

# Town of Gawler

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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# General Purpose Financial Statements

for the year ended 30 June 2022

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## General Purpose Financial Statements

for the year ended 30 June 2022

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### 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.



Henry Inat  
**Chief Executive Officer**

29 November 2022



Karen Redman  
**Mayor**

29 November 2022

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Income</b>			
Rates	2a	25,783	24,095
Statutory Charges	2b	960	982
User Charges	2c	1,820	1,599
Grants, Subsidies and Contributions	2g	5,546	4,530
Investment Income	2d	28	24
Reimbursements	2e	247	413
Other income	2f	396	325
Net Gain - Equity Accounted Council Businesses	19(a)	222	187
<b>Total Income</b>		<b>35,002</b>	<b>32,155</b>
<b>Expenses</b>			
Employee costs	3a	11,483	11,281
Materials, Contracts and Other Expenses	3b	14,549	13,541
Depreciation, Amortisation and Impairment	3c	6,739	6,434
Finance Costs	3d	540	618
Net loss - Equity Accounted Council Businesses	19(a)	43	48
<b>Total Expenses</b>		<b>33,354</b>	<b>31,922</b>
<b>Operating Surplus / (Deficit)</b>		<b>1,648</b>	<b>233</b>
Physical Resources Received Free of Charge	2h	13,058	36,174
Asset Disposal & Fair Value Adjustments	4	(691)	(1,086)
Amounts Received Specifically for New or Upgraded Assets	2g	1,874	1,100
<b>Net Surplus / (Deficit)</b>		<b>15,889</b>	<b>36,421</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I, PP&E	9a	46,169	2,084
Other Equity Adjustments - Equity Accounted Council Businesses		(51)	(22)
<b>Total Amounts which will not be reclassified subsequently to operating result</b>		<b>46,118</b>	<b>2,062</b>
<b>Total Other Comprehensive Income</b>		<b>46,118</b>	<b>2,062</b>
<b>Total Comprehensive Income</b>		<b>62,007</b>	<b>38,483</b>

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

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	954	89
Trade & Other Receivables	5b	2,379	2,101
Inventories	5c	19	17
<u>Subtotal</u>		<u>3,352</u>	<u>2,207</u>
<b>Total current assets</b>		<u>3,352</u>	<u>2,207</u>
<b>Non-current assets</b>			
Financial Assets	6a	153	164
Equity Accounted Investments in Council Businesses	6b	4,765	4,637
Work in Progress		3,093	8,873
Infrastructure, Property, Plant & Equipment	7a(i)	372,939	306,713
<b>Total non-current assets</b>		<u>380,950</u>	<u>320,387</u>
<b>TOTAL ASSETS</b>		<u>384,302</u>	<u>322,594</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	7,356	5,101
Borrowings	8b	1,209	2,820
Provisions	8c	2,875	2,996
<u>Subtotal</u>		<u>11,440</u>	<u>10,917</u>
<b>Total Current Liabilities</b>		<u>11,440</u>	<u>10,917</u>
<b>Non-Current Liabilities</b>			
Borrowings	8b	15,656	16,425
Provisions	8c	198	251
<b>Total Non-Current Liabilities</b>		<u>15,854</u>	<u>16,676</u>
<b>TOTAL LIABILITIES</b>		<u>27,294</u>	<u>27,593</u>
<u><b>Net Assets</b></u>		<u>357,008</u>	<u>295,001</u>
<b>EQUITY</b>			
Accumulated surplus		121,623	106,407
Asset revaluation reserves	9a	231,883	185,714
Other reserves	9b	3,502	2,880
<b>Total Council Equity</b>		<u>357,008</u>	<u>295,001</u>
<u><b>Total Equity</b></u>		<u>357,008</u>	<u>295,001</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2022</b>					
Balance at the end of previous reporting period		106,407	185,714	2,880	295,001
Net Surplus / (Deficit) for Year		15,889	—	—	15,889
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	46,169	—	46,169
Other Equity Adjustments - Equity Accounted Council Businesses	19	(51)	—	—	(51)
<b>Other comprehensive income</b>		<b>(51)</b>	<b>46,169</b>	<b>—</b>	<b>46,118</b>
<b>Total comprehensive income</b>		<b>15,838</b>	<b>46,169</b>	<b>—</b>	<b>62,007</b>
Transfers between Reserves		(622)	—	622	—
<b>Balance at the end of period</b>		<b>121,623</b>	<b>231,883</b>	<b>3,502</b>	<b>357,008</b>
<b>2021</b>					
Balance at the end of previous reporting period		70,751	183,630	2,137	256,518
Net Surplus / (Deficit) for Year		36,421	—	—	36,421
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	2,084	—	2,084
Other Equity Adjustments - Equity Accounted Council Businesses	19	(22)	—	—	(22)
<b>Other comprehensive income</b>		<b>(22)</b>	<b>2,084</b>	<b>—</b>	<b>2,062</b>
<b>Total comprehensive income</b>		<b>36,399</b>	<b>2,084</b>	<b>—</b>	<b>38,483</b>
Transfers between Reserves		(743)	—	743	—
<b>Balance at the end of period</b>		<b>106,407</b>	<b>185,714</b>	<b>2,880</b>	<b>295,001</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Operating Receipts		34,439	31,465
Investment Receipts		28	24
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(26,176)	(23,957)
Finance Payments		(557)	(635)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>7,734</u>	<u>6,897</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		4,103	1,066
Sale of Replaced Assets		152	–
Sale of Surplus Assets		40	106
Repayments of Loans by Community Groups		28	10
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,599)	(2,270)
Expenditure on New/Upgraded Assets		(3,886)	(6,320)
<b>Net cash provided (or used in) investing activities</b>		<u>(4,162)</u>	<u>(7,408)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		–	438
Proceeds from Bonds & Deposits		46	–
<u>Payments</u>			
Repayments of Borrowings		(2,604)	–
Repayment of Finance Lease Liabilities		(149)	(92)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(2,707)</u>	<u>346</u>
<b>Net Increase (Decrease) in Cash Held</b>		<b>865</b>	<b>(165)</b>
plus: Cash & Cash Equivalents at beginning of period		89	254
<b>Cash and cash equivalents held at end of period</b>	11a	<u><b>954</b></u>	<u><b>89</b></u>

Additional Information:

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies

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The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (1) Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention (except as stated below) 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 29 November 2022.

