

# **District Council of Karoonda East Murray**

## **General Purpose Financial Reports for the year ended 30 June 2022**



**District Council of Karoonda East Murray**  
**General Purpose Financial Reports**  
**for the year ended 30 June 2022**

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**District Council of Karoonda East Murray**  
**Annual Financial Statements**  
**for the year ended 30 June 2022**

**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 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



**Martin Borgas**  
**CHIEF EXECUTIVE OFFICER**

Date: 11/10/2022



**Caroline Phillips**  
**MAYOR/COUNCILLOR**

**District Council of Karoonda East Murray**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2022**

	Notes	2022 \$'000	2021 \$'000
<b>INCOME</b>			
Rates	2	1,788	1,713
Statutory charges	2	38	51
User charges	2	343	312
Grants, subsidies and contributions	2	3,622	3,876
Investment income	2	20	18
Reimbursements	2	2	3
Other income	2	686	234
<b>Total Income</b>		<b>6,499</b>	<b>6,207</b>
<b>EXPENSES</b>			
Employee costs	3	1,131	1,276
Materials, contracts & other expenses	3	2,362	2,714
Depreciation, amortisation & impairment	3	1,599	1,594
<b>Total Expenses</b>		<b>5,092</b>	<b>5,584</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>1,407</b>	<b>623</b>
Asset disposal & fair value adjustments	4	(16)	98
Amounts received specifically for new or upgraded assets	2	-	906
<b>NET SURPLUS / (DEFICIT) (transferred to Equity Statement)</b>		<b>1,391</b>	<b>1,627</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	1,639
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,391</b>	<b>3,266</b>

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

**District Council of Karoonda East Murray**  
**Statement of Financial Position**  
**as at 30 June 2022**

		2022	2021
<b>ASSETS</b>	Notes	\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	2,781	2,632
Trade & other receivables	5	375	345
Inventories	5	8	6
<b>Total Current Assets</b>		<u>3,164</u>	<u>2,983</u>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	7	45,233	44,548
Other non-current assets	6	860	657
<b>Total Non-current Assets</b>		<u>46,093</u>	<u>45,205</u>
<b>Total Assets</b>		<u>49,257</u>	<u>48,188</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	334	669
Provisions	8	194	194
<b>Total Current Liabilities</b>		<u>528</u>	<u>863</u>
<b>Non-current Liabilities</b>			
Provisions	8	23	10
<b>Total Non-current Liabilities</b>		<u>23</u>	<u>10</u>
<b>Total Liabilities</b>		<u>551</u>	<u>873</u>
<b>NET ASSETS</b>		<u>48,706</u>	<u>47,315</u>
<b>EQUITY</b>			
Accumulated Surplus		18,734	17,343
Asset Revaluation Reserves	9	29,972	29,972
<b>TOTAL EQUITY</b>		<u>48,706</u>	<u>47,315</u>

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

**District Council of Karoonda East Murray**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2022**

		Acc'd Surplus	Asset Rev'n Reserve	TOTAL EQUITY
2022	Notes	\$'000	\$'000	\$'000
Balance at end of previous reporting period		17,343	29,972	47,315
<b>Net Surplus / (Deficit) for Year</b>		1,391		1,391
<b>Balance at end of period</b>	9	<b>18,734</b>	<b>29,972</b>	<b>48,706</b>

2021				
Balance at end of previous reporting period		14,879	28,333	43,212
Adjustment to give effect to changed accounting policies		837		837
Restated opening balance		15,716	28,333	44,049
<b>Net Surplus / (Deficit) for Year</b>		1,627	-	1,627
<b>Other Comprehensive Income</b>				
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	1,639	1,639
<b>Balance at end of period</b>	9	<b>17,343</b>	<b>29,972</b>	<b>47,315</b>

