

# Barunga West Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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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 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



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**Chief Executive Officer**

30 November 2023



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**Mayor**

30 November 2023

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	5,541	5,198
Statutory charges	2b	114	102
User charges	2c	419	405
Grants, subsidies and contributions - operating	2g	1,644	2,862
Investment income	2d	15	11
Reimbursements	2e	50	2
Other income	2f	743	2,758
<b>Total income</b>		<u>8,526</u>	<u>11,338</u>
<b>Expenses</b>			
Employee costs	3a	2,928	2,783
Materials, contracts and other expenses	3b	4,371	7,202
Depreciation, amortisation and impairment	3c	1,876	1,689
Finance costs	3d	113	23
<b>Total expenses</b>		<u>9,288</u>	<u>11,697</u>
<b>Operating surplus / (deficit)</b>		<u>(762)</u>	<u>(359)</u>
Physical resources received free of charge	2h	–	244
Asset disposal and fair value adjustments	4	(79)	(101)
Amounts received specifically for new or upgraded assets	2h	578	3,588
<b>Net surplus / (deficit)</b>		<u>(263)</u>	<u>3,372</u>
<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	390	(97)
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<u>390</u>	<u>(97)</u>
<b>Total other comprehensive income</b>		<u>390</u>	<u>(97)</u>
<b>Total comprehensive income</b>		<u>127</u>	<u>3,275</u>

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

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	1,345	2,454
Trade and other receivables	5b	409	572
Inventories	5c	195	224
<b>Total current assets</b>		<b>1,949</b>	<b>3,250</b>
<b>Non-current assets</b>			
Trade and other receivables	6	33	49
Infrastructure, property, plant and equipment	7	58,280	54,367
<b>Total non-current assets</b>		<b>58,313</b>	<b>54,416</b>
<b>TOTAL ASSETS</b>		<b>60,262</b>	<b>57,666</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	1,546	1,296
Borrowings	8b	641	165
Provisions	8c	581	552
<b>Total current liabilities</b>		<b>2,768</b>	<b>2,013</b>
<b>Non-current liabilities</b>			
Borrowings	8b	2,829	1,120
Provisions	8c	42	37
<b>Total non-current liabilities</b>		<b>2,871</b>	<b>1,157</b>
<b>TOTAL LIABILITIES</b>		<b>5,639</b>	<b>3,170</b>
<b>Net assets</b>		<b>54,623</b>	<b>54,496</b>
<b>EQUITY</b>			
Accumulated surplus		2,798	3,586
Asset revaluation reserves	9a	51,087	50,697
Other reserves	9b	738	213
<b>Total equity</b>		<b>54,623</b>	<b>54,496</b>

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 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance at the end of previous reporting period		3,586	50,697	213	54,496
<b>Restated opening balance</b>		<b>3,586</b>	<b>50,697</b>	<b>213</b>	<b>54,496</b>
Net surplus / (deficit) for year		(263)	–	–	(263)
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	390	–	390
<b>Other comprehensive income</b>		<b>–</b>	<b>390</b>	<b>–</b>	<b>390</b>
<b>Total comprehensive income</b>		<b>(263)</b>	<b>390</b>	<b>–</b>	<b>127</b>
Transfers between reserves		(525)	–	525	–
<b>Balance at the end of period</b>		<b>2,798</b>	<b>51,087</b>	<b>738</b>	<b>54,623</b>
<b>2022</b>					
Balance at the end of previous reporting period		388	50,794	39	51,221
<b>Restated opening balance</b>		<b>388</b>	<b>50,794</b>	<b>39</b>	<b>51,221</b>
Net surplus / (deficit) for year		3,372	–	–	3,372
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(97)	–	(97)
<b>Other comprehensive income</b>		<b>–</b>	<b>(97)</b>	<b>–</b>	<b>(97)</b>
<b>Total comprehensive income</b>		<b>3,372</b>	<b>(97)</b>	<b>–</b>	<b>3,275</b>
Transfers between reserves		(174)	–	174	–
<b>Balance at the end of period</b>		<b>3,586</b>	<b>50,697</b>	<b>213</b>	<b>54,496</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 2023