##### 1.2 Critical Accounting Estimates

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

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

##### 1.3 Rounding

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

#### (2) The Local Government Reporting Entity

Town of Gawler is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 43 High St, Gawler East SA 5118. 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

#### (3) Income Recognition

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

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

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

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:

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

	Cash Payment Received	Annual Allocation	Difference
2019/20	\$1,825,650	\$1,823,558	+ \$2,092
2020/21	\$1,866,757	\$1,833,901	+ \$32,856
2021/22	\$2,564,181	\$1,935,804	+\$628,374

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.

#### (4) Gawler East Link Road and Surrounds (GELR) Construction

In May 2017, the Town of Gawler signed Gawler East Link Road (GELR) Deeds with the Minister for Transport and Infrastructure ('the Minister') and Springwood Development Nominees Pty. Ltd. relative to the future construction of the Gawler East Link Road.

The Deed with the Minister commits Council to a financial contribution of \$8.167m towards the \$54.4m estimated cost of construction of the GELR, with the remaining \$46.233m being funded by the State Government.

The road will become a Council owned and maintained asset on completion.

The State Government will 'bankroll' construction of the road, with Council reimbursing the \$8.167m to the State Government over time as follows:

- \$2.4m within 30 days of practical completion of the GELR;
- \$500,000 no later than 12 months after practical completion of the GELR;
- \$5.267m – based on the on-forwarding of per new allotment contributions received from developers over the life of the Gawler East development area.

The Deed signed with Springwood Development Nominees Pty. Ltd. commits the consortium to paying Council the \$500,000 due from Council to the State Government within 12 months of practical completion of the GELR.

The new allotment contributions received from developers each financial year will be due and payable to the State Government by 31 July of the subsequent financial year.

In this regard, such contributions received will be treated as an accrued expense for the reporting period immediately preceding the annual July payment to the State Government.

Council has since applied (from the 2017/18 financial year) a Gawler East Separate Rate as a financial security mechanism towards securing developer contributions towards the GELR, with the intent being that the primary source of securing developer contributions towards the GELR will be via deeds entered into with various property developers within the Gawler East development area.

#### (5) Cash, Cash Equivalents and other Financial Instruments

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

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

#### (6) 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.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

#### (7) Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

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

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

##### 6.2 Materiality

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

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

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

#### 6.3 Subsequent Recognition

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

#### 6.4 Depreciation of Non-Current Assets

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

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

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

##### *Plant, Furniture & Equipment*

Office Equipment	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 250 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	15 to 20 years
Benches, seats, etc	10 to 20 years

##### *Infrastructure*

Sealed Roads – Surface	25 to 40 years
Sealed Roads – Structure	15 to 25 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	50 to 150 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	70 to 100 years
Reticulation Pipes – other	25 to 100 years
Pumps & Telemetry	15 to 25 years

##### *Other Assets*

Artworks	Indefinite
Playground Equipment	15 to 20 years
Swimming Pools	40 to 50 years
Shade Structures	10 to 30 years
Bores	20 to 40 years
Court Surfaces	14 to 25 years
Other Assets	7 to 100 years

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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#### 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.

### (8) Payables

#### 8.1 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.

#### 8.2 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.

This year has been a state election year and Council has received significant advance payment for election commitments. The total value is \$2.050M.

### (9) 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".

### (10) Employee Benefits

#### 10.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 1.32% (2021, 1.36%)

Weighted avg. settlement period 5.1 years (2021, 5.4 years)

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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

#### 10.2 Superannuation

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

#### (11) 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.

##### 12.1 Council as a Lessee

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

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

Plant and equipment	2 to 3 years
Computers	2 to 3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

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.

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (12) Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

#### (13) GST Implications

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

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

#### (14) New accounting standards and UIG interpretations

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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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.

#### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

#### Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

#### Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

#### Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7))

### (15) Comparative Figures

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

### (16) Disclaimer

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 2. Income

\$ '000	2022	2021
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	24,100	22,902
Less: Mandatory Rebates	(492)	(417)
Less: Discretionary Rebates, Remissions & Write Offs	(1,034)	(1,492)
<b>Total General Rates</b>	<b>22,574</b>	<b>20,993</b>
<b>Other Rates (Including Service Charges)</b>		
Landscape Levy	369	365
Waste Collection	2,592	2,511
Separate Rate	183	179
<b>Total Other Rates (Including Service Charges)</b>	<b>3,144</b>	<b>3,055</b>
<b>Other Charges</b>		
Penalties for Late Payment	65	47
<b>Total Other Charges</b>	<b>65</b>	<b>47</b>
<b>Total Rates</b>	<b>25,783</b>	<b>24,095</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	396	475
Health & Septic Tank Inspection Fees	20	20
Animal Registration Fees & Fines	304	267
Parking Fines / Expiation Fees	164	155
Sundry	76	65
<b>Total Statutory Charges</b>	<b>960</b>	<b>982</b>
<b>(c) User Charges</b>		
Lease and Property Rents	532	489
Aquatic Centre Fees and Charges	429	362
Recreation Fees and Charges	419	385
Cemetery Fees	210	169
Visitors Information Centre	27	35
Civic Centre Operations	87	32
Sundry	116	127
<b>Total User Charges</b>	<b>1,820</b>	<b>1,599</b>
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	24	21
Developer Contributions	4	3
<b>Total Investment Income</b>	<b>28</b>	<b>24</b>

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 2. Income (continued)

\$ '000	2022	2021
<b>(e) Reimbursements</b>		
Vehicle Use Reimbursements	75	101
Insurance Claims / Rebates	2	3
Legal Costs	11	–
Other	159	309
<b>Total Reimbursements</b>	<b>247</b>	<b>413</b>

## (f) Other income

Commissions	2	2
Donations	–	5
Recognition of Volunteer Hours	349	272
Other	45	46
<b>Total Other income</b>	<b>396</b>	<b>325</b>

## (g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	1,874	1,100
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>	<b>1,874</b>	<b>1,100</b>
Other Grants, Subsidies and Contributions	1,147	902
Financial Assistance Grant	2,077	1,509
Local Roads Grant	650	359
Roads to Recovery	323	323
Library Operating Grant	73	74
Home Support Program Grant	707	705
Youth Development	2	–
Local Roads and Community Infrastructure Program Grant	567	658
<b>Total Other Grants, Subsidies and Contributions</b>	<b>5,546</b>	<b>4,530</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>7,420</b>	<b>5,630</b>