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

# District Council of Karoonda East Murray

## Statement of Cash Flows

for the year ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Rates - general & other		1,736	1,693
Fees & other charges		42	56
User charges		396	430
Investment receipts		18	18
Grants utilised for operating purposes		3,188	2,173
Reimbursements		2	3
Other revenues		1,170	528
<i><b>Payments:</b></i>			
Employee costs		(1,118)	(1,238)
Materials, contracts & other expenses		(2,782)	(2,947)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,652</b>	<b>716</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Amounts specifically for new or upgraded assets		-	906
Sale of replaced assets		339	247
Sale of surplus assets		-	7
Sale of real estate developments		14	71
<i><b>Payments:</b></i>			
Expenditure on renewal/replacement of assets		(2,856)	(2,590)
Expenditure on new/upgraded assets		-	(427)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,503)</b>	<b>(1,786)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>149</b>	<b>(1,070)</b>
Cash & cash equivalents at beginning of period	10	2,632	3,702
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>2,781</b>	<b>2,632</b>

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

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant 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 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 6 January 2022.

**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 this Note.

**1.4 Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

**1.5 Covid-19**

The COVID-19 pandemic has impacted the 2021/22 financial statements. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

**2 The Local Government Reporting Entity**

Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 11 Railway Terrace, Karoonda SA 5307. 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.



# District Council of Karoonda East Murray

## Notes to and forming part of the Financial Statements

### for the year ended 30 June 2022

#### Note 1 - Significant Accounting Policies

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

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:

Bring Forward Payment (3 instalments) of 2021-22 Financial Assistance Grants Paid June 2022	Bring Forward Payment (2 instalments) of 2021-22 Financial Assistance Grants Paid June 2021	Bring Forward Payment (2 instalments) of 2020-21 Financial Assistance Grants Paid May 2020	Bring Forward Payment (2 instalments) of 2020-21 Financial Assistance Grants Paid June 2019
1,292,856	824,621	836,811	792,732

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 15 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 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. 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 expense immediately.

## 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 insignificant 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. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant Accounting Policies**

**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.

**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.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

**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 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

**6.3 Subsequent Recognition**

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

**6.4 Depreciation of Non-Current Assets**

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

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

Major depreciation periods for each class of asset are shown in Note 7. 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.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant Accounting Policies**

**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.

**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 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 Provisions**

**8.1 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.

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 Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

**9 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.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant Accounting Policies**

**10 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 2021. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

*Amendments to AASB 16 Covid-19 Related Rent Concessions:*

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 2 - INCOME**

	2022	2021
Notes	\$'000	\$'000
<b>RATES REVENUES</b>		
<u>General Rates</u>	1,551	1,491
Less: Mandatory rebates	(10)	(9)
Less: Discretionary rebates, remissions & write offs	(10)	(8)
	<u>1,531</u>	<u>1,474</u>
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	69	74
Waste collection	57	44
Community wastewater management systems	115	108
	<u>241</u>	<u>226</u>
<u>Other Charges</u>		
Penalties for late payment	16	14
	<u>1,788</u>	<u>1,714</u>
<b>STATUTORY CHARGES</b>		
Development Act fees	11	18
Town planning fees	16	19
Health & Septic Tank Inspection fees	-	1
Animal registration fees & fines	10	8
Other licences, fees, & fines	1	4
	<u>38</u>	<u>50</u>
<b>USER CHARGES</b>		
Cemetery/crematoria fees	4	3
Property Lease	16	18
Cabin Hire & Powered Site fees	70	53
Mallee Kids Child Care Centre	196	188
Sales - general	56	50
	<u>342</u>	<u>312</u>

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 2 - INCOME (con't)**

	Notes	2022 \$'000	2021 \$'000
<b>INVESTMENT INCOME</b>			
Interest on investments:			
Local Government Finance Authority		20	18
		<u>20</u>	<u>18</u>
<b>REIMBURSEMENTS</b>			
Private works		2	3
		<u>2</u>	<u>3</u>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		-	147
Amount bequeathed		579	-
Rebates received		-	65
Sundry		107	22
		<u>686</u>	<u>234</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		-	906
Other grants, subsidies and contributions			
Other grants, subsidies and contributions		63	27
Untied - Financial Assistance Grant		2,066	1,533
Roads to Recovery		345	518
Special Local Roads		170	170
Drought Community Funding		100	400
Pest & Weed Control		-	685
FRRR		-	50
LRCI		877	423
BBRF		-	20
LG Youth Led Recovery		-	50
		<u>3,621</u>	<u>3,876</u>
		<u>3,621</u>	<u>4,782</u>