\$ '000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		5,431	5,222
Statutory charges		125	112
User charges		461	446
Grants, Subsidies and Contributions (operating purpose)		1,644	3,261
Investment receipts		15	11
Reimbursements		50	2
Other receipts		1,205	3,594
<u>Payments</u>			
Finance payments		(81)	(22)
Payments to employees		(2,881)	(2,680)
Payments for materials, contracts and other expenses		(4,381)	(8,052)
<b>Net cash provided by (or used in) operating activities</b>	11b	<u>1,588</u>	<u>1,894</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		578	3,588
Sale of replaced assets		122	97
Sale of surplus assets		3	–
Repayments of loans by community groups		16	18
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,143)	(1,757)
Expenditure on new/upgraded assets		(3,460)	(4,583)
<b>Net cash provided (or used in) investing activities</b>		<u>(4,884)</u>	<u>(2,637)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		2,352	1,000
<u>Payments</u>			
Repayments of Borrowings		(165)	(156)
<b>Net cash provided by (or used in) financing activities</b>		<u>2,187</u>	<u>844</u>
<b>Net increase (decrease) in cash held</b>		<u>(1,109)</u>	<u>101</u>
plus: cash & cash equivalents at beginning of period		2,454	2,353
<b>Cash and cash equivalents held at end of period</b>	11a	<u>1,345</u>	<u>2,454</u>
Additional information:			
<b>Total cash, cash equivalents and investments</b>		<u>1,345</u>	<u>2,454</u>

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 2023

### Contents of the Notes accompanying the General Purpose Financial Statements

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 1. Summary of Significant Accounting Policies

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

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

#### (1) Basis of preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated dd MMMM yyyy.

##### 1.2 Historical cost convention

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

##### 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

Barunga West Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 11 Bay St Port Broughton SA 5522. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### (3) Income recognition

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

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

In other cases, AASB 1058 applies when 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 2023

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

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$475,209	\$518,202	-42,993
2021/22	\$680,270	\$507,716	+172,554
2022/23	\$503,615	\$492,307	+11,308

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 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

**Construction contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(4) Cash, cash equivalents and other financial instruments**

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.

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.

**(5) Inventories**

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

**(6) Infrastructure, property, plant and 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
Land Improvement	\$10,000
Buildings	\$10,000
Buildings – Other Structures	\$20,000
Infrastructure – Roads	\$10,000
Infrastructure – Footpaths	\$10,000
Infrastructure – Stormwater	\$10,000
Infrastructure – CWMS	\$10,000

**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	3 to 10 years
Office Furniture	3 to 10 years
Vehicles and Road-making Equip	4 to 25 years
Other Plant & Equipment	4 to 20 years

*Building & Other Structures*

Buildings – masonry	7 to 100 years
Buildings – other construction	7 to 100 years
Park Structures – masonry	7 to 100 years

continued on next page ...

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

Park Structures – other construction	7 to 100 years
Playground equipment	7 to 100 years
Benches, seats, etc	7 to 100 years

*Infrastructure*

Sealed Roads – Surface	22 to 30 years
Sealed Roads – Structure	20 to 150 years
Unsealed Roads	20 to 100 years
Paving & Footpaths, Kerb & Gutter	5 to 100 years
Drains	5 to 100 years
Culverts	5 to 100 years
Reticulation Pipes – PVC	10 to 70 years
Reticulation Pipes – other	10 to 70 years
Pumps & Telemetry	10 to 70 years

**6.5 Impairment**

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

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

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

**6.6 Borrowing costs**

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

**(7) Payables****7.1 Goods & Services**

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

**7.2 Payments Received in Advance & Deposits**

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

**(8) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

**(9) Employee benefits****9.1 Salaries, Wages & Compensated Absences**

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

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

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.

**9.2 Superannuation**

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

**(10) Leases**

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

**10.1 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.

**i) Right-of-Use-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	3 to 10 years
Computers	3 to 10 years
Other	4 to 20 years

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

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

#### ii) Lease Liabilities

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

#### iii) Short-term leases and leases of low-value assets

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.

#### (11) 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 18.

#### (12) 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.

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

##### **New accounting standards, amendments to existing standards and UIG Interpretations**

Council applied for the first time certain new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2022. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### ***Amendments to Australian Accounting Standards – AASB 2020-3: Annual Improvement 2018-2020 and Other Amendments***

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

##### ***AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current***

AASB 2020-6 defers the effective date for applying the requirements added to AASB 101 in AASB 2020-1 from annual reporting periods beginning on or after 1 January 2022 to annual reporting periods beginning after 1 January 2023, with earlier application permitted.

The adoption of the amendment did not have a material impact on the financial statements.

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

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. 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 Council.

##### **Effective for annual report periods beginning on or after 1 January 2023.**

AASB 2022-6: Amendments to Australian Accounting Standards – Non current Liabilities with Covenants

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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**Effective for annual report periods beginning on or after 1 January 2024.**

AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

**Effective for annual report periods beginning on or after 1 January 2025.**

ASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Council has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material in the financial statements.

