NOTICE OF SPECIAL COUNCIL MEETING

Wednesday 27 November 2024
In the Council Chambers, 43-51 Tanunda Road, Nuriootpa, commencing at 5.30pm.

Martin McCarthy
CHIEF EXECUTIVE OFFICER
THE BAROSSA COUNCIL

A G E N D A

Welcome by Mayor

1. ATTENDANCE RECORD

1.1 Members Present

Apologies

Nil

Not Present

Nil

Leave of Absence

Nil

2. DEBATE REPORTS

2.1 Corporate Services, Strategy and Innovation

3. NEXT MEETING

Tuesday 17 December 2024 at 5.30pm

4. CLOSURE

Mr Martin McCarthy
Chief Executive Officer
The Barossa Council
43-51 Tanunda Road
Nuriootpa SA 5355

22 November 2024

Dear Martin

Re: Calling of a Special Meeting of Council

Pursuant to Section 82 of the Local Government Act I hereby call a special meeting of Council to held at 5.30pm, Wednesday, 27 November 2024.

I request that the agenda shall consist of the following matters:

1. 2023-24 Annual Financial Statements – Nuriootpa Centennial Park Authority.
2. 2023-24 Annual Financial Statements – The Barossa Council.
3. 2023-24 Report on Financial Results

Please prepare the necessary agenda and distribute.

Yours sincerely

Bim Lange OAM
Mayor

DEBATE REPORT

2.1 Corporate Services, Strategy and Innovation

2.1.1 2023-24 ANNUAL FINANCIAL STATEMENTS - THE BAROSSA COUNCIL

Author: Manager Financial Services
24/109959

PURPOSE

To review and adopt The Barossa Council consolidated annual financial statements for the 2023-24 financial year.

RECOMMENDATION

That Council, having reviewed consolidated annual financial statements for the 2023-24 financial year and noting the Audit and Risk Committee endorsement:

(1) Adopts the consolidated annual financial statements for the 2023-24 financial year as presented at Attachment 1.

(2) Receives and notes the draft audit report for The Barossa Council from Council's external auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2024 as presented at Attachment 2.

(3) Receives and notes the management representation letter, which was provided to Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2024 as presented at Attachment 3.

(4) Notes the analysis contained in the separate Council report comparing the Council's audited 2023-24 annual financial statements to the 2023-24 original adopted budget.

REPORT

Background

The 2023-24 Barossa Council consolidated annual financial statements and accompanying notes have been prepared in accordance with Section 127 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Regulation 13 of the *Local Government (Financial Management) Regulations 2011* requires that the financial statements of a Council be prepared in accordance with the requirements set out in the model financial statements.

Regulation 10 of the *Local Government (Financial Management) Regulations 2011* requires a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statement compared with the estimated financial results set out in the budget.

The Mayor and Chief Executive Officer were endorsed to sign the certification of the financial statements at the 17 September 2024 meeting in accordance with Regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

Introduction
The Barossa Council consolidated annual financial statements for the 2023-24 financial year are presented at Attachment 1. These have been audited by the Council's external auditor Galpins Accountants, Auditors and Business Consultants, who have returned a draft unmodified opinion on the financial statements and an unmodified controls opinion. The draft audit report is presented at Attachment 2.

A copy of the management representation letter for the year ended 30 June 2024, which has been provided to Galpins Accountants, Auditors and Business Consultants, has also been presented for your information and noting at Attachment 3.

The Audit and Risk Committee has reviewed and endorsed for adoption the Council's consolidated annual financial statements for the 2023-24 financial year at its 25 November 2024 meeting.

Discussion
Key results of consolidated annual financial statements include:

- 2023-24 operating deficit of $1.139 million compared to $0.949 million operating surplus for 2022-23.
- 2023-24 adjusted and true underlying operating surplus (adjusting for the advanced payment of 2023-24 financial assistance grants of $2.086 million paid in the 2022-23 financial year) of $0.947 million. For comparison the adjusted and true underlying operating surplus for 2022-23 was $0.247 million.
- An estimated underlying uncommitted improvement to the cash position from the excellent performance of the operating position as at 30 June 2024 of $2.047 million compared to budget, which has effectively been applied in the 2024-25 budget to the capital program, it will effectively reduce borrowing needs by this amount.
- 2023-24 net surplus after capital adjustments of $1.535 million (2022-23 $8.403 million net surplus).
- 2023-24 total comprehensive income after changes in revaluation surplus and share of other comprehensive income of equity accounted council businesses of $4.306 million surplus (2022-23 $3.685 million surplus).
- Net assets increased to $407.809 million as at 30 June 2024 from $403.503 million as at 30 June 2023.
- Cash and cash equivalents at 30 June 2024 were $3.153 million (2023 $4.618 million).
- Total borrowings have increased by $6.471 million from $8.958 million to $15.429 million at 30 June 2024.
- There was a $469,000 increase to the revaluation surplus for infrastructure, property, plant and equipment recognised in 2023-24 in addition to $2.302 million recognised for the Barossa Council's share of other comprehensive income of equity accounted council businesses.
- Future commitments for capital expenditure are recorded at Note 14 of the Annual Financial Statements and totalled $10.860 million.