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

## (i) Sources of grants

Commonwealth Government	3,494	2,710
State Government	2,061	1,700
Other	1,865	1,220
<b>Total</b>	<b>7,420</b>	<b>5,630</b>

## (ii) Individually Significant Items

Grant Commission (FAG) Grant in advance recognised as income	1,594	995
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## (h) Physical Resources Received Free of Charge

Land & Improvements	143	305
Gawler Aquatic Centre	33	–
Stormwater Drainage	2,048	6,052

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 2. Income (continued)

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
Kerb & Gutter	1,475	4,691
Roads & Footpaths	7,348	12,363
Roundabouts	—	417
Bridges	2,011	12,346
<b><u>Total Physical Resources Received Free of Charge</u></b>	<b><u>13,058</u></b>	<b><u>36,174</u></b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 3. Expenses

\$ '000	Notes	2022	2021
<b>(a) Employee costs</b>			
Salaries and Wages		9,962	10,031
Employee Leave Expense		878	724
Superannuation - Defined Contribution Plan Contributions	18	818	738
Superannuation - Defined Benefit Plan Contributions	18	237	235
Workers' Compensation Insurance		357	242
Income Protection Insurance		120	181
Less: Capitalised and Distributed Costs		(889)	(870)
<b>Total Operating Employee Costs</b>		<b>11,483</b>	<b>11,281</b>
Total Number of Employees (full time equivalent at end of reporting period)		124	131

### (b) Materials, Contracts and Other Expenses

#### (i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		20	20
Bad and Doubtful Debts		1	-
Elected Members' Expenses		245	255
Election Expenses		7	7
Lease Expense - Low Value Assets / Short Term Leases		150	96
<b>Subtotal - Prescribed Expenses</b>		<b>423</b>	<b>378</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 3. Expenses (continued)

\$ '000	2022	2021
<b>(ii) Other Materials, Contracts and Expenses</b>		
Advertising, Printing, Postage & Freight	233	222
Bank Charges & Payment Collection Agencies	68	67
Canteen Supplies (Cost of Goods Sold)	65	60
Cleaning & Hygiene	316	393
Communications	124	112
Computer Software / Hardware	478	484
Consultants & Agency Staff	1,641	1,330
Contractors	2,461	2,169
Contribution - Gawler Business Development Group	183	179
Contribution - Other	400	668
Contribution - State Government Gawler East Link Road	755	297
Contribution - State Government Regional Landscape Levey	369	361
Corporate Memberships	119	103
Energy (Fuel, Gas, Electricity)	949	913
Fringe Benefit Tax	103	118
Insurance	333	337
Legal Fees (including Debt Recovery)	244	266
Levies - Emergency Services	19	18
Maintenance	405	308
Materials - Depot Store	44	30
Minor Asset Purchases	78	91
Property Valuations (Valuer General Expenses)	49	47
Recognition of Volunteer Hours	349	272
Rubble, Bitumen & Concrete	157	134
Security	76	52
Staff Training	73	88
Sundry	913	782
Vehicle / Machine Parts & Registrations	109	101
Waste Collection & Disposal Charges	2,516	2,538
Water Supply & Consumption Charges	497	623
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>	<b>14,126</b>	<b>13,163</b>
<b>Total Materials, Contracts and Other Expenses</b>	<b>14,549</b>	<b>13,541</b>

### (c) Depreciation, Amortisation and Impairment

#### (i) Depreciation and Amortisation

Infrastructure		
- Stormwater Drainage	1,047	985
- Roundabouts	49	40
- Urban Elements	132	107
- Bridges & Major Culverts	263	222
- Roads	2,100	2,076
- Footpaths	644	592
- Kerb & Gutter	800	764
Right-of-use Assets	129	86
Buildings	855	855
Equipment	495	495
Other Assets	225	212
<b>Subtotal</b>	<b>6,739</b>	<b>6,434</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 3. Expenses (continued)

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<u>Total Depreciation, Amortisation and Impairment</u>	<u>6,739</u>	<u>6,434</u>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 3. Expenses (continued)

\$ '000	2022	2021
<b>(d) Finance Costs</b>		
Interest on Overdraft and Short-Term Drawdown	311	326
Interest on Loans	229	292
<b>Total Finance Costs</b>	<b>540</b>	<b>618</b>

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

\$ '000	2022	2021
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	152	—
Less: Carrying Amount of Assets Sold	(147)	(44)
<b>Gain (Loss) on Disposal</b>	<b>5</b>	<b>(44)</b>
<b>(ii) Assets Surplus to Requirements</b>		
Proceeds from Disposal	40	106
Less: Carrying Amount of Assets Sold	(736)	(1,148)
<b>Gain (Loss) on Disposal</b>	<b>(696)</b>	<b>(1,042)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(691)</b>	<b>(1,086)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 5. Current Assets

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	954	89
<b><u>Total Cash &amp; Cash Equivalent Assets</u></b>	<b><u>954</u></b>	<b><u>89</u></b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	1,097	1,206
Accrued Revenues	369	86
Debtors - General	772	695
Prepayments	122	95
Loans to Community Organisations	23	23
<b><u>Subtotal</u></b>	<b><u>2,383</u></b>	<b><u>2,105</u></b>
Less: Allowance for Doubtful Debts	(4)	(4)
<b><u>Total Trade &amp; Other Receivables</u></b>	<b><u>2,379</u></b>	<b><u>2,101</u></b>
<b>(c) Inventories</b>		
Trading Stock	19	17
<b><u>Total Inventories</u></b>	<b><u>19</u></b>	<b><u>17</u></b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 6. Non-Current Assets

\$ '000	2022	2021
<b>(a) Financial Assets</b>		
<b>Receivables</b>		
Prepayments	17	—
Loans to Community Organisations	136	164
<b>Subtotal</b>	<b>153</b>	<b>164</b>
<b>Total Receivables</b>	<b>153</b>	<b>164</b>
<b>Total Financial Assets</b>	<b>153</b>	<b>164</b>