**(14) 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.

**(15) 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 2023

### Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	4,867	4,600
Less: mandatory rebates	(25)	(53)
Less: discretionary rebates, remissions and write-offs	(71)	(55)
<b>Total general rates</b>	<b>4,771</b>	<b>4,492</b>
<b>Other rates (including service charges)</b>		
Landscape levy	237	230
Community wastewater management systems	483	454
<b>Total other rates (including service charges)</b>	<b>720</b>	<b>684</b>
<b>Other charges</b>		
Penalties for late payment	22	22
Fisherman's Bay (SA Power lines) Separate Rate	28	–
<b>Total other charges</b>	<b>50</b>	<b>22</b>
<b>Total rates</b>	<b>5,541</b>	<b>5,198</b>
<b>(b) Statutory charges</b>		
Development Act fees	86	77
Health and septic tank inspection fees	2	–
Animal registration fees and fines	26	25
<b>Total statutory charges</b>	<b>114</b>	<b>102</b>
<b>(c) User charges</b>		
Cemetery/crematoria fees	21	24
Hall and equipment hire	27	29
Sundry	–	1
Caravan Parks	199	155
Post Office, RTC & Other	98	93
CWMS Sub-Division Fees	25	31
Boat Ramp Fees & Permits	27	28
Sanitation & Garbage	22	44
<b>Total user charges</b>	<b>419</b>	<b>405</b>
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	14	8
- Banks and other	–	1
- Loans to community groups	1	2
<b>Total investment income</b>	<b>15</b>	<b>11</b>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 2. Income (continued)

\$ '000	2023	2022
<b>(e) Reimbursements</b>		
Private works	1	2
Other	49	–
<b><u>Total reimbursements</u></b>	<b><u>50</u></b>	<b><u>2</u></b>

**(f) Other income**

Insurance and other recoupments - infrastructure, property, plant and equipment	24	32
Rebates received	95	105
Sundry	27	104
Yorke Peninsula Regions Roads Upgrade *	72	2,343
Open Spaces Contribution	525	174
<b><u>Total other income</u></b>	<b><u>743</u></b>	<b><u>2,758</u></b>

(\*) The Barunga West Council was successful in securing a Local Government Infrastructure Partnership Program (LGIPP) Grant on behalf of the Barunga West Council and two neighboring Councils (Yorke Peninsula Region Roads Upgrade Grant). The other Councils' funding contribution disclosed above of \$2.343M coupled with their respective portion of the LGIPP Grant of \$1.208M (refer Note 2(g)) financed the contractor road work expenditure of \$3.551M (refer Note 3 (b)(ii)).

**(g) Grants, subsidies and contributions**

Amounts received specifically for new or upgraded assets	578	3,588
<b>Total</b>	<b><u>578</u></b>	<b><u>3,588</u></b>

**Other grants, subsidies and contributions**

Other grants, subsidies and contributions	1,040	872
Untied - Financial Assistance Grant	603	780
Library and communications	1	2
Yorke Peninsula Roads Upgrade Grant *	–	1,208
<b>Total other grants, subsidies and contributions</b>	<b><u>1,644</u></b>	<b><u>2,862</u></b>

**Total grants, subsidies and contributions**

<b><u>2,222</u></b>	<b><u>6,450</u></b>
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The functions to which these grants relate are shown in Note 12.

**(i) Sources of grants**

Commonwealth Government	835	1,010
State Government	1,632	2,388
Other #	(245)	3,052
<b>Total</b>	<b><u>2,222</u></b>	<b><u>6,450</u></b>

**(ii) Individually significant items**

Grants Commission (FAG) - Payment Brought Forward	448	437
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(#) Includes \$3.000M Local Government Association CWMS Subsidy

(\*) Refer footnote at Note 2(f) Other Income

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 2. Income (continued)

\$ '000	2023	2022
<b>(h) Physical resources received free of charge</b>		
Land and improvements	–	244
<b><u>Total physical resources received free of charge</u></b>	<b><u>–</u></b>	<b><u>244</u></b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 3. Expenses

\$ '000	Notes	2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		2,308	2,139
Employee leave expense		376	400
Superannuation - defined contribution plan contributions	18	210	181
Superannuation - defined benefit plan contributions	18	49	51
Workers' compensation insurance		109	108
Other employee related costs		142	91
Less: capitalised and distributed costs		(266)	(187)
<b><u>Total operating employee costs</u></b>		<b><u>2,928</u></b>	<b><u>2,783</u></b>
Total number of employees (full time equivalent at end of reporting period)		32	32
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		15	20
Elected members' expenses		110	96
Election expenses		19	-
Other		-	46
<b><u>Subtotal - prescribed expenses</u></b>		<b><u>144</u></b>	<b><u>162</u></b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		1,424	994
Contractors - Yorke Peninsula Region Roads Upgrade *		765	3,551
Maintenance		503	322
Legal expenses		135	117
Levies paid to Government - NRM levy		235	229
Levies - other		19	18
Parts, accessories and consumables		584	559
Professional services		233	557
Sundry		389	508
Utilities		250	232
Insurance		221	188
Telecommunications		176	182
Less: capitalised and distributed Costs		(707)	(417)
<b><u>Subtotal - Other material, contracts and expenses</u></b>		<b><u>4,227</u></b>	<b><u>7,040</u></b>
<b><u>Total materials, contracts and other expenses</u></b>		<b><u>4,371</u></b>	<b><u>7,202</u></b>

