly and in accordance with law.

Opinion
In our opinion, the Council has complied, in all material respects, with *Section 125* of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2024 to 30 June 2025.

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

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

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

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

Our Responsibility
Our responsibility is to express an opinion on the Council's compliance with *Section 125* of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable *Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements*, issued by the *Australian Auditing and Assurance Standards Board*, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2024 to 30 June 2025. *ASAE 3100* also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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



Ian G McDonald FCA
Chartered Accountant
Registered Company Auditor 16458

Signed at Grange, 13 November 2025

District Council of Franklin Harbour

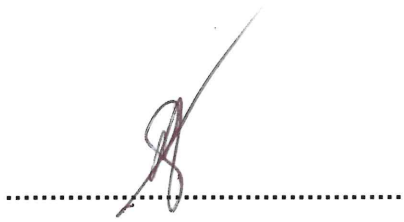
Annual Financial Statements

for the year ended 30 June 2025

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Franklin Harbour for the year ended 30 June 2025, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

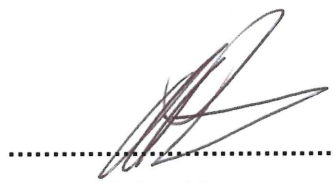
This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....

Shane Gill

CHIEF EXECUTIVE OFFICER



.....

Michael Pomeroy

PRESIDING MEMBER AUDIT COMMITTEE

Date: 13/11/2025

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

District Council of Franklin Harbour

Annual Financial Statement

For the year ended 30 June 2025

Audit Certificate of Audit Independence

We confirm that, for the audit of the financial statements of the District Council of Franklin Harbour for the year ended 30 June 2025, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



Ian G McDonald FCA

Date: 22 September 2025

www.creativeauditing.com.au

Ian 0419 620 906
ianmcdonald@creativeauditing.org

PO Box 75, Henley Beach SA 5022
ABN 37 158 328 655

Nancy 0408 832 848
nancytran@creativeauditing.org

Liability limited by a scheme approved under Professional Standards Legislation.