\$ '000	Notes	2022	2021
<b>(b) Equity Accounted Investments in Council Businesses</b>			
Gawler River Floodplain Management Authority	19	3,717	3,764
Northern Adelaide Waste Management Authority	19	1,048	873
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>4,765</b>	<b>4,637</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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

		as at 30/06/21				Asset movements during the reporting period							as at 30/06/22			
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																
Land	2	18,279	82	–	18,361	583	–	(11)	–	–	–	1,355	20,288	–	–	20,288
Land - Community Infrastructure	3	18,389	–	–	18,389	–	–	–	–	–	–	1,422	19,811	–	–	19,811
- Stormwater Drainage	3	90,072	269	(29,656)	60,685	2,076	217	(24)	(1,047)	–	–	9,619	108,643	809	(37,926)	71,526
- Roundabouts	3	2,175	–	(601)	1,574	–	–	–	(49)	–	–	212	2,441	–	(704)	1,737
- Urban Elements		–	5,529	(1,436)	4,093	887	–	–	(132)	785	–	–	–	7,106	(1,473)	5,633
- Bridges & Major Culverts	3	24,291	–	(7,758)	16,533	2,037	187	–	(263)	–	(900)	–	24,391	–	(6,797)	17,594
- Roads	3	113,151	766	(35,793)	78,124	5,442	1,183	(298)	(2,100)	(785)	–	29,886	165,802	–	(54,350)	111,452
- Footpaths	3	30,806	755	(8,910)	22,651	3,858	5,827	(117)	(644)	–	(7,150)	–	34,297	–	(9,872)	24,425
- Kerb & Gutter	3	67,558	158	(23,645)	44,071	1,534	258	(286)	(800)	–	–	11,725	87,072	–	(30,570)	56,502
Right-of-Use Assets		239	–	(78)	161	378	–	–	(129)	–	–	–	617	–	(206)	411
Buildings	3	49,472	–	(18,300)	31,172	1,401	285	–	(821)	527	–	–	48,647	–	(16,083)	32,564
Buildings	2	3,098	–	–	3,098	–	30	–	(34)	(527)	–	–	5,639	–	(3,072)	2,567
Other Assets		–	7,129	(3,097)	4,032	314	617	–	(225)	–	–	–	–	8,027	(3,289)	4,738
Equipment		–	7,844	(4,075)	3,769	86	478	(147)	(495)	–	–	–	–	8,000	(4,309)	3,691
Total Infrastructure, Property, Plant & Equipment		417,530	22,532	(133,349)	306,713	18,596	9,082	(883)	(6,739)	–	(8,050)	54,219	517,648	23,942	(168,651)	372,939
Comparatives		372,481	17,900	(122,644)	267,737	42,681	1,825	(1,181)	(6,434)	–	(1,562)	3,646	417,530	22,532	(133,349)	306,713

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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#### (b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

##### Valuation of Assets

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

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

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

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

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

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

##### Information on Valuations

The entity selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- Market approach: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- Income approach: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- Cost approach: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

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

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

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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

#### Other Information

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

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

#### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

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

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

#### Land

- Basis of valuation: Market Value
- Date of valuation: 30 June 2022
- Valuer: Valuer General, GPO BOX 1354, Adelaide SA 5001

#### Buildings & Other Structures

- Basis of valuation: Market Value / Depreciated Replacement Cost
- Date of valuation: 30 June 2021
- Valuer: Mitch Ekonomopoulos of AssetVal Pty Ltd, L1/148 Frome Street, Adelaide SA 5000

#### Infrastructure

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In subsequent years, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for Infrastructure Assets.

The unit rates for these assets were reviewed by Asset Engineering as at 30 June 2022.

#### Stormwater Drainage

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In Subsequent years, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

The unit rates for these assets were reviewed by Asset Engineering as at 30 June 2022.

#### Roundabouts

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. Subsequent years, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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The unit rates for these assets were reviewed by Asset Engineering as at 30 June 2022.

#### *Urban Elements*

- Recognition at Cost

#### *Bridges and Major Culverts*

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. Subsequent years, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

The unit rates for these assets were reviewed by Asset Engineering as at 30 June 2022.

#### **Plant & Equipment**

- Recognition at Cost

#### **All other Assets**

- Recognition at Cost

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	2,310	—	2,746	—
Payments Received in Advance	3,682	—	1,287	—
Accrued Expenses - Employee Entitlements	234	—	397	—
Accrued Expenses - Finance Costs	150	—	167	—
Accrued Expenses - Other	929	—	500	—
Deposits, Retentions & Bonds	51	—	4	—
<b>Total Trade and Other Payables</b>	<b>7,356</b>	<b>—</b>	<b>5,101</b>	<b>—</b>

\$ '000	Notes	2022 Current	2022 Non Current	2021 Current	2021 Non Current
<b>(b) Borrowings</b>					
Loans		1,107	1,732	1,037	2,839
Lease Liabilities	17b	102	294	93	54
Cash Advance Debenture Facility <sup>1</sup>		—	13,630	1,690	13,532
<b>Total Borrowings</b>		<b>1,209</b>	<b>15,656</b>	<b>2,820</b>	<b>16,425</b>

(1) The Cash Advance Debenture Facility comprises of 9 accounts with the maturity dates ranging from 17/08/2023 to 17/08/2030.

### (c) Provisions

Employee Entitlements for Long Service Leave (including oncosts)	1,644	198	1,610	251
Employee Entitlements for Annual Leave (including oncosts)	1,231	—	1,386	—
<b>Total Provisions</b>	<b>2,875</b>	<b>198</b>	<b>2,996</b>	<b>251</b>

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset Revaluation Reserve</b>					
Land	29,432	2,777	—	—	32,209
Infrastructure					
- Stormwater Drainage	44,146	9,619	—	—	53,765
- Roundabouts	1,313	212	—	—	1,525
- Bridges & Major Culverts	1,105	(900)	—	—	205
- Roads	47,695	29,886	—	—	77,581
- Footpaths	18,054	(7,150)	—	—	10,904
- Kerb & Gutter	30,652	11,725	—	—	42,377
Buildings	11,761	—	—	—	11,761
JV's / Associates - Other Comprehensive Income	1,555	—	—	—	1,555
<b>Total Asset Revaluation Reserve</b>	<b>185,713</b>	<b>46,169</b>	<b>—</b>	<b>—</b>	<b>231,882</b>
Comparatives	183,630	3,646	(1,563)	—	185,713

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other Reserves</b>					
Carparking	631	3	(2)	—	632
Open Space	—	25	(25)	—	—
Stormwater Drainage	—	13	(13)	—	—
Plant & Machinery Replacement	—	227	(227)	—	—
Willaston Cemetery	—	33	(33)	—	—
Willaston Cemetery - Babies Memorial	2	—	—	—	2
Waste Management Service Charge	18	275	(129)	—	164
Property	1,055	3	(67)	—	991
Historic Walls	84	—	(3)	—	81
Urban Tree Fund	8	9	—	—	17
Gawler East Development - Community Infrastructure	351	174	—	—	525
Gawler East Development - Traffic Interventions	731	359	—	—	1,090
<b>Total Other Reserves</b>	<b>2,880</b>	<b>1,121</b>	<b>(499)</b>	<b>—</b>	<b>3,502</b>
Comparatives	2,137	904	(211)	50	2,880

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 9. Reserves (continued)

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#### Purposes of Reserves

##### Asset Revaluation Reserves

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

##### Stormwater

This reserve is used for the retention of developer contributions towards the provision of stormwater infrastructure.