(\*) Refer footnote at Note 2(f) Other Income

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 3. Expenses (continued)

\$ '000	2023	2022
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
Buildings and other structures	330	305
Infrastructure		
- Sealed roads	333	293
- Unsealed roads	629	658
- Stormwater drainage	44	44
- CWMS	132	132
- Footpaths, Kerb & Gutter	101	99
Plant and equipment	247	131
Furniture and fittings	60	27
<b>Subtotal</b>	<b>1,876</b>	<b>1,689</b>
<b>Total depreciation, amortisation and impairment</b>	<b>1,876</b>	<b>1,689</b>
<b>(d) Finance costs</b>		
Interest on loans	113	23
<b>Total finance costs</b>	<b>113</b>	<b>23</b>

### Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	122	97
Less: carrying amount of assets sold	(204)	(198)
<b>Gain (loss) on disposal</b>	<b>(82)</b>	<b>(101)</b>
<b>(ii) Assets surplus to requirements</b>		
Less: other amounts relating to the sale of surplus assets	3	-
<b>Gain (loss) on disposal</b>	<b>3</b>	<b>-</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(79)</b>	<b>(101)</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 5. Current assets

\$ '000	2023	2022
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	65	175
Deposits at call	1,280	2,279
<b><u>Total cash and cash equivalent assets</u></b>	<b><u>1,345</u></b>	<b><u>2,454</u></b>

### (b) Trade and other receivables

Rates - general and other	332	222
Accrued revenues	2	1
Debtors - general	15	58
GST recoupment	44	273
Loans to community organisations	16	18
<b>Subtotal</b>	<b><u>409</u></b>	<b><u>572</u></b>
<b><u>Total trade and other receivables</u></b>	<b><u>409</u></b>	<b><u>572</u></b>

### (c) Inventories

Stores and materials	195	224
<b><u>Total inventories</u></b>	<b><u>195</u></b>	<b><u>224</u></b>

### Note 6. Non-current assets

\$ '000	2023	2022
<b>Trade and other receivables</b>		
<b>Receivables</b>		
Loans to community organisations	33	49
<b>Subtotal</b>	<b><u>33</u></b>	<b><u>49</u></b>
<b>Total receivables</b>	<b><u>33</u></b>	<b><u>49</u></b>
<b><u>Total financial assets</u></b>	<b><u>33</u></b>	<b><u>49</u></b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/22				Asset movements during the reporting period						as at 30/06/23				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	
Capital work in progress		–	–	–	–	2,091	–	–	–	–	–	–	2,091	–	–	2,091
Land - community	3	8,084	–	–	8,084	–	–	–	–	–	(61)	8,023	–	–	8,023	
Land - other	2	3,938	–	–	3,938	–	–	–	–	–	451	4,389	–	–	4,389	
Buildings and other structures	3	16,032	1,356	(6,724)	10,664	972	–	–	(330)	–	–	16,032	2,328	(7,054)	11,306	
Infrastructure																
- Sealed roads	3	15,202	1,763	(8,371)	8,594	–	559	(64)	(333)	–	–	15,202	1,763	(8,209)	8,756	
- Unsealed roads	3	15,992	2,577	(11,118)	7,451	–	1,022	(11)	(629)	–	–	15,992	2,601	(10,760)	7,833	
- Stormwater drainage	3	2,986	–	(1,058)	1,928	–	–	–	(44)	–	–	2,986	–	(1,102)	1,884	
- CWMS	3	8,508	2,351	(2,850)	8,009	85	–	–	(132)	–	–	8,508	2,436	(2,982)	7,962	
- Footpaths, Kerb & Gutter	3	6,007	416	(2,509)	3,914	70	–	(1)	(101)	–	–	6,007	482	(2,607)	3,882	
Plant and equipment	2	–	3,347	(1,795)	1,552	203	485	(128)	(247)	–	–	–	3,675	(1,810)	1,865	
Furniture and fittings	2	–	383	(150)	233	39	77	–	(60)	–	–	–	498	(209)	289	
<b>Total infrastructure, property, plant and equipment</b>		<b>76,749</b>	<b>12,193</b>	<b>(34,575)</b>	<b>54,367</b>	<b>3,460</b>	<b>2,143</b>	<b>(204)</b>	<b>(1,876)</b>	<b>–</b>	<b>390</b>	<b>77,139</b>	<b>15,874</b>	<b>(34,733)</b>	<b>58,280</b>	
Comparatives		78,100	6,262	(34,595)	49,767	4,829	1,757	(200)	(1,689)	(97)	–	76,749	12,193	(34,575)	54,367	

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

#### Valuation of infrastructure, property, plant & equipment and 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 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

##### Information on valuations

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

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

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

##### 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

#### 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 & Land Improvement

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- Date of valuation: 30 June 2022
- Valuer: Office of the Valuer General

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

#### Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- Date of valuation: 30 June 2019
- Valuer: Australian Property Valuers

#### Infrastructure

Transportation assets were revalued as at 1 July 2019 by Tonkin Consulting.