Refer to the separate Council report with the Report on Financial Results as at 30 June 2024 for a more detailed analysis comparing the Barossa Council's audited 2023-24 annual financial statements to the 2023-24 original adopted budget, as required by Regulation 10 of the *Local Government (Financial Management) Regulations 2011*.

Summary and Conclusion
The Barossa Council consolidated annual financial statements for the 2023-24 financial year are presented for adoption.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Draft 2023-24 Annual Financial Statements (Audit Clearance Version to Audit and Risk Committee and Council) - Barossa Council ⇩
Attachment 2	2023-24 Draft Audit Completion Report from Galpins - Barossa Council ⇩
Attachment 3	2023-2024 Management Representation Letter to Galpins - Barossa Council - 21 November 2024 ⇩

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan
BS6 Finance - Transparency and accountability regarding Council activity and expenditure. Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation), financial reporting

Legislative Requirements
Section 126(4) of the Local Government Act 1999
Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

All known financial and resourcing requirements as at 30 June 2024 have been included in the annual financial reports.

Risk Management

Risk management issues are considered by management throughout the financial year and communicated to Council as required.

COMMUNITY ENGAGEMENT

No separate consultation is required under Council's Public Consultation Policy. The Financial Statements are public documents, accessible to the community via Council's website after Council adoption.

The Barossa Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

General Purpose Financial Statements
for the year ended 30 June 2024

Contents

The Barossa Council

General Purpose Financial Statements
for the year ended 30 June 2024

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 2024 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Martin McCarthy
Chief Executive Officer

November 2024

Michael (Bim) Lange OAM
Mayor

November 2024

Statement of Comprehensive Income

for the year ended 30 June 2024

$ '000	Notes	2024	2023
Income			
Rates	2a	37,956	35,800
Statutory charges	2b	830	803
User charges	2c	3,827	3,601
Grants, subsidies and contributions - operating	2g	1,903	4,311
Investment income	2d	217	415
Reimbursements	2e	63	9
Other income	2f	1,243	806
Total income		46,039	45,745
Expenses			
Employee costs	3a	17,817	15,897
Materials, contracts and other expenses	3b	17,533	17,887
Depreciation, amortisation and impairment	3c	11,010	10,553
Finance costs	3d	771	441
Net loss - equity accounted council businesses	19	47	18
Total expenses		47,178	44,796
Operating surplus / (deficit)		(1,139)	949
Physical resources received free of charge	2i	2,832	3,131
Asset disposal and fair value adjustments	4	(2,497)	(1,097)
Amounts received specifically for new or upgraded assets	2g	2,339	5,420
Net surplus / (deficit)		1,535	8,403
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - infrastructure, property, plant and equipment	9a	469	(4,714)
Share of other comprehensive income - equity accounted council businesses	19	2,302	–
Impairment (expense) / recoupments offset to asset revaluation reserve	9a	–	(4)
Total amounts which will not be reclassified subsequently to operating result		2,771	(4,718)
Total other comprehensive income		2,771	(4,718)
Total comprehensive income		4,306	3,685

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

The Barossa Council

Financial Statements 2024

Statement of Financial Position
as at 30 June 2024

$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	3,153	4,618
Trade and other receivables	5b	3,248	2,946
Inventories	5c	123	245
Total current assets		6,524	7,809
Non-current assets			
Trade and other receivables	6a	1,228	1,312
Equity accounted investments in council businesses	6b	4,518	2,263
Other non-current assets	6c	5,724	15,893
Infrastructure, property, plant and equipment	7	414,613	394,340
Total non-current assets		426,083	413,808
TOTAL ASSETS		432,607	421,617
LIABILITIES			
Current liabilities			
Trade and other payables	8a	5,355	5,116
Borrowings	8b	3,558	1,945
Provisions	8c	3,292	3,358
Total current liabilities		12,205	10,419
Non-current liabilities			
Borrowings	8b	11,871	7,013
Provisions	8c	722	682
Total non-current liabilities		12,593	7,695
TOTAL LIABILITIES		24,798	18,114
Net assets		407,809	403,503
EQUITY			
Accumulated surplus		106,561	105,026
Asset revaluation reserve	9a	285,676	282,905
Other reserves	9b	15,572	15,572
Total equity		407,809	403,503