##### Carparking Reserve

This reserve is used for the retention of developer contributions towards the provision of carpark facilities.

##### Footpath Reserve

This reserve is used for the retention of developer contributions towards the construction of new footpaths.

##### Open Space Reserve

This reserve is used for the retention of developer contributions received towards the provision of facilities within Council's Community Parks, Gardens and Open Spaces.

##### Plant & Machinery Replacement Reserve

This reserve is used for the provision of funding towards the programmed replacement of Council's Plant & Machinery.

##### Cemetery Reserve

This reserve is used for the development and enhancement of facilities at the Willaston Cemetery.

##### Waste Management Service Charge Reserve

Council applies an annual charge for the provision of waste management services, pursuant to section 155 of the Local Government Act 1999. In instances where surplus funds are generated (i.e. where the funds generated from the service charge exceed the cost providing the service) this reserve is credited with the surplus.

##### Property Reserve

This reserve is used for future infrastructure and property development.

##### Historic Walls Reserve

This reserve is used to fund the Historic Walls Grant Scheme.

##### Dog & Cat Management Reserve

This reserve is used to fund future initiatives relating to Dog and Cat Management.

##### Urban Trees Fund Reserve

This reserve is used to fund the maintenance or planting of trees in a designated area which are or will (when fully grown) constitute as significant trees.

##### Property Improvement Reserve

This reserve is to hold discretionary rebates withheld for commercial properties in the Town Centre deemed to be in a state of neglect that detracts significantly from the amenity of the locality.

##### Gawler East Development Reserves

These reserves are used to hold developer contributions relating to Gawler East Development Infrastructure.

##### Hertiage Reserve

This reserve is to hold any donations received through the Cultural Heritage Centre. The cost of the donation tap and go system will off-set any funds received by Council.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 10. Assets Subject to Restrictions

\$ '000	2022	2021
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
<b>Cash &amp; Financial Assets</b>		
Developer Contributions	1,323	1,165
Southern Urban Areas Developer Contributions	1,058	1,055
<b>Total Cash &amp; Financial Assets</b>	<b>2,381</b>	<b>2,220</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>	<b>2,381</b>	<b>2,220</b>

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

\$ '000	Notes	2022	2021
<b>(a) Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total Cash & Equivalent Assets	5	954	89
<b>Balances per Statement of Cash Flows</b>		<b>954</b>	<b>89</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	2022	2021
<b>(b) Reconciliation of Change in Net Assets to Cash from Operating Activities</b>		
<b>Net Surplus/(Deficit)</b>	15,889	36,421
<b>Non-Cash Items in Income Statements</b>		
Depreciation, Amortisation & Impairment	6,739	6,434
Wages Overhead / Internal Plant Hire	(242)	–
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(179)	(134)
Non-Cash Asset Acquisitions	(13,058)	(36,450)
Grants for capital acquisitions treated as Investing Activity	(1,874)	(1,100)
Net (Gain) Loss on Disposals	691	1,086
	<b>7,966</b>	<b>6,257</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	(295)	(184)
Net (Increase)/Decrease in Inventories	(2)	6
Net Increase/(Decrease) in Trade & Other Payables	402	694
Net Increase/(Decrease) in Other Provisions	(337)	124
<b>Net Cash provided by (or used in) operations</b>	<b>7,734</b>	<b>6,897</b>

\$ '000	Notes	2022	2021
<b>(c) Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
Physical Resources Received Free of Charge	2h	13,058	36,174
<b>Amounts recognised in Income Statement</b>		<b>13,058</b>	<b>36,174</b>
<b>Total Non-Cash Financing and Investing Activities</b>		<b>13,058</b>	<b>36,174</b>

### (d) Financing Arrangements

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

Corporate Credit Cards	31	50
LGFA Cash Advance Debenture Facility	25,100	26,788

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 12(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
\$ '000	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	–	–	–	–	–	–	–	–	4,264	6,325
Community Services	932	979	2,361	2,421	(1,429)	(1,442)	791	725	32,712	31,270
Culture	122	108	1,007	921	(885)	(813)	83	74	246	263
Economic Development	611	338	1,889	1,584	(1,278)	(1,246)	–	–	3,108	1,825
Environment	2,630	2,551	5,432	5,135	(2,802)	(2,584)	–	14	3,358	2,508
Recreation	871	780	3,788	3,653	(2,917)	(2,873)	7	7	32,408	30,172
Regulatory Services	2,438	2,345	4,695	4,207	(2,257)	(1,862)	966	780	283	292
Transport & Communication	1,541	1,406	5,451	5,140	(3,910)	(3,734)	1,541	1,403	987	498
Plant Hire & Depot/Indirect	80	32	(189)	(329)	269	361	15	17	3,312	4,393
Unclassified Activities	–	–	–	–	–	–	–	–	7	21
Council Administration	25,553	23,431	8,921	9,142	16,632	14,289	2,143	1,510	303,617	248,645
Total Functions/Activities	34,778	31,970	33,355	31,874	1,423	96	5,546	4,530	384,302	326,212

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 12(b). Components of Functions

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The activities relating to Council functions are as follows:

#### Business Undertakings

Caravan Parks, Development of Land for Resale.

#### 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, Elderly Citizens Facilities, Home Support Program, Children and Youth Services, Community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

#### Culture

Library Services, Other Library Services, Cultural Services, Heritage and Other Cultural Services.

#### Economic Development

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

#### Environment

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

#### Recreation

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Aquatic Centre – Outdoor, and Other Recreation.

#### Regulatory Services

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

#### Transport

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

#### Plant Hire & Depot

Plant & Machinery maintenance & repairs, Depot maintenance expenses.

#### Unclassified Activities

Road reserve maintenance, 'Rapid Response' team service and other sundry.

#### Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 13. Financial Instruments

---

#### Recognised Financial Instruments

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

**Accounting Policy:**

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

**Terms & Conditions:**

Deposits are returning fixed interest rates between 0.3% and 1.05% (2021: 0.25% and 1%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

##### Receivables - Rates & Associated Charges

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 5.05% (2021: 5.2%). 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. 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

#### 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 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 1.72% and 7.88% (2021: 2.2% and 7.88%).

##### Carrying Amount:

Approximates fair value.

#### Liabilities - Leases

##### Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
---------	-----------------	-----------------------------	------------------	------------------------------------	--------------------

### Financial Assets and Liabilities

#### 2022

##### Financial Assets

Cash & Cash Equivalents	954	—	—	954	954
Receivables	2,257	—	—	2,257	2,257
Other Financial Assets	—	136	—	136	136
<b>Total Financial Assets</b>	<b>3,211</b>	<b>136</b>	<b>—</b>	<b>3,347</b>	<b>3,347</b>

##### Financial Liabilities

Payables	3,440	—	—	3,440	3,440
Current Borrowings	1,276	—	—	1,276	1,107
Non-Current Borrowings	—	10,250	5,280	15,530	15,362
<b>Total Financial Liabilities</b>	<b>4,716</b>	<b>10,250</b>	<b>5,280</b>	<b>20,246</b>	<b>19,909</b>

#### 2021

##### Financial Assets

Cash & Cash Equivalents	89	—	—	89	89
Receivables	2,010	—	—	2,010	2,010
Other Financial Assets	—	164	—	164	164
<b>Total Financial Assets</b>	<b>2,099</b>	<b>164</b>	<b>—</b>	<b>2,263</b>	<b>2,263</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Liabilities</b>					
Payables	3,419	—	—	3,419	3,418
Current Borrowings	2,964	—	—	2,964	2,727
Non-Current Borrowings	—	3,895	11,540	15,435	16,371
Leases	—	—	—	—	147
<b>Total Financial Liabilities</b>	<b>6,383</b>	<b>3,895</b>	<b>11,540</b>	<b>21,818</b>	<b>22,663</b>

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	1.72%	—	2.10%	—
Fixed Interest Rates	6.63%	16,865	6.63%	19,245
		<b>16,865</b>		<b>19,245</b>

#### Net Fair Value

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

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#### Risk Exposures

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

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

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
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#### (a) Capital Commitments

**Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:**

Infrastructure	983	1,140
	<b>983</b>	<b>1,140</b>

**These expenditures are payable:**

Not later than one year	983	1,140
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—
	<b>983</b>	<b>1,140</b>

#### (b) Other Expenditure Commitments

**Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:**

Audit Services	43	64
	<b>43</b>	<b>64</b>

**These expenditures are payable:**

Not later than one year	21	43
Later than one year and not later than 5 years	22	21
	<b>43</b>	<b>64</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 15. Financial Indicators

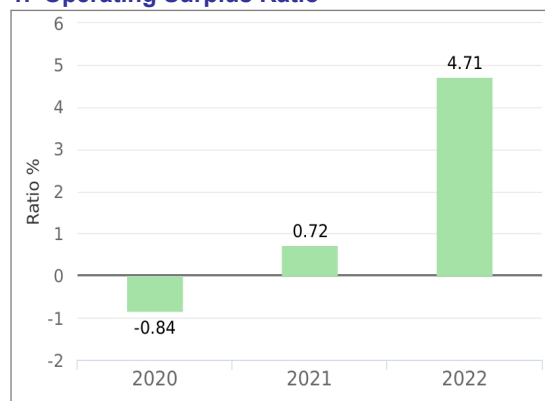
	Indicator 2022	Indicators 2021	Indicators 2020
<p>Financial Indicators overview</p> <p><i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i></p>			
<b>1. Operating Surplus Ratio</b>			
Operating Surplus			
Total Operating Income	<b>4.71%</b>	0.72%	(0.84)%
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>			
<b>2. Net Financial Liabilities Ratio</b>			
Net Financial Liabilities			
Total Operating Income	<b>69.20%</b>	78.49%	80.37%
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i></p>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating Surplus			
Total Operating Income	<b>3.00%</b>	0.63%	(0.88)%
<b>Adjustments to Ratios</b>			
<p><i>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.</i></p>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net Financial Liabilities			
Total Operating Income	<b>73.84%</b>	81.66%	83.60%
<b>3. Asset Renewal Funding Ratio</b>			
Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	<b>114.00%</b>	97.17%	114.19%
<p><i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i></p>			

# Notes to and forming part of the Financial Statements for the year ended 30 June 2022

## Note 15. Financial Indicators (continued)

### Financial Indicators - Graphs

#### 1. Operating Surplus Ratio



#### Purpose of operating surplus ratio

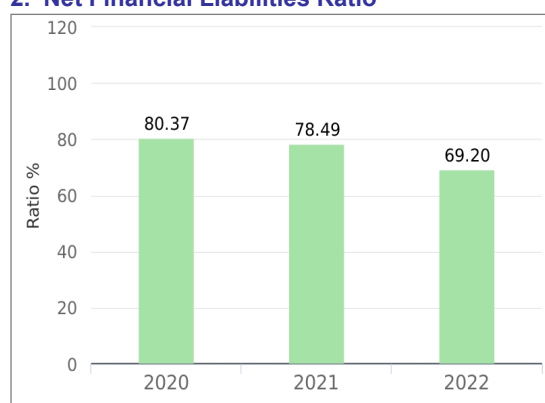
This indicator is to determine the percentage the operating revenue varies from operating expenditure

#### Commentary on 2021/22 result

2021/22 ratio 4.71%

The operating surplus of \$1.648M which is in \$1.2M higher than the forecasted surplus of \$379K, is influenced by the surplus generated by Councils subsidiary NAWMA (\$170K), Water Consumption (\$117K), Water Disposal Charges (\$126K), Unfinished Projects (\$229K), Reduction in Employee Leave Entitlements (\$72K) and a myriad of other unspent expenditure or increase of income.