*The functions to which these grants relate are shown in Note 11.*

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 3 - EXPENSE**

	Notes	2022 \$'000	2021 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,160	1,134
Employee leave expense		208	174
Superannuation - defined contribution plan contributions	18	116	113
Superannuation - defined benefit plan contributions	18	2	2
Less: Capitalised and distributed costs		(355)	(146)
<b>Total Operating Employee Costs</b>		<b>1,131</b>	<b>1,277</b>
<b>Total Number of Employees</b>		<b>16</b>	<b>14</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		14	8
Elected members' expenses		73	96
Subtotal - Prescribed Expenses		87	104
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		2,428	2,993
Materials		747	1,213
Energy		61	39
Legal Expenses		27	30
Levies paid to government - NRM levy		69	69
- Other Levies		46	37
Insurance		138	141
Other Expenses		585	467
Parts, accessories & consumables		424	433
Water		46	51
Less: Capitalised and Distributed Costs		(2,298)	(2,862)
Subtotal - Other Materials, Contracts & Expenses		2,273	2,611
		2,361	2,715
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Structures		34	34
Stormwater Drainage		19	19
CWMS		62	62
Roads		983	978
Footpaths, Kerb & Gutter		31	29
Plant & Equipment		205	247
Furniture & Fittings		7	8
Buildings		160	171
Other Assets		97	47
		1,599	1,594

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS**

	Notes	2022 \$'000	2021 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i><b>Assets renewed or directly replaced</b></i>			
Proceeds from disposal		339	247
Less: Carrying amount of assets sold		369	125
<b>Gain (Loss) on disposal</b>		<b>(30)</b>	<b>122</b>
<i><b>Assets surplus to requirements</b></i>			
Proceeds from disposal		-	7
Less: Carrying amount of assets sold		-	-
<b>Gain (Loss) on disposal</b>		<b>-</b>	<b>7</b>
<b>REAL ESTATE DEVELOPMENT ASSETS</b>			
Proceeds from disposal		14	71
Less: Carrying amount of assets sold		0	102
<b>Gain (Loss) on disposal</b>		<b>14</b>	<b>(31)</b>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<b>(16)</b>	<b>98</b>

**Note 5 - CURRENT ASSETS**

	Notes	2022 \$'000	2021 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		63	148
Deposits at Call		2,718	2,484
		<b>2,781</b>	<b>2,632</b>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		286	233
Accrued Revenues		2	1
Debtors - general		10	30
Other levels of Government		31	32
GST Recoupment		47	49
		<b>375</b>	<b>345</b>
<b>INVENTORIES</b>			
Stores & Materials		8	6
		<b>8</b>	<b>6</b>

**Note 6 - NON-CURRENT ASSETS**

<b>Inventories</b>			
Real Estate Developments		228	229
Capital Works-in-Progress		632	428
		<b>860</b>	<b>657</b>



**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)**

		2021				2022			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Other	2	1,140	-	-	1,140	1,140	-	-	1,140
Structures	3	848	109	(385)	572	848	109	(419)	538
Stormwater Drainage	3	612	452	(130)	934	612	452	(148)	915
CWMS	3	4,832	-	(1,671)	3,161	4,831	-	(1,732)	3,099
Roads	3	46,012	1,276	(17,954)	29,335	44,330	3,363	(17,398)	30,295
Footpaths, Kerb & Gutter	3	1,746	140	(650)	1,236	1,747	140	(682)	1,205
Plant & Equipment	3	-	2,882	(1,518)	1,364	-	3,041	(1,563)	1,477
Furniture & Fittings	3	55	-	(29)	26	-	55	(35)	19
Buildings	2	9,201	612	(4,448)	5,366	8,842	612	(4,433)	5,022
Other Assets	3	-	1,663	(249)	1,414	-	1,869	(346)	1,523
<b>Total IPP&amp;E</b>		64,446	7,134	(27,034)	44,548	62,350	9,641	(26,756)	45,233
<b>Comparatives</b>		61,782	5,503	(25,242)	42,043	64,446	7,134	(27,034)	44,548