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

The Barossa Council

Financial Statements 2024

Statement of Changes in Equity

for the year ended 30 June 2024

$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2024					
Balance as at 1 July		105,026	282,905	15,572	403,503
Net surplus / (deficit) for year		1,535	–	–	1,535
Other comprehensive income					
Gain (loss) on revaluation of infrastructure, property, plant and equipment	7a	–	469	–	469
Share of other comprehensive income - equity accounted council businesses		–	2,302	–	2,302
Other comprehensive income		–	2,771	–	2,771
Total comprehensive income		1,535	2,771	–	4,306
Transfers to reserves		–	–	–	–
Balance at the end of period		106,561	285,676	15,572	407,809
2023					
Balance as at 1 July		98,215	287,623	13,980	399,818
Net surplus / (deficit) for year		8,403	–	–	8,403
Other comprehensive income					
Gain (loss) on revaluation of infrastructure, property, plant and equipment	7a	–	(4,714)	–	(4,714)
Impairment (expense) / recoupments offset to asset revaluation reserve	7a	–	(4)	–	(4)
Other comprehensive income		–	(4,718)	–	(4,718)
Total comprehensive income		8,403	(4,718)	–	3,685
Transfers to reserves		(1,592)	–	1,592	–
Balance at the end of period		105,026	282,905	15,572	403,503

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

The Barossa Council

Financial Statements 2024

Statement of Cash Flows
for the year ended 30 June 2024

$ '000	Notes	2024	2023
Cash flows from operating activities			
Receipts			
Rates receipts		37,609	35,589
Statutory charges		830	803
User charges		4,210	3,961
Grants, subsidies and contributions		1,903	4,276
Investment receipts		217	415
Reimbursements		63	9
Other receipts		5,872	4,472
Payments			
Payments to employees		(17,779)	(15,814)
Payments for materials, contracts and other expenses		(21,603)	(22,301)
Finance payments		(771)	(441)
Net cash provided by (or used in) operating activities	11b	10,551	10,969
Cash flows from investing activities			
Receipts			
Amounts received specifically for new or upgraded assets		1,966	3,435
Sale of replaced assets		281	257
Repayments of loans by community groups		103	103
Payments			
Expenditure on renewal/replacement of assets		(6,940)	(6,284)
Expenditure on new/upgraded assets		(13,651)	(18,524)
Loans made to community groups		(16)	(300)
Net cash provided (or used in) investing activities		(18,257)	(21,313)
Cash flows from financing activities			
Receipts			
Proceeds from loans		7,419	2,200
Proceeds from bonds and deposits		340	530
Payments			
Repayments of loans		(880)	(936)
Repayment of principal portion lease liabilities		(68)	(74)
Repayment of bonds and deposits		(570)	(22)
Net cash provided by (or used in) financing activities		6,241	1,698
Net increase (decrease) in cash held		(1,465)	(8,646)
Plus: cash & cash equivalents at beginning of period		4,618	13,264
Cash and cash equivalents held at end of period	11a	3,153	4,618

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

The Barossa Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Contents of the Notes accompanying the General Purpose Financial Statements

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies

The principal accounting policies adopted by the Barossa Council (the 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 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.

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The financial report was authorised for issue by certificate under Regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

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

1.3 Critical Accounting Estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these notes.

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

(2) The local government reporting entity

The Council is incorporated under the *Local Government Act 1999* and has its principal place of business at 43-51 Tanunda Road, Nuriootpa. 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) Subsidiary Operation

Under the L*ocal Government Act 1999*, Section 42, the Council oversees the Nuriootpa Centennial Park Authority (the Authority) which is a subsidiary that operates and maintains both the Barossa Valley Tourist Park and its surrounding park lands. The Authority's information as at the reporting date has been consolidated in the accounts within this report.

(4) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever occurs first.

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 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

continued on next page ...

Note 1. Summary of Material Accounting Policies (continued)

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.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are included in these notes.

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

Year	*Cash Payment Received*	*Annual Allocation*	*Difference*
2019/20	$1,322,566	$1,555,963	($233,397)
2020/21	$1,536,605	$1,654,037	($117,432)
2021/22	$2,435,662	$1,894,550	$541,112
2022/23	$2,859,679	$2,078,321	$781,358
2023/24	$410,757	$2,400,108	($1,989,351)

As these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. The operating results of these periods have therefore been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The adjusted 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 grant 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. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as payments received in advance.

(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 (including community loans) are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(6) Inventories

Inventories held in respect of depot stores (fuel and rubble) have been valued by using the weighted average cost on a continual basis or at cost for the Barossa Regional Gallery, Barossa Visitor Centre and the Authority, 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.

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

(7) Infrastructure, property, plant and equipment
7.1 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 architect 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 overheads.

Capital works still in progress at balance date are recognised as other non-current assets and are transferred to the relevant asset class when completed and ready for use.

7.2 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. Capitalisation thresholds applied during the year are as follows (no capitalisation threshold is applied to the acquisition of land or interests in land). Any new or upgrade work below these threshold amounts will be expensed as incurred.