All acquisitions made after the respective dates of valuation are recorded at cost. All acquisitions made after the date of valuation are recorded at cost.

Stormwater drainage infrastructure was revalued as at 1 July 2019 by Tonkin Consulting. All acquisitions made after the date of valuation are recorded at cost.

Community wastewater management system infrastructure was revalued as at 1 July 2019 by Tonkin Consulting. All acquisitions made after the date of valuation are recorded at cost.

#### *Roads, Kerb and Gutter, Footpaths*

- Basis of valuation: Fair Value / Written down current replacement cost
- Date of valuation: 1 July 2019
- Valuer: Tonkin Consulting, Rod Ellis, FIEAust CPEng

#### *Stormwater Drainage*

- Basis of valuation: Fair Value / Written down current replacement cost
- Date of valuation: 1 July 2019
- Valuer: Tonkin Consulting, Rod Ellis, FIEAust CPEng

#### All other Assets

These assets are recognised at cost.



## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(a) Trade and other payables</b>				
Goods and services	971	–	992	–
Payments received in advance	486	–	242	–
Accrued expenses - employee entitlements	51	–	38	–
Accrued expenses - finance costs	38	–	6	–
Other	–	–	18	–
<b><u>Total trade and other payables</u></b>	<b><u>1,546</u></b>	<b><u>–</u></b>	<b><u>1,296</u></b>	<b><u>–</u></b>

### (b) Borrowings

Loans	641	2,829	165	1,120
<b><u>Total Borrowings</u></b>	<b><u>641</u></b>	<b><u>2,829</u></b>	<b><u>165</u></b>	<b><u>1,120</u></b>

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

### (c) Provisions

Employee entitlements (including oncosts)	581	42	552	37
<b><u>Total provisions</u></b>	<b><u>581</u></b>	<b><u>42</u></b>	<b><u>552</u></b>	<b><u>37</u></b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 9. Reserves

\$ '000	as at 30/06/22		Transfers	Impairments	as at 30/06/23	
	Opening Balance	Increments (Decrements)			Closing Balance	
<b>(a) Asset revaluation reserve</b>						
Land - community	8,084	(61)	–	–		8,023
Land - other	3,854	451	–	–		4,305
Buildings and other structures	11,640	–	–	–		11,640
Infrastructure						
- Sealed roads	315	–	–	–		315
- Unsealed roads	(569)	–	–	–		(569)
- Bridges, footpaths, kerb and gutter	17,916	–	–	–		17,916
- Stormwater drainage	2,312	–	–	–		2,312
- CWMS	6,924	–	–	–		6,924
- Footpaths, Kerb & Gutter	221	–	–	–		221
<b>Total asset revaluation reserve</b>	<b>50,697</b>	<b>390</b>	<b>–</b>	<b>–</b>		<b>51,087</b>
Comparatives	50,794	(97)	–	–		50,697

\$ '000	as at 30/06/22		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/23	
	Opening Balance					Closing Balance	
<b>(b) Other reserves</b>							
Open Space	213	525	–	–			738
<b>Total other reserves</b>	<b>213</b>	<b>525</b>	<b>–</b>	<b>–</b>			<b>738</b>
Comparatives	39	174	–	–			213

## 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).

## Open Space Reserve

Developer Open Space contributions for Council to expend in any manner it deems fit to improve Council's open spaces.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 10. Assets subject to restrictions

\$ '000	2023	2022
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 and financial assets</b>		
Unexpended amounts received from Federal Government	–	213
CWMS Reserve	–	–
<b>Total cash and financial assets</b>	<u>–</u>	<u>213</u>
<b>Total assets subject to externally imposed restrictions</b>	<u>–</u>	<u>213</u>