*This Note continues on the following pages.*

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2021 \$'000	Carrying Amounts Movement During the Year \$'000							2022 \$'000	
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
Land - Other	1,140	-	-	-	-	-	-	-	-	1,140
Structures	572	-	-	-	(34)	-	-	-	-	538
Stormwater Drainage	934	-	-	-	(19)	-	-	-	-	915
CWMS	3,161	-	-	-	(62)	-	-	-	-	3,099
Roads	29,335	-	2,087	(144)	(983)	-	-	-	-	30,295
Footpaths, Kerb & Gutter	1,236	-	-	-	(31)	-	-	-	-	1,205
Plant & Equipment	1,364	-	360	(42)	(205)	-	-	-	-	1,477
Furniture & Fittings	26	-	-	-	(7)	-	-	-	-	19
Buildings	5,366	-	-	(184)	(160)	-	-	-	-	5,022
Other Assets	1,414	-	206	-	(97)	-	-	-	-	1,523
Total IPP&E	44,548	-	2,653	(370)	(1,598)	-	-	-	-	45,233
Comparatives	42,043	420	2,162	(125)	(1,592)	-	-	-	1,640	44,548

*This note continues on the following pages.*

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 (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 Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

**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.

**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, 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 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.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 (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	2,000
Other Plant & Equipment	2,000
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	80 to 100 years

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

**Land**

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.

Land holdings were revalued on 1 July 2018 to reflect the site value as determined by the Valuer General.

**Buildings & Other Structures**

A comprehensive revaluation of Council's buildings and other structures was undertaken by AssetVal. These were revalued as at 30 June 2021. All acquisitions made after the respective dates of valuation are recorded at cost.

**Stormwater**

Stormwater infrastructure was valued by Council officers as at 30 June 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

**Roads**

A comprehensive revaluation of Council's sealed and unsealed road networks was undertaken by Council staff with assistance from Tonkin's Consulting in relation to assessing road condition and remaining useful lives. The valuation was as at 1 July 2019.

**Community Wastewater Management System (CWMS)**

A comprehensive revaluation of Council's CWMS was undertaken by AssetVal. The valuation was as at 30 June 2021. All acquisitions made after the respective dates of valuation are recorded at cost.

**Footpath, Kerb & Gutter**

Footpath, Kerb & Gutter infrastructure were valued and depreciated at current replacement cost during the reporting period ended 30 June 2016 by Mr Rick Gaylor of Gaylor Professional Services. All acquisitions made after the respective dates of valuation are recorded at cost.

**Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

**All other assets**

These assets are recognised on the cost basis.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 8 - LIABILITIES**

		<b>2022</b>		<b>2021</b>	
		<b>\$'000</b>		<b>\$'000</b>	
<b>TRADE &amp; OTHER PAYABLES</b>	<b>Notes</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Goods & Services		<b>235</b>	-	108	-
Payments received in advance		-	-	436	-
Accrued expenses - other		-	-	15	-
Aged Care Facility Deposits		<b>75</b>	-	75	-
Other levels of Government		<b>21</b>	-	34	-
GST Payable		<b>3</b>	-	1	-
		<b>334</b>	-	<b>669</b>	-
<i>Amounts included in trade &amp; other payables that are not expected to be settled within 12 months of reporting date.</i>		<b>75</b>		<b>75</b>	

**PROVISIONS**

Employee entitlements (including oncosts)	<b>194</b>	<b>23</b>	194	10
	<b>194</b>	<b>23</b>	<b>194</b>	<b>10</b>

**Movements in Provisions - 2022 year only**  
*(current & non-current)*

	<b>Leave &amp; Other Provision</b>
Opening Balance	204
Additional amounts recognised	13
Closing Balance	<b>217</b>