	$
Buildings *	
- Buildings (including Toilets)	$20,000
- Sheds, Pergolas, Cabins, Carports and Other Structures	$10,000
- Buildings and Componentisation	$50,000
Sealed Roads *	
- Reconstruction and Renewal Work	$20,000
Sheeted Roads	
- Resheeting, Major Patch Repair and Road Shoulders	$15,000
Footpaths, Kerbs and Carpark Surfaces	$10,000
Community Wastewater Management Systems (CWMS)	$5,000
Stormwater and Drainage	$5,000
Bridges, Floodways and Major Culverts	$15,000
Parks and Reserves Development	$5,000
Plant and Equipment	$5,000
Furniture and Fittings	$5,000
Core Software Programs	$15,000
Right-of-Use Assets	$15,000
Leasehold Improvements	$20,000
All Other Assets	$5,000

* These assets are capitalised when replacing/renewing assets that are >10% of the Depreciable Replacement Value

7.3 Subsequent Recognition
All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

7.4 Depreciation of Non-Current Assets
Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets. Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in the following table. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire

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Note 1. Summary of Material Accounting Policies (continued)

life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Buildings	
Complete	20 to 100 years
Substructure	40 to 300 years
Superstructure	20 to 300 years
Roof Structure	40 to 60 years
Internal Fit Out	20 to 25 years
Services	20 to 100 years
Town Hall Solid Flooring Only	150 years
Transport	
Unformed Roads (Earthworks) *	Unlimited
Sheeted Roads *	12 to 50 years
Sealed Roads - Pavement *	40 to 200 years
Sealed Roads - Surface *	10 to 50 years
Footpaths *	Up to 100 years
Kerb	50 to 100 years
Car Park Surfaces *	30 to 50 years
Bridges	
Bridges *	Up to 100 years
Major Culverts *	Up to 100 years
Floodways *	Up to 100 years
Footbridges *	Up to 100 years
CWMS	
Pump Stations - Components	10 to 50 years
Lagoons - Components	40 to 100 years
Waste Water Treatment Plant - Components	5 to 50 years
Pipes	60 to 100 years
Recreation / Community Infrastructure	
Fences	40 years
Monuments	100 years
Other	10 to 100 years
Stormwater and Drainage	
Drainage Channels	20 to 150 years
Other	150 years
Plant and Equipment	
Plant and Machines	3 to 20 years
Vehicles	3 to 33 years
Computer Equipment	5 to 33 years
Hill and Son Historic Pipe Organ	300 years
Furniture and Fittings	10 to 25 years
Leasehold improvements	Term of Lease
Right-of-use assets	Term of Lease

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Note 1. Summary of Material Accounting Policies (continued)

* These asset types are made up of two components. The useful lives listed above are for the first component. The second component being a long life asset with lives ranging from 150 to 750 years. Please refer to Council's adopted Asset Accounting Policy for further information.

* Road Earthworks should not be depreciated in line with AASB 1055 (interpretation). Council Policy shows an unlimited useful life for these assets and current practice is not to depreciate them.

7.5 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 of them, 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 the asset revaluation reserve, any excess being recognised as an expense.

(8) Payables

8.1 Goods and 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 and deposits

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

(9) Borrowings

Loans 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 and 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 average discount rate: 4.08% (2023: 5.5%)
Weighted average settlement period: 0.42 years (2023: 0.19 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.

10.2 Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under the choice of fund legislation. Council uses Hostplus as its default superannuation fund. This scheme has two types of membership, each of which is funded differently. Council's subsidiary, Nuriootpa Centennial Park Authority makes contributions to other superannuation schemes. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

continued on next page ...

Note 1. Summary of Material Accounting Policies (continued)

(11) Leases
11.1 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 - refer Item 7.4 for details.

The right-of-use assets are also subject to impairment - refer to item 7.5 for details.

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 plant 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 plant and 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.

Council is lessee for various peppercorn leases and licenses that have not been included for AASB 16. The function, period(s) to and potential costs are as follows:

Function/Purpose	Period to	$/pa each
Barossa Visitor Centre and Library - Tanunda	30/06/2026	$1 on demand
Kroemer Crossing, Tanunda - Reserve	30/03/2039	$1 on demand
Nuriootpa to Angaston (bike-walking path)	09/04/2035	$1 on demand
Barossa Trail (bike-walking path) - 2 licenses	2034	$1 on demand
Barossa Trail (bike-walking path) - 2 licenses	2035	$1 on demand
Barossa Trail (bike-walking path) - 1 license	31/07/2052	$1 on demand
Barossa Trail (bike-walking path) - numerous licenses	2062	$1 on demand
Barossa Trail (bike-walking path) - 1 license	26/04/2064	$1 on demand
Railway line Barossa Valley Way between Tanunda /Nuriootpa (Rose Hedge)	No lease	$201
Williamstown land used for car park	Lease under negotiation	$460

(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 AASB Interpretation UIG Abstract 1031 Accounting for the Goods and 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.