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
<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 and equivalent assets	5	1,345	2,454
<b>Balances per Statement of Cash Flows</b>		<u>1,345</u>	<u>2,454</u>
<b>(b) Reconciliation of change in net assets to cash from operating activities</b>			
<b>Net surplus/(deficit)</b>		(263)	3,372
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		1,876	1,689
Non-cash asset acquisitions		–	(244)
Grants for capital acquisitions treated as investing activity		(578)	(3,588)
Net (gain)/loss on disposals		79	101
		<u>1,114</u>	<u>1,330</u>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		161	(191)
Net (increase)/decrease in inventories		29	(162)
Net increase/(decrease) in trade and other payables		250	827
Net increase/(decrease) in unpaid employee benefits		34	90
<b>Net cash provided by (or used in) operations</b>		<u>1,588</u>	<u>1,894</u>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## 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).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions/Activities</b>										
Business Undertakings	199	653	383	342	(184)	311	(106)	498	8,407	7,954
Community Services	–	5	13	4	(13)	1	–	5	2,106	2,019
Culture	1	2	55	45	(54)	(43)	1	–	–	–
Economic Affairs	23	142	239	390	(216)	(248)	–	50	–	–
Protection of the Environment	26	80	979	873	(953)	(793)	–	30	–	–
Sport and Recreation	33	35	685	718	(652)	(683)	–	–	13,307	12,757
Regulatory Services	26	29	139	108	(113)	(79)	–	4	98	94
Transport & Communication	1,996	2,235	2,873	2,353	(877)	(118)	590	1,039	22,995	22,045
Plant Hire & Depot/Indirect	83	98	399	627	(316)	(529)	–	–	559	536
Council Administration	5,875	4,296	1,316	1,624	4,559	2,672	284	–	7,231	6,932
Public Order & Safety	–	–	216	100	(216)	(100)	–	–	–	–
Health	10	3	26	19	(16)	(16)	–	–	–	–
Housing & Community	144	176	693	496	(549)	(320)	–	28	5,559	5,329
Other Purposes	110	3,585	1,272	3,999	(1,162)	(414)	–	1,208	–	–
<b>Total Functions/Activities</b>	<b>8,526</b>	<b>11,339</b>	<b>9,288</b>	<b>11,698</b>	<b>(762)</b>	<b>(359)</b>	<b>769</b>	<b>2,862</b>	<b>60,262</b>	<b>57,666</b>

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

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The activities relating to Council functions are as follows:

#### **Business undertakings**

Caravan Parks and Sewerage/CWMS.

#### **Community services**

Community Support and Amenities, and Community Transport.

#### **Economic Affairs**

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

#### **Protection of the Environment**

Coastal Protection, Agricultural Services, Landcare, Other Agricultural Services, Waste Management and Other Environment.

#### **Sport and Recreation**

Boat Ramps, Other Marine Facilities, Parks and Gardens, Sports Facilities – Outdoor and Other Recreation.

#### **Regulatory services**

Dog and Cat Control, Parking Control, and Other Regulatory Services.

#### **Transport and Communication**

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

#### **Council administration**

Governance, Administration not elsewhere classified, Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Rates and Other Revenues, LGGC – General Purpose and other General Grants, and Separate and Special Rates.

#### **Public Order and Safety**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control, Street Cleaning, Street Lighting and Other Community Amenities.

#### **Health**

Health, Preventive Health Services, Other Health Services, Community Support and Assistance, Community Amenities, Health Inspections and Pest Control.

#### **Housing and Community**

Post Office, Rural Transaction Centres, Cemeteries, Public Conveniences, and Town Planning.

#### **Other Purposes**

Private works. Yorke Peninsula Region Roads Upgrade

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 13. Financial instruments

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#### Recognised financial instruments

##### Bank, deposits at call, short term deposits

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between .01% and 4.30% (2022: 0.01% and 1.05%). Short term deposits have an average interest rate of 4.3% (2022: 0.49%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

##### Receivables - rates and associated charges

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 5.8% (2022: 5.05%). 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 and 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 and 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 and 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.

##### 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 13. Financial instruments (continued)

**Terms and 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 semi annually; interest is charged at fixed rates between 1.75% and 7.10% (2022: 1.75% and 8.07%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - leases****Accounting Policy:**

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

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,345	–	–	1,345	1,345
Receivables	410	–	–	410	409
Other financial assets	–	34	–	34	33
<b>Total financial assets</b>	<b>1,755</b>	<b>34</b>	<b>–</b>	<b>1,789</b>	<b>1,787</b>
<b>Financial liabilities</b>					
Payables	1,009	–	–	1,009	1,009
Current borrowings	799	–	–	799	641
Non-current borrowings	–	2,583	860	3,443	2,829
<b>Total financial liabilities</b>	<b>1,808</b>	<b>2,583</b>	<b>860</b>	<b>5,251</b>	<b>4,479</b>
<b>Total financial assets and liabilities</b>	<b>3,563</b>	<b>2,617</b>	<b>860</b>	<b>7,040</b>	<b>6,266</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,454	–	–	2,454	2,454
Receivables	573	–	–	573	572
Other financial assets	–	50	–	50	49
<b>Total financial assets</b>	<b>3,027</b>	<b>50</b>	<b>–</b>	<b>3,077</b>	<b>3,075</b>

**Financial liabilities**

continued on next page ...