#### 2. Net Financial Liabilities Ratio



#### Purpose of net financial liabilities ratio

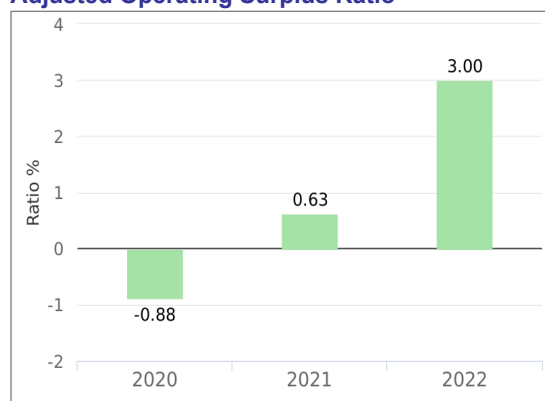
This indicator shows the significance of the net amount owed to others, compared to operating revenue

#### Commentary on 2021/22 result

2021/22 ratio 69.20%

The Net Financial Liabilities Ratio has decreased from 78.49% in 2020/2021 to 69.20% in 2021/2022. This is due to an increase in operating revenue (\$3M).

#### Adjusted Operating Surplus Ratio



#### Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

#### Commentary on 2021/22 result

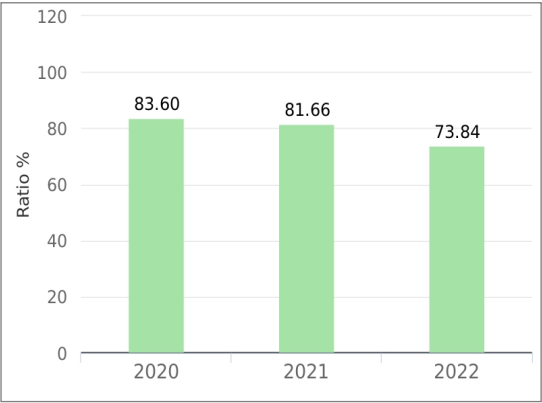
2021/22 ratio 3.00%

Council received Advance Financial Assistance Grant payment of \$1.594M in 2021/2022 and \$995K in 2020/2021. This ratio represents Councils Operating Result including these payments.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

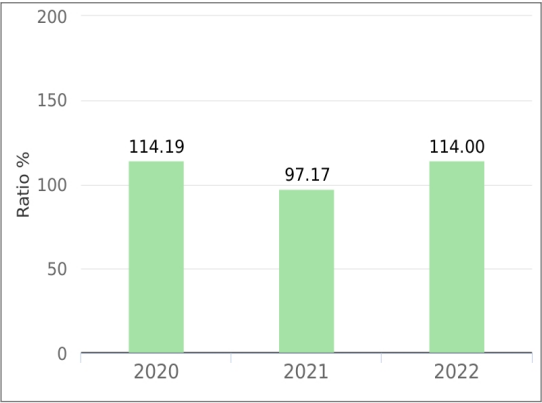
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 73.84%

Council received Advance Financial Assistance Grant payment of \$1.594M in 2021/2022 and \$995K in 2020/2021. This ratio represents Councils Operating Result including these payments.

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

Commentary on 2021/22 result

2021/22 ratio 114.00%

The Asset Sustainability Ratio is based on the capital expenditure for the replacement of assets as indicated in the Asset Management Plan and the 10 year Long-Term Financial Plan. The target range is 90-100% . The ratio for 2021/2022 is 114%

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 16. Uniform Presentation of Finances

\$ '000	2022	2021
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	35,002	32,155
less Expenses	(33,354)	(31,922)
<b>Operating Surplus / (Deficit)</b>	<b>1,648</b>	<b>233</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,599)	(2,270)
add back Depreciation, Amortisation and Impairment	6,739	6,434
add back Proceeds from Sale of Replaced Assets	152	—
	<b>2,292</b>	<b>4,164</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,886)	(6,320)
add back Amounts Received Specifically for New and Upgraded Assets	4,103	1,066
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	40	106
	<b>257</b>	<b>(5,148)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>4,197</b>	<b>(751)</b>

In accordance with the calculation method outlined in the 2021 Model Financial Statements approved by the Minister for Local Government, net outlays on assets (i.e. existing assets and new / upgraded assets) in the Statement above have been sourced from the Statement of Cash Flows. This means, however, that the Statement above does not consider material movements that may occur in associated Balance Sheet items from one reporting period to the next.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 17. Leases

#### (i) Council as a lessee

##### Terms and conditions of leases

##### Asset Class here

Details here on the nature of the lease such as terms and conditions, lease term, repayments (fixed/variable), renewal options, lease increases such as CPI, residual value etc.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

#### (a) Right of use assets

\$ '000	Ready to use	Total
<b>2022</b>		
Opening balance	161	161
Transfer from leased assets (former finance leases)	–	–
Additions to right-of-use assets	379	379
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–
Depreciation charge	(128)	(128)
Impairment of right-of-use assets	–	–
Other	–	–
<b>Balance at 30 June</b>	<b>412</b>	<b>412</b>
<b>2021</b>		
Opening balance	167	167
Transfer from leased assets (former finance leases)	–	–
Additions to right-of-use assets	80	80
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–
Depreciation charge	(86)	(86)
Impairment of right-of-use assets	–	–
Other	–	–
<b>Balance at 30 June</b>	<b>161</b>	<b>161</b>

#### (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2022	2021
Balance at 1 July	147	154
Additions	379	80
Accretion of interest	10	5
Payments	(138)	(92)
<b>Balance at 30 June</b>	<b>398</b>	<b>147</b>
<b>Classified as:</b>		
Current	104	94
Non Current	294	53

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

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 17. Leases (continued)

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
----------------	-------------	-------------

The Group had total cash outflows for leases of \$101.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	128	86
Interest expense on lease liabilities	10	5
Expense relating to leases of low-value assets	378	246
<b>Total amount recognised in profit or loss</b>	<b>516</b>	<b>337</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 17. Leases (continued)

#### (ii) Council as a lessor

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

#### Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

\$ '000	2022	2021
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	569	525
Later than one year and not later than 5 years	1,430	1,966
Later than 5 years	–	109
	<u>1,999</u>	<u>2,600</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 18. Superannuation

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

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). 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 2021. 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 19. Interests in Other Entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2022	2021	2022	2021
<b>Council's Share of Net Income</b>				
Joint Ventures	179	134	4,765	4,637
<b>Total Council's Share of Net Income</b>	<b>179</b>	<b>134</b>	<b>4,765</b>	<b>4,637</b>