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

(14) 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 2023. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Council adopted AASB 2021-2, which makes some small amendments to a number of standards including the following: AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2.

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

Council adopted AASB 2022-6, which introduces specific disclosure requirements for loan liabilities. These requirements apply when the right to defer settlement for at least twelve months from the reporting date is subject to conditions in the arrangement.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes various editorial corrections to a number of standards effective for reporting periods beginning on of after 1 January 2023.

Council has adopted all amendments mentioned above required for the year ended 30 June 2024. The adoption of these amendments did not have a material impact on the financial statements.

Standards issued by the AASB not yet effective

The AASB has issued new and amended Australian Accounting Standards and Interpretations that are not effective as of 30 June 2024. These standards have not yet been adopted by Council and will be incorporated into the financial statements upon their effective dates. The following list identifies all applicable new and amended Australian Accounting Standards and Interpretations that were issued but are not yet effective as of 30 June 2024.

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

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
AASB 2022-*10: Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

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

AASB 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 impact on the financial statements.

(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.

(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 2024

Note 2. Income

$ '000	2024	2023
(a) Rates		
General rates		
General rates	31,332	30,081
Less: mandatory rebates	(562)	(533)
Less: Discretionary rebates, remissions and write offs	(174)	(328)
Total general rates	30,596	29,220
Other rates (including service charges)		
Landscape SA levy	822	560
Waste, recycling and green organics collection	3,004	2,728
Community wastewater management systems	3,316	3,140
Total other rates (including service charges)	7,142	6,428
Other charges		
Penalties for late payment	188	120
Legal and other costs recovered	30	32
Total other charges	218	152
Total rates	37,956	35,800

(b) Statutory charges

$ '000	2024	2023
Development Act and town planning fees	447	425
Septic tank inspection fees	69	76
Animal registration fees and fines	281	268
Parking fines / expiation fees	7	2
Other licences, fees and fines	26	32
Total statutory charges	830	803

(c) User charges

$ '000	2024	2023
Bushgarden seed/seedling sales	40	26
Caravan park fees	2,734	2,558
Cemetery fees	99	121
CWMS reuse water sales	261	200
Hall and equipment hire	26	20
Immunisation fees	31	30
Lease fees	61	91
Photocopying fees	21	19
Property search fees	48	46
Recreation park fees	51	36
Sundry	58	59
Tourism - souvenir and other sales	209	212
Transport scheme fees	126	119
Waste collection bins	34	39
Waste disposal/transfer station fees	28	25
Total user charges	3,827	3,601

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2. Income (continued)

$ '000	2024	2023
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	82	239
- Banks and other	78	118
- Loans to community groups	57	58
Total investment income	217	415
(e) Reimbursements		
Employee costs	60	5
Other	3	4
Total reimbursements	63	9
(f) Other income		
Insurance and other recoupments	160	68
Rebates received	69	49
Donations received	18	32
Contributions	390	83
Sundry	606	574
Total other income	1,243	806
(g) Grants, subsidies and contributions		
Capital grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	2,339	5,420
Total amounts received for new or upgraded assets	2,339	5,420
Operating grants, subsidies and contributions		
Roads to Recovery	483	483
Other grants, subsidies and contributions	1,420	1,742
Additional Grants Commission payment	–	2,086
Total other grants, subsidies and contributions - operating	1,903	4,311

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

	2024	2023
Total grants, subsidies and contributions	4,242	9,731
(i) Sources of grants		
Commonwealth Government	1,124	3,493
State Government	1,742	5,857
Other	1,376	381
Total	4,242	9,731

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The Barossa Council

Financial Statements 2024

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 2. Income (continued)

(h) Conditions over grants and contributions

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

$ '000	2024	2023
Unexpended at the close of the previous reporting period	877	2,828
Less:		
Expended during the current period from revenues recognised in previous reporting periods		
Roads infrastructure	–	(564)
Recreation	(812)	(2,234)
Culture	(15)	(17)
Environment	(50)	(9)
Subtotal	(877)	(2,824)
Plus:		
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Recreation	–	812
Community Services	30	–
Culture	17	16
Environment	13	45
Subtotal	60	873
Unexpended at the close of this reporting period	60	877
Net increase (decrease) in assets subject to conditions in the current reporting period	(817)	(1,951)

(i) Physical resources received free of charge

$ '000	2024	2023
Land and land improvements	173	439
Buildings	1	–
Transport	1,527	1,753
Community wastewater management system	405	243
Stormwater and drainage	674	696
Plant and equipment	48	–
Recreation	4	–
Total physical resources received free of charge	2,832	3,131

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3. Expenses

$ '000	Notes	2024	2023
(a) Employee costs			
Salaries and wages		15,560	14,264
Employee leave expense movement		268	(13)
Superannuation - defined contribution plan contributions	18	1,533	1,292
Superannuation - defined benefit plan contributions	18	136	179
Workers compensation insurance		465	411
Less: capitalised and distributed costs		(145)	(236)
Total employee costs		**17,817**	**15,897**
Total number of employees (full time equivalent at end of reporting period)		173.0	161.5

