

SOUTH AUSTRALIA MODEL FINANCIAL STATEMENTS 2024



SUMMARY OF CHANGES

The following are the key changes that have been made during the preparation of the 2024 Model Financial Statements (“MFS”).

Page #	Section Reference	Detail of Changes
10	Introduction	Included new high importance guidance to advise Council's MUST use the most recent authorised version of the Model Financial statements when preparing their Annual Financial Statements.
10	Introduction – Planning and Timeliness	To address concerns of the South Australian Local Government Auditors' Group (SALGAG) regarding draft statements not being prepared in a timely manner, unrealistic audit committee dates and a high number of councils with delayed audits a new subsection has been added providing some commentary regarding the importance of project management, including planning, early engagement with audit and scheduling of audit committee meeting to facilitate timely authorisation of Annual financial Statements.
11	Introduction – Sustainability Reporting	Inclusion of an introductory paragraph on the issue of an Exposure Draft of an Australian Sustainability Reporting Sustainability Standard highlighting these are not currently mandatory for Council's (pending a decision to be made by South Australia Local Government), but that early preparation is key and Council is likely to be requested to provide Green House Gas Emission information to Corporate and Commonwealth Government entities for which disclosures are mandatory. A blue box of high importance guidance has been added stating that this disclosure is NOT mandatory, the Exposure Draft should Not be early adopted, but that Council's MAY include sustainability disclosures in their Annual Report.
38	Basis of Preparation	The comments on Covid-19 have been updated to reflect that in Australia the impacts of the Covid-19 pandemic are no longer pervasive, and specific commentaries by Council's on potential impacts of the Covid-19 Pandemic are no longer likely to be required. However, Councils should consider relevant accounting and disclosure requirements with regards to going concern, and judgements in measurement of assets and liabilities. Any disclosures in previous statements should be reassessed.

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40	Note 1 – Table calculating Advance payment of financial assistance and supplementary grants	The net difference in Note 1 is used to calculate the timing adjustment for grant revenue. This has been renamed to “Net Timing Adjustment for General Purpose Funding”) in Note 16 Uniform Presentation Framework. An additional column to the far right added to facilitate calculation of the Net Timing Adjustments for the current and comparative period.
59	Note 2: Grants, Subsidies and Contributions	Wording regarding the cross reference to note 12 moved higher in the Note to align with the Operating grants sub-total and amended to reflect that only Operating grants are included in Note 12.
61	Note 2: Amounts specifically for new or upgraded assets	An additional exclusion for Local Roads & Community Infrastructure Program (LRCIP) had been included.
64	Note 2: Conditions over grants & contributions	Additional wording added to better reflect tied grant conditions. "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, and are required to be repaid to the funding body if not expended , are as follows:"
65	Note 2: Income – Listing of grants, subsidies, etc. received	Added general guidance for Councils to maintain a grant register as a key control mechanism to support accurate financial recognition and disclosure of grant revenue, utilisation and monitoring of conditions.
103	Note 7: Fixed Assets – The Fair Value Model (Frequency of revaluations)	Updated the guidance in blue box advising Council's to consider more frequent indexation in a high inflationary/deflationary environment. Updated associated CPI data in the foot note for 5 yrs from June 2018 to December 2023.
104	Note 7: Fixed Assets – The Fair Value Model (Reconciliation of the carrying amount at the beginning and end of the period)	Due to a common audit issue, have added a mandatory requirement stating the opening carrying amounts plus movements in the above table MUST add to the closing carrying amount and reconcile to the carrying amounts in the Statement of Financial Position.
113	Note 7: Fixed Assets – The Fair Value Model (Example disclosure)	Added additional example disclosure for Councils performing comprehensive revaluations and reviewing of unit rates and condition assessments.
143	Note 12: Functions	There was a longstanding requirement to reconcile note 12 to the Operating Surplus/(Deficit), not the Net Surplus / (Deficit) which includes asset disposal & fair value adjustments, and amounts received for new or upgraded assets.

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		<p>There was a separate contradictory mandatory requirement that Total grants must agree with the total of grants, subsidies and contributions received from Commonwealth and State Governments as shown in Note 2.</p> <p>The Mandatory requirement in relation to grants has been modified to reflect that the total grants must agree with the total of grants, subsidies and contributions received from Commonwealth and State governments and other as shown in other income on Note 2 after adjusting for amounts received specifically for new or upgraded assets, which are not included in Operating Surplus.</p> <p>This note has also been updated to include a Governance Function “Net Gain equity accounting Council businesses” and “ Net Loss equity accounting Council businesses” support reconciliation to the Operating result. A call out box has also been added to advise that alternatively Council’s may wish to disclose each associate separately. Income expenses and assets have been reallocated to better reflect the expectation that Administration Costs are not expected to be the largest category in practice.</p>
157	Note 13 - The fair value hierarchy	Deleted paragraph referencing AASB 7 <i>Financial Instruments: Disclosures</i> (AASB 7.paragraph 29) to reflect deletion from the accounting standard.
	Note 15 – Financial Indicators	Indicator 3 – Asset renewal funding ratio has been updated to clarify that the calculation is to be performed on a gross basis .
168	Note 16 – Uniform presentation of finances	<p>Added the word “Adjusted’ before Annual Net Impact to Financing Activities (surplus/(deficit) to more accurately reflect the “Adjusted Operating Surplus / (Deficit) is used in the calculation and therefore it is an “Adjusted Annual Net Impact to Financing Activities”.</p> <p>Additional line items added for "Net timing adjustment for General Purpose Grant Funding","Grants, subsidies and contributions – Capital" "Grants, subsidies and contributions – Capital Renewal", "Grants, subsidies and contributions – Capital New/Upgraded)" to support and clarify adjustments for grants to drive consistency of application.</p> <p>Guidance has also been added to clarify that any reconciliation between the current and previous years will only be possible by accounting for the “Timing adjustment for grant revenue” in both years.</p>
224	Additional Materials – Recognition of revenue – AASB 1058	There have been differing interpretations of AASB 1058.16. To address this additional guidance has been included regarding the interpretation of “when” (or as)” relating to the recognition of capital grant

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		revenue. A reference to this guidance has also been added in Note 2.
156/ 224	Additional Materials – Financial Instruments - liquidity analysis	Added a reference and link to new Additional Materials regarding the disclosure requirement of financial instrument and a reference in Note 13. Detailed Additional Materials included containing a list of all account balances presented in the MFS, and whether they are a financial asset, financial liability or equity instrument that should be disclosed in the liquidity analysis table. Guidance is also included on how to calculate contractual cash flows.
252	Appendix A Applicable Australian Standards & Interpretations	Updated to reflect latest standards and interpretations as issued by the Australian Accounting Standards Board (including Australian Sustainability Standards). A consequential amendment has been made to the section name to remove “accounting” as standards are now broader than accounting.

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Other minor amendments have also been made, including the updating of references to reporting years, and formatting.

On the basis of the cost/benefit considerations it is again recommended that Index be removed from the document. During the update of the 2023 MFS, it was suggested that as the MFS are designed to be used electronically, the Index be removed. This was on the basis that the Index required significant effort to update and maintain, for limited benefit. Users of electronic versions of the statements are able to search for content and references within the document. The document also has a detailed table of contents to assist users in navigating the contents. Notwithstanding these arguments, there was still some resistance from Council’s to remove the index, indicating it was still being used. of the model systems