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Payables	1,337	–	–	1,337	998
Current borrowings	229	–	–	229	165
Non-current borrowings	–	530	949	1,479	1,120
<b>Total financial liabilities</b>	<b>1,566</b>	<b>530</b>	<b>949</b>	<b>3,045</b>	<b>2,283</b>
<b><u>Total financial assets and liabilities</u></b>	<b>4,593</b>	<b>580</b>	<b>949</b>	<b>6,122</b>	<b>5,358</b>



## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	5.29%	3,470	5.16%	1,285
		<u>3,470</u>		<u>1,285</u>

#### Net fair value

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

### Risk exposures

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

### Note 14. Capital expenditure and investment property commitments

\$ '000	2023	2022
---------	------	------

#### Capital commitments

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

Infrastructure	204	1,589
	<u>204</u>	<u>1,589</u>

#### These expenditures are payable:

Not later than one year	204	1,589
	<u>204</u>	<u>1,589</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 15. Financial indicators

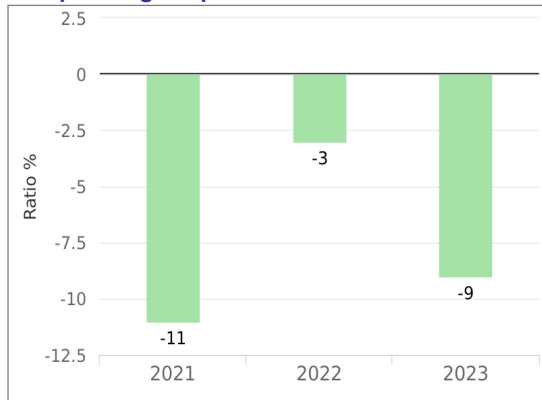
	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
<b>1. Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(9)%</b>	(3)%	(11)%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
<b>2. Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>45%</b>	1%	(19)%
<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>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(9)%</b>	(5)%	(10)%
<b>Adjustments to Ratios</b>			
<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>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>50%</b>	5%	(15)%
<b>3. Asset Renewal Funding Ratio</b>			
Asset renewals			
Infrastructure and Asset Management Plan required expenditure	<b>58%</b>	40%	70%
<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>			

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



**Purpose of operating surplus ratio**

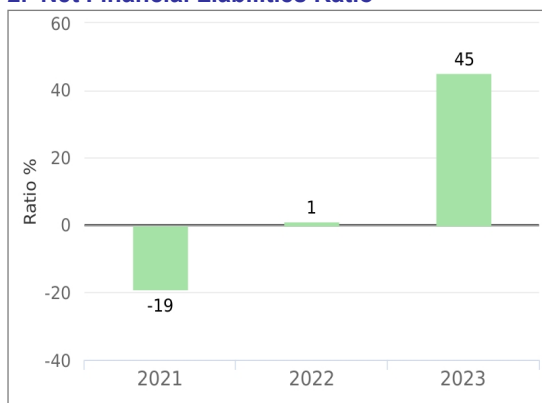
This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2022/23 result**

2022/23 ratio (9)%

Council has an Operating Surplus Ratio target range of Between +/- 10%

2. Net Financial Liabilities Ratio



**Purpose of net financial liabilities ratio**

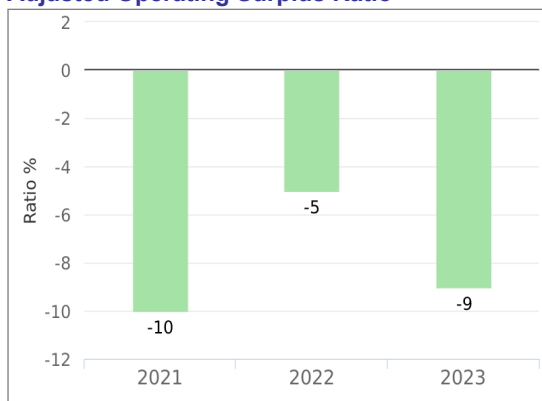
This indicator shows the significance of the net amount owed to others, compared to operating revenue

**Commentary on 2022/23 result**

2022/23 ratio 45%

Council has an Net Financial Liabilities Ratio target range of Between 0% and 100%

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

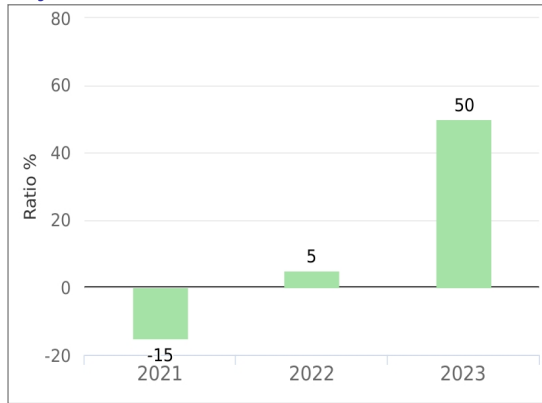
**Commentary on 2022/23 result**

2022/23 ratio (9)%

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 15. Financial indicators (continued)