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 9 - RESERVES**

<b>ASSET REVALUATION RESERVE</b>	<b>1/7/2021</b>	<b>Net Increments/ (Decrements)</b>	<b>Transfers, Impairments</b>	<b>30/6/2022</b>
<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land - Other	611	-	-	<b>611</b>
Structures	590	-	-	<b>590</b>
Stormwater	301	-	-	<b>301</b>
CWMS	2,871	-	-	<b>2,871</b>
Roads	19,190	-	-	<b>19,190</b>
Footpath Kerb & Gutter	1,123	-	-	<b>1,123</b>
Plant & Equipment	726	-	-	<b>726</b>
Furniture & Fittings	30	-	-	<b>30</b>
Buildings	4,192	-	-	<b>4,192</b>
Other Assets	339	-	-	<b>339</b>
<b>TOTAL</b>	<b>29,973</b>	<b>-</b>	<b>-</b>	<b>29,973</b>
<b>Comparatives</b>	<b>28,333</b>	<b>1,640</b>	<b>-</b>	<b>29,973</b>

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 10 - 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	2022 \$'000	2021 \$'000
Total cash & equivalent assets	5	2,781	2,632
Balances per Cash Flow Statement		<u>2,781</u>	<u>2,632</u>

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

Net Surplus (Deficit)	1,391	1,627
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,599	1,594
Net increase (decrease) in unpaid employee benefits	13	39
Grants for capital acquisitions treated as Investing Activity	-	(906)
Net (Gain) Loss on Disposals	16	(98)
	<u>3,019</u>	<u>2,256</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(33)	(57)
Net (increase) decrease in inventories	(2)	6
Net increase (decrease) in trade & other payables	(332)	(1,489)
<b>Net Cash provided by (or used in) operations</b>	<u>2,652</u>	<u>716</u>

**(c) Financing Arrangements**

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

Corporate Credit Cards	10,000	10,000
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The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.



**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 11 - FUNCTIONS**

**INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES**

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000				
<b>Council Administration</b>	<b>4,078</b>	3,751	<b>1,193</b>	1,279	<b>2,885</b>	2,473	<b>1,085</b>	924	<b>5,083</b>	4,943
<b>Business &amp; Economic Development</b>	<b>263</b>	267	<b>280</b>	310	<b>(17)</b>	(43)	-	-	<b>3,311</b>	3,219
<b>Community Support/Amenities</b>	<b>88</b>	89	<b>223</b>	246	<b>(136)</b>	(157)	<b>1,756</b>	2,669	<b>747</b>	726
<b>Environment</b>	<b>145</b>	147	<b>328</b>	363	<b>(184)</b>	(216)	-	-	-	-
<b>Health</b>	<b>2</b>	2	<b>6</b>	7	<b>(4)</b>	(5)	-	-	-	-
<b>Public Order &amp; Safety</b>	<b>2</b>	2	<b>10</b>	11	<b>(8)</b>	(9)	-	-	-	-
<b>Recreation &amp; Culture</b>	<b>65</b>	66	<b>382</b>	421	<b>(316)</b>	(355)	-	-	<b>399</b>	388
<b>Regulatory Services</b>	<b>47</b>	47	<b>79</b>	87	<b>(32)</b>	(40)	-	-	-	-
<b>Transport</b>	<b>1,763</b>	1,788	<b>2,289</b>	2,527	<b>(526)</b>	(739)	<b>782</b>	1,189	<b>37,776</b>	37,025
<b>Plant Depot &amp; Other Purposes</b>	<b>46</b>	48	<b>302</b>	333	<b>(255)</b>	(285)			<b>1,942</b>	1,888
<b><u>TOTALS</u></b>	<b>6,499</b>	6,207	<b>5,092</b>	5,584	<b>1,407</b>	624	<b>3,622</b>	4,782	<b>49,257</b>	48,189

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 11 (con't) - COMPONENTS OF FUNCTIONS**

The activities relating to Council functions are as follows:

**Business Undertakings**

Caravan Park, Development of Land for Resale, Private Works & Sewerage/CWMS.

**Council Administration**

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, I GGC – General

**Business & Economic Development**

Support to Local Businesses, Tourism, and Other Economic Development.

**Community Services**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Other Community Support, School Community Library, Community Amenities, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

**Environment**

Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Waste Disposal Facility, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Landscape SA Levy and Other Environment.