(b) Materials, contracts and other expenses

$ '000	Notes	2024	2023
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		39	25
Elected Member expenses		307	288
Lease expense - low value assets / short term leases		191	201
Subtotal - prescribed expenses		**537**	**514**
(ii) Other materials, contracts and expenses			
Contractors		3,360	4,058
Bank charges		113	109
Energy (including fuel)		2,365	2,053
Maintenance		1,320	1,838
Legal expenses		159	120
Levies paid to Government - Landscape Levy		884	626
Levies - other		18	19
Parts, accessories and consumables		1,268	1,269
Professional services		403	639
Communications and information technology		1,146	1,011
Contributions and donations		530	634
Water		543	464
Advertising and printing		148	174
Insurance		1,014	916
Sundry		954	910
Waste services		2,876	2,760
Less: capitalised and distributed Costs		(105)	(227)
Subtotal - Other materials, contracts and expenses		**16,996**	**17,373**
Total materials, contracts and other expenses		**17,533**	**17,887**

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3. Expenses (continued)

$ '000	2024	2023
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	2,208	2,173
Infrastructure		
- Bridges, floodways and major culverts	563	559
- Stormwater drainage	422	408
- Community wastewater management system	1,480	1,460
- Transport	4,241	4,075
- Recreation	539	505
- Community infrastructure	45	45
Right-of-use assets	67	75
Plant and equipment	1,380	1,215
Furniture and fittings	61	34
Leasehold improvements	4	4
Total depreciation, amortisation and impairment	11,010	10,553

(d) Finance costs

$ '000	2024	2023
Interest on loans	771	441
Total finance costs	771	441

Note 4. Asset disposal and fair value adjustments

$ '000	2024	2023
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	281	257
Less: carrying amount of assets sold	(2,523)	(1,354)
Gain (loss) on disposal	(2,242)	(1,097)
(ii) Assets surplus to requirements		
Carrying amount of assets sold	(255)	–
Gain (loss) on disposal	(255)	–
Net gain (loss) on disposal or revaluation of assets	(2,497)	(1,097)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 5. Current assets

(a) Cash and cash equivalent assets

$ '000	2024	2023
Cash on hand and at bank	2,513	1,373
Deposits at call	640	3,245
Total cash and cash equivalent assets	3,153	4,618

(b) Trade and other receivables

$ '000	2024	2023
Rates - general and other	1,863	1,519
Accrued revenues	362	279
Debtors - general	246	278
GST recoupment	298	561
Prepayments	360	190
Loans to community organisations	119	119
Subtotal	3,248	2,946
Total trade and other receivables	3,248	2,946

Amounts included in receivables that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

(c) Inventories

$ '000	2024	2023
Stores and materials	25	145
Trading stock	98	100
Total inventories	123	245

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 6. Non-current assets

(a) Trade and other receivables

$ '000	Notes	2024	2023
Receivables			
Council rates postponement scheme		175	172
Loans to community organisations		1,053	1,140
Total financial assets		1,228	1,312

(b) Equity accounted investments in council businesses

$ '000	Notes	2024	2023
Gawler River Floodplain Management Authority	19	4,488	2,230
Northern and Yorke Local Government Association	19	30	33
Total equity accounted investments in Council businesses		4,518	2,263

(c) Other non-current assets

$ '000	2024	2023
Capital work in progress	5,724	15,893
Total other non-current assets	5,724	15,893

The Barossa Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 7. Infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment

		as at 30/06/23				Asset movements during the reporting period								as at 30/06/24			
$ '000	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)	Impairment Loss (recognised in Equity) (Note 9)	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
Land - community	3	54,671	1,164	–	55,835	–	1,945	(255)	–	–	–	(1,107)	1,144	56,225	1,337	–	57,562
Land - other	2	4,162	228	–	4,390	–	–	–	–	–	–	–	–	4,162	228	–	4,390
Buildings and other structures	3	88,944	5,779	(54,882)	39,841	11,610	175	(962)	(2,074)	–	7	–	191	96,795	5,779	(53,786)	48,788
Buildings and other structures	2	9,801	524	(7,529)	2,796	–	–	–	(134)	–	12	–	–	9,813	524	(7,663)	2,674
Leasehold improvements	3	–	107	(49)	58	–	–	–	(4)	–	–	–	–	–	107	(53)	54
Infrastructure																	
- Bridges, floodways and major culverts		53,211	472	(26,611)	27,072	–	84	(71)	(563)	–	–	–	2	53,202	472	(27,150)	26,524
- Stormwater and drainage		53,705	3,258	(11,409)	45,554	1,616	44	(16)	(422)	–	18	–	95	54,822	3,911	(11,844)	46,889
- Community wastewater management system		72,693	377	(30,550)	42,520	445	286	(95)	(1,480)	–	–	–	193	73,039	782	(31,952)	41,869
- Transport		266,319	7,452	(120,904)	152,867	2,865	7,064	(783)	(4,241)	–	(28)	(49)	–	272,297	8,997	(123,599)	157,695
- Recreation		14,905	7,327	(8,462)	13,770	4,662	295	(470)	(539)	–	11	–	–	18,847	7,327	(8,445)	17,729
- Community infrastructure		973	1,470	(612)	1,831	6	–	–	(45)	–	–	–	–	979	1,470	(657)	1,792
Right-of-use assets		–	315	(218)	97	–	–	–	(67)	–	–	–	–	–	315	(285)	30
Plant and equipment	3	–	16,987	(9,726)	7,261	2,312	26	(126)	(1,380)	–	4	–	–	–	16,576	(8,479)	8,097
Furniture and fittings	3	–	1,507	(1,059)	448	133	–	–	(61)	–	–	–	–	–	1,638	(1,118)	520
Total infrastructure, property, plant and equipment		619,384	46,967	(272,011)	394,340	23,649	9,919	(2,778)	(11,010)	–	24	(1,156)	1,625	640,181	49,463	(275,031)	414,613
Comparatives		565,707	42,282	(215,173)	392,816	13,626	4,523	(1,354)	(10,553)	(4)	–	(22,053)	17,339	619,384	46,967	(272,011)	394,340

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

Valuation of infrastructure, property, plant & equipment

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
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.

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 normally no known market for Council buildings, infrastructure and other assets (with the exception of properties at level 2 valued using Market Fair Value inputs). 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 Council, or on industry construction guides where these are more appropriate.

Other information
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 & Land Improvements
- Basis of valuation: Fair Value Level 3, Market Value Level 2, additions are recognised at cost
- Date of valuation: Level 3: 1 July 2023, Level 2: 1 July 2019
- Valuer: Level 3: desktop valuation using Valuer-General values, Level 2: JLL Public Sector Valuations

Buildings & Other Structures
- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 1 July 2020
- Valuer: JLL Public Sector Valuations and Barossa Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

Transport
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2022
- Valuer: Tonkin Consulting
- Condition Assessment: Infrastructure Management Group assessed Sealed and Sheeted Roads in 2022/23, Council Officers assessed Kerb and Gutter in 2017/18 and Car Parks were assessed in 2015/16

Bridges, Floodways and Major Culverts
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2022
- Valuer: Council Officers applied LGPI (Local Government Price Index) 17.5% on the previous valuation 1 July 2017
- Condition Assessment: WSP Australia Pty Ltd assessed Bridges, Footbridges and some Major Culverts in 2017/18

Community Wastewater Management System
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2022
- Valuer: Council Officers
- Condition Assessment: Council Officers assessed CWMS Assets, Waste Water Treatment Plant and Lagoons in 2022/23.

Stormwater
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2021
- Valuer: Tonkin Consulting

Recreation Infrastructure
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2020
- Valuer: JLL Public Sector Valuations and Barossa Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019

Community Infrastructure
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2010
- Valuer: Asset and Valuation Consulting Pty Ltd

This asset class is immaterial to the total asset value representing only 0.30% of the total value so revaluations are not necessary and should not occur. Only periodic audits will be conducted to ensure the assets are required for Council business and in the condition needed.

Plant, Equipment, Furniture and Fittings
- Basis of valuation: Cost basis

Leasehold Improvements
- Basis of valuation: Written down current replacement cost; additions are recognised at cost, based on term of lease

This asset class is immaterial to the total asset value representing only 0.02% of the total value so revaluations are not necessary and should not occur. Only periodic audits will be conducted to ensure the assets are required for Council business and in the condition needed.

Right-of-Use Assets
- Basis of valuation: Lease and associated costs basis per AASB 16

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 8. Liabilities

$ '000		2024 Current	2024 Non Current	2023 Current	2023 Non Current
(a) Trade and other payables					
Goods and services		2,661	–	2,284	–
Payments received in advance		504	–	877	–
Accrued expenses - employee entitlements		720	–	633	–
Accrued expenses - other		934	–	556	–
Deposits, retentions and bonds		536	–	766	–
Total trade and other payables		5,355	–	5,116	–

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date are disclosed in Note 13

$ '000		2024 Current	2024 Non Current	2023 Current	2023 Non Current
(b) Borrowings					
Loans		3,540	11,858	1,877	6,982
Lease liabilities	17b	18	13	68	31
Total Borrowings		3,558	11,871	1,945	7,013

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

$ '000	2024 Current	2024 Non Current	2023 Current	2023 Non Current
(c) Provisions				
Employee entitlements (including oncosts)	3,292	222	3,358	205
Future Reinstatement - Landfill	–	500	–	477
Total provisions	3,292	722	3,358	682