**Adjusted Net Financial Liabilities Ratio**



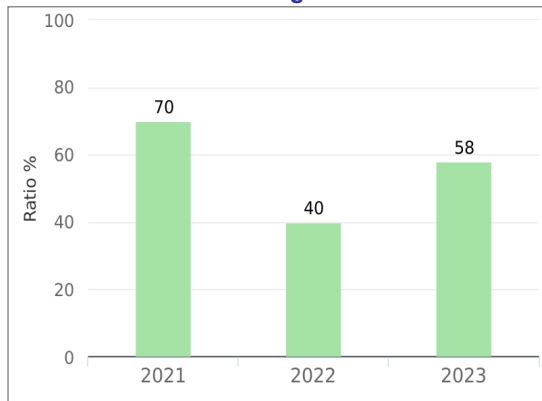
**Purpose of adjusted net financial liabilities ratio**

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 2022/23 result**

2022/23 ratio 50%

**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 2022/23 result**

2022/23 ratio 58%

Council has an Asset Sustainability Ratio (Asset Renewal Funding Ratio) target range of Between 90% to 110%.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 16. Uniform presentation of finances

\$ '000	2023	2022
<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>		
<u>Income</u>		
Rates	5,541	5,198
Statutory charges	114	102
User charges	419	405
Grants, subsidies and contributions - operating	1,644	2,862
Investment income	15	11
Reimbursements	50	2
Other income	743	2,758
<b>Total Income</b>	<b>8,526</b>	<b>11,338</b>
<u>Expenses</u>		
Employee costs	2,928	2,783
Materials, contracts and other expenses	4,371	7,202
Depreciation, amortisation and impairment	1,876	1,689
Finance costs	113	23
<b>Total Expenses</b>	<b>9,288</b>	<b>11,697</b>
<b>Operating surplus / (deficit)</b>	<b>(762)</b>	<b>(359)</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(2,143)	(1,757)
Add back depreciation, amortisation and impairment	1,876	1,689
Add back proceeds from sale of replaced assets	122	97
	<b>(145)</b>	<b>29</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(3,460)	(4,583)
Add back amounts received specifically for new and upgraded assets	578	3,588
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	3	-
	<b>(2,879)</b>	<b>(995)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>(3,786)</b>	<b>(1,325)</b>

### Note 17. Leases

Council does not have any Leases.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 18. Superannuation

---

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

#### **Accumulation only members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) members**

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

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

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

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

#### **Contributions to other superannuation schemes**

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

### Note 19. Interests in other entities

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

### Note 20. Non-current assets held for sale and discontinued operations

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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 2023

### Note 21. Contingencies and 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 928 km of road reserves of average width 8 metres.

#### 2. Potential insurance losses

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

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

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

#### 3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$48,834 (2022: \$67,290) at reporting date.

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

#### 4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended) and Planning, Development & Infrastructure Act 2016. Pursuant to these Acts, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

### Note 22. Events after the balance sheet date

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Events that occur after the reporting date of 30 June 2023, 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 23. Related party transactions

#### 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, 15 (2022: 12) persons were paid the following total compensation.

#### Transactions with key management personnel

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	504	449
Post-employment benefits	44	41
Allowances	60	85
<b>Total</b>	<b>608</b>	<b>575</b>

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





## INDEPENDENT AUDITOR'S REPORT

### To the members of the Barunga West Council

#### Opinion

We have audited the accompanying financial report of the Barunga West Council (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Barunga West Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

#### Basis for opinion

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

#### Council's responsibility for the financial report

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

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

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

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

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

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

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

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



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

30 November 2023



## To the members of the Barunga West Council

### Opinion

We have audited the compliance of the Barunga West Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with law.

In our opinion, Barunga West Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

### 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 2022 to 30 June 2023. 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.

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**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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

**Limitations of controls**

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

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

**Limitation of use**

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

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

30 November 2023

## General Purpose Financial Statements

for the year ended 30 June 2023

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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 Barunga West Council for the year ended 30 June 2023, 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*.



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**Chief Executive Officer**

**Date: 30 November 2023**



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**Presiding Member, Audit and Risk Committee**



## BARUNGA WEST COUNCIL

### GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2023

#### Statement by Auditor

I confirm that, for the audit of the financial statements of the Barunga West Council for the year ended 30 June 2023, 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) Regulation 2011*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'T Muhl'.

**Tim Muhlhausler** CA, Registered Company Auditor

Partner

30 November 2023

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