**Recreation & Culture**

Parks and Gardens, Ovals, Playgrounds, Sports Facilities – Indoor, Sports Facilities – Outdoor, Community access to the School Swimming Pool, Pioneer Park and Community Halls. School Community Library Services, Heritage, Museums and Other Cultural Services.

**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**

Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Cleaning of the Streets.

**Plant, Depot & Other Purposes**

Grants Commission Road Grant, Interest Received, Donations and Other.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 12 - 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 at fair value and subsequently measured at amortised cost, interest is recognised when earned

**Terms & conditions:** Deposits are returning fixed interest rates between 1% and 2% (2021: 0.25% and 0.5%).

**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

**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.

**Receivables - Retirement Home**

**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 legislation.

**Carrying amount:** approximates fair value (after deduction of any allowance).

# District Council of Karoonda East Murray

## Notes to and forming part of the Financial Statements

### Note 12 - 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 - 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 over-stated for longer tenancies.

#### Liquidity Analysis

2022	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Financial Assets</u></b>					
Cash & Equivalents	2,781	-	-	2,781	2,781
Receivables	375	-	-	375	375
<b>Total</b>	<b>3,156</b>	<b>-</b>	<b>-</b>	<b>3,156</b>	<b>3,156</b>
<b><u>Financial Liabilities</u></b>					
Payables	334	-	-	334	334
<b>Total</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>334</b>

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Financial Assets</u></b>					
Cash & Equivalents	2,632	-	-	2,632	2,632
Receivables	345	-	-	345	345
<b>Total</b>	<b>2,977</b>	<b>-</b>	<b>-</b>	<b>2,977</b>	<b>2,977</b>
<b><u>Financial Liabilities</u></b>					
Payables	669	-	-	669	669
<b>Total</b>	<b>669</b>	<b>-</b>	<b>-</b>	<b>669</b>	<b>669</b>

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 13 - COMMITMENTS FOR EXPENDITURE**

	<b>2022</b>	2021
<b>Notes</b>	<b>\$'000</b>	\$'000
<b>Other Expenditure Commitments</b>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	<b>73</b>	-
Waste Management Contracts	<b>279</b>	93
	<b>352</b>	93

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 14 - FINANCIAL INDICATORS**

	2022	2021	2020
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	21.6%	10.0%	-11.6%
Total Operating Income			

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

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	-40%	-34%	-37%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. 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 between years.

<b><i>Adjusted Operating Surplus Ratio</i></b>	15.6%	10.2%	-12.7%
<b><i>Adjusted Net Financial Liabilities Ratio</i></b>	-22%	-21%	-19%

**Asset Renewal Funding Ratio**

<u>Outlays on Existing Assets</u>	95%	134%	69%
Asset Renewals - IAMP			

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.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 15 - UNIFORM PRESENTATION OF FINANCES**

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.

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

	<b>2022</b>		2021
	<b>\$'000</b>		\$'000
Income	<b>6,499</b>		6,207
Expenses	<b>(5,092)</b>		(5,584)
<b>Operating Surplus / (Deficit)</b>	<b>1,407</b>		623
<b>Net Outlays on Existing Assets</b>			
Capital Expenditure on renewal and replacement of Existing Assets	<b>(2,856)</b>		(2,590)
Add back Depreciation, Amortisation and Impairment	<b>1,599</b>		1,594
Proceeds from Sale of Replaced Assets	<b>339</b>		247
	<b>(918)</b>		(749)
<b>Net Outlays on New and Upgraded Assets</b>			
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	-		(427)
Amounts received specifically for New and Upgraded Assets	-		906
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<b>14</b>		78
	<b>14</b>		558
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>503</b>		432

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**  
**Note 16 – SUPERANNUATION**

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

**Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.5% in 2020-21; 10.0% in 2021-22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020-21) of "superannuation" salary.

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

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

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

**Contributions to Other Superannuation Schemes**

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



**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 17 - 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. BANK GUARANTEES**

Council does not hold any bank guarantees

**4. LEGAL EXPENSES**

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 zero 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 Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 18 - 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:

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Salaries, allowances & other short term benefits	<b>551</b>	457
<b>TOTAL</b>	<b>551</b>	457

**PARTIES RELATED TO KEY MANAGEMENT PERSONNEL**

No amounts were received by or from Council's Key Management Personnel during the 2021-22 Financial Year in any of Council's operating activities.