#### ((a)i) Joint Ventures, Associates and Joint Operations

##### (a) Carrying Amounts

\$ '000	Principal Activity	2022	2021
Northern Adelaide Waste Management Authority	Provision of waste management services	1,048	873
Gawler River Floodplain Management Authority	Management and co-ordination of flood mitigation projects	3,717	3,764
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>4,765</b>	<b>4,637</b>

##### **Northern Adelaide Waste Management Authority**

Established by Town of Gawler, City of Playford and the City of Salisbury, NAWMA is responsible for the provision of Waste Management Services

##### **Gawler River Floodplain Management Authority**

Established by Town of Gawler, City of Playford, Adelaide Hills Council, The Barossa Council, Light Regional Council and the Adelaide Plains Council. GRFMA is responsible for the co-ordination of construction and management of projects

##### (b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021
Northern Adelaide Waste Management Authority	9.38%	9.91%	9.38%	9.91%	30.00%	30.00%
Gawler River Floodplain Management Authority	17.19%	17.30%	17.19%	17.30%	16.66%	16.00%

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 19. Interests in Other Entities (continued)

### (c) Movement in Investment in Joint Venture or Associate

\$ '000	Northern Adelaide Waste Management Authority		Gawler River Floodplain Management Authority	
	2022	2021	2022	2021
Opening Balance	873	703	3,764	3,817
Share in Operating Result	222	187	(43)	(48)
Adjustments to Equity	(47)	(17)	(4)	(5)
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>1,048</b>	<b>873</b>	<b>3,717</b>	<b>3,764</b>

### (d) Summarised Financial Information of the Equity Accounted Business

#### Statement of Financial Position

Cash and Cash Equivalents	9,802	7,167	126	169
Other Current Assets	5,193	4,194	99	48
Non-Current Assets	20,679	22,914	21,959	21,690
<b>Total Assets</b>	<b>35,674</b>	<b>34,275</b>	<b>22,184</b>	<b>21,907</b>
Current Trade and Other Payables	7,127	6,667	61	36
Current Financial Liabilities	2,243	2,527	502	—
Current Provisions	327	366	—	—
Non-Current Financial Liabilities	8,310	10,512	—	—
Non-Current Provisions	6,489	5,388	—	—
<b>Total Liabilities</b>	<b>24,496</b>	<b>25,460</b>	<b>563</b>	<b>36</b>
<b>Net Assets</b>	<b>11,178</b>	<b>8,815</b>	<b>21,621</b>	<b>21,871</b>

#### Statement of Comprehensive Income

Other Income	15	115	71	20
Contributions from Constituent Councils	48,140	45,571	261	196
Interest Income	262	240	1	1
<b>Total Income</b>	<b>48,417</b>	<b>45,926</b>	<b>333</b>	<b>217</b>
Employee Costs	4,147	3,827	—	—
Materials, Contracts & Other Expenses	38,184	36,523	262	177
Depreciation, Amortisation and Impairment	467	512	322	321
Finance Costs	3,315	3,250	—	—
<b>Total Expenses</b>	<b>46,113</b>	<b>44,112</b>	<b>584</b>	<b>498</b>
<b>Operating Result</b>	<b>2,304</b>	<b>1,814</b>	<b>(251)</b>	<b>(281)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 19. Interests in Other Entities (continued)

#### (e) Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

\$ '000	2022	2021
<b>(i) Capital Expenditures Payable</b>		
Not later than one year	17,128	16,791
Later than one year and not later than 5 years	19,032	35,506
	<u>36,160</u>	<u>52,297</u>

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers.

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

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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

#### 1. Land under roads

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

At reporting date, Council controlled 212.4 km of road reserves of average width **14 metres**.

#### 2. Potential insurance losses

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

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

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

#### 3. 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 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.

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

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Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Covid has been classified as a global pandemic by the World Health Organisation and has developed rapidly in the last couple of years. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations. At this stage, Council expects that the financial impacts on Council's operations to flow into the 2022/23 financial year will not be material.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 23. Related Party Transactions

#### Key Management Personnel

##### Transactions with 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, 22 persons were paid the following total compensation

\$ '000	2022	2021
<b>The compensation paid to Key Management Personnel comprises:</b>		
Short-Term Employee Benefits	1,456	1,303
Long-Term Benefits	98	23
<b>Total</b>	<b>1,554</b>	<b>1,326</b>

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



## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of Town of Gawler

### Opinion

We have audited the accompanying financial report of Town of Gawler (the Council), which comprises the statement of financial position as at 30 June 2022, 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 Town of Gawler.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, 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 Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Council's responsibility for the financial report

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

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

### Auditor's responsibility for the audit of the financial report

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

#### Mount Gambier

233 Commercial Street West  
PO Box 246, Mount Gambier SA 5290  
P: (08) 8725 3068  
F: (08) 8724 9553  
E: admin@galpins.com.au

#### Stirling

Unit 4, 3-5 Mount Barker Road  
PO Box 727, Stirling SA 5152  
P: (08) 8339 1255  
F: (08) 8339 1266  
E: stirling@galpins.com.au

#### Norwood

3 Kensington Road, Norwood SA 5067  
PO Box 4067, Norwood South SA 5067  
P: (08) 8332 3433  
E: norwood@galpins.com.au

W: www.galpins.com.au

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

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

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

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



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

5 December 2022



## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS

### To the members of Town of Gawler

#### Opinion

We have audited the compliance of Town of Gawler (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

In our opinion, Town of Gawler 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 2021 to 30 June 2022.

#### Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

#### The Council's responsibility for internal controls

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

#### Our independence and quality control

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

#### Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, 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 Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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**Limitations of controls**

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

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

**Limitation of use**

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

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

5 December 2022

# Town of Gawler

## General Purpose Financial Statements

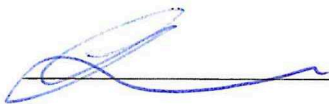
for the year ended 30 June 2022

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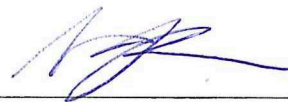
### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Town of Gawler for the year ended 30 June 2022, the Council's Auditor, Galpins 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*.



Henry Inat  
**Chief Executive Officer**



Natalie Johnston  
**Presiding Member, Audit Committee**

Date: 29 November 2022



## TOWN OF GAWLER

### GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2022

#### Statement by Auditor

I confirm that, for the audit of the financial statements of Town of Gawler 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*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

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

Date: 21 October 2022

#### Mount Gambier

233 Commercial Street West  
PO Box 246, Mount Gambier SA 5290  
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