**District Council of Karoonda East Murray**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 19 - CHANGE IN ACCOUNTING POLICY - PRIOR YEAR RESTATEMENTS**

In consultation with the Auditors, Council has decided to amend the accounting treatment of the brought forward financial assistance grant payments as listed below from 2019 to 2022.

Whilst the previous disclosure format satisfied the intent of the relevant accounting standards it has been agreed with the Auditors that it did not actually satisfy the specific requirements of the relevant accounting standard, accordingly the changes below have been built into the 2020-21 comparatives. Please refer to note 1 - Significant Accounting Policies for further information.

Area of Financial Statement	Previous 2020-21	Amended 2020-21
<i>Statement of Comprehensive Income:</i>		
Grants, subsidies and contributions	3,888	3,876
Total Income	6,219	6,207
OPERATING SURPLUS / (DEFICIT)	640	623
TOTAL COMPREHENSIVE INCOME	3,284	3,266
<i>Statement of Financial Position:</i>		
Trade & other payables	1,494	669
Total Current Liabilities	1,688	863
TOTAL EQUITY	46,496	47,315
<i>Note 8 - LIABILITIES:</i>		
Payments received in advance	1,261	436
<i>Note 11 - FUNCTIONS:</i>		
Council Administration Income	3,764	3,751
Council Administration Grants	936	924
<i>Note 12 - FINANCIAL INSTRUMENTS:</i>		
Financial Liabilities - Payables	1,479	669
<i>Note 14 - FINANCIAL INDICATORS 2020-21:</i>		
Operating Surplus Ratio	10.3%	10.0%
Net Financial Liabilities Ratio	-21%	-34%
Adjusted Operating Surplus Ratio	NA	10.2%
Adjusted Net Financial Liabilities Ratio	NA	-21%
<hr/> <i>Note 14 - FINANCIAL INDICATORS 2019-20:</i>		
Operating Surplus Ratio	-12.7%	-11.6%
Net Financial Liabilities Ratio	-19%	-37%
Adjusted Operating Surplus Ratio	NA	-12.7%
Adjusted Net Financial Liabilities Ratio	NA	-19%

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF KAROONDA EAST MURRAY**

### **Opinion**

We have audited the accompanying financial report of the District Council of Karoonda East Murray, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the District Council of Karoonda East Murray as of 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *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 entity 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 other 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.

### **Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

### **BENTLEYS SA AUDIT PARTNERSHIP**



DAVID PAPA  
PARTNER

Dated at Adelaide this 2<sup>nd</sup> day of November 2022

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## **INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE DISTRICT COUNCIL OF KAROONDA EAST MURRAY**

### **Opinion**

We have audited the compliance of the District Council of Karoonda East Murray (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 are in accordance with legislative provisions.

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 legislative provisions for the period 1 July 2021 to 30 June 2022.

### **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 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.

### **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 internal 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.

### **Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

## **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 are in accordance with legislative provisions.

## **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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement 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 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal 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 internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

## **BENTLEYS SA AUDIT PARTNERSHIP**



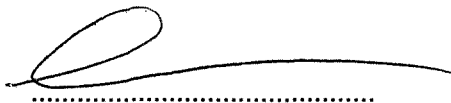
DAVID PAPA  
PARTNER

Dated at Adelaide this 2<sup>nd</sup> day of November 2022

**District Council of Karoonda East Murray**  
**Annual Financial Statements**  
**for the year ended 30 June 2022**  
**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Karoonda East Murray for the year ended 30 June 2022, the Council's Auditor, Bentleys SA/NT, 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*.



**Martin Borgas**  
**CHIEF EXECUTIVE OFFICER**



**Tim Muhlhausler**  
**PRESIDING MEMBER AUDIT COMMITTEE**

Date: 11/10/2022



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**Certification of Auditor Independence**

I confirm that, for the audit of the financial statements of District Council of Karoonda East Murray for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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*.

**Bentleys SA Audit Partnership**

David Papa  
Partner

**Dated at Adelaide this 10<sup>th</sup> day of October 2022.**