Movements in provisions

2024 (current and non-current) $ '000	Future reinstatement 2024
Opening balance	477
Add: additional amounts recognised	23
Closing balance	500

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9. Reserves

$ '000	as at 30/06/23 Opening Balance	Increments (Decrements)	Impairments	as at 30/06/24 Closing Balance
(a) Asset revaluation reserve				
Land - community	44,562	37	–	44,599
Land - other	478	–	–	478
Buildings and other structures	21,922	191	–	22,113
Infrastructure				
- Bridges, floodways & major culverts	17,785	2	–	17,787
- Stormwater and drainage	32,903	95	–	32,998
- Community wastewater management system	32,854	193	–	33,047
- Transport	124,214	(49)	–	124,165
- Recreation	6,706	–	–	6,706
- Community infrastructure	647	–	–	647
Plant and equipment	(4)	–	–	(4)
JVs / associates - other comprehensive income	838	2,302	–	3,140
Total asset revaluation reserve	282,905	2,771	–	285,676
Comparatives	287,623	(4,714)	(4)	282,905

$ '000	as at 30/06/23 Opening Balance	Tfrs to Reserve	Tfrs from Reserve	as at 30/06/24 Closing Balance
(b) Other reserves				
Community wastewater management	13,783	–	(77)	13,706
Refuse, recycling and green waste	223	76	(79)	220
Recreation facilities	172	–	–	172
Cultural services	510	6	(66)	450
Caravan parks	63	–	–	63
Economic development	170	–	–	170
Plant and equipment replacement	140	–	–	140
Other reserves	511	140	–	651
Total other reserves	15,572	222	(222)	15,572
Comparatives	13,980	1,782	(190)	15,572

Purposes of reserves

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

Community wastewater management
Community wastewater management scheme service charges raised under Section 155 of the *Local Government Act 1999*.

Refuse, recycling and green waste
Collection of refuse, recycling and green waste service charges raised under Section 155 of the *Local Government Act 1999*.

Recreation facilities
Recreation Facilities reserves are used to fund capital improvements at Council owned recreation parks.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9. Reserves (continued)

Cultural services
Cultural services reserves are used to fund capital improvements at Council owned community halls.

Caravan parks
Caravan park reserves are used towards the upgrade of caravan park and surrounding recreation park facilities.

Economic development
Economic development reserves are used to fund specific initiatives including Council main streets.

Plant and equipment replacement
Plant and equipment replacement reserves are used to fund the replacement of Council's community transport cars and buses, funded by grants.

Other reserves
Other reserves are used to account for developer contributions received towards future capital works, funds held in trust and other minor reserves not elsewhere allocated.

Note 10. Assets subject to restrictions

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.

Grant funding or contributions which were received during the year ended 30 June 2024 (or in previous years) but which remain unspent, are also subject to restrictions - these funds would need to be repaid if the required expenditure does not go ahead in the future.

$ '000	2024	2023
Cash and financial assets		
Open space contributions	1	1
Developer contributions	642	502
Grant Funding - Commonwealth	–	–
Grant Funding - State	503	562
Total cash and financial assets	1,146	1,065
Total assets subject to externally imposed restrictions	1,146	1,065

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 11. Reconciliation to Statement of Cash Flows

$ '000	Notes	2024	2023

(a) Reconciliation of cash

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

Total cash and equivalent assets	5a	3,153	4,618
Balances per Statement of Cash Flows		3,153	4,618

(b) Reconciliation of Operating Result

Net surplus/(deficit)		1,535	8,403
Non-cash items in income statements			
Depreciation, amortisation and impairment		11,010	10,553
Movements in equity accounted investments (increase)/decrease		47	18
Physical resources received free of charge		(2,832)	(3,131)
Grants for capital acquisitions treated as investing activity		(1,966)	(3,435)
Net (gain)/loss on disposals		2,497	1,097
		10,291	13,505
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		(305)	(228)
Net (increase)/decrease in inventories		122	146
Net increase/(decrease) in trade and other payables		469	(2,510)
Net increase/(decrease) in unpaid employee benefits		(49)	25
Net increase/(decrease) in other provisions		23	31
Net cash provided by (or used in) operations		10,551	10,969

(c) Non-cash financing and investing activities

Acquisition of assets by means of:			
Physical resources received free of charge	2i	2,832	3,131
Amounts recognised in income statement		2,832	3,131
Total non-cash financing and investing activities		2,832	3,131

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:			
Bank overdrafts		300	300
Corporate credit cards		79	79
LGFA cash advance debenture facility		10,700	20,016

The Barossa Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions/Activities										
Business undertakings	6,481	6,358	6,158	5,682	323	676	–	–	50,705	51,776
Community services	1,039	1,077	3,640	3,171	(2,601)	(2,094)	696	700	9,522	10,563
Culture	339	330	3,134	3,152	(2,795)	(2,822)	205	192	14,033	14,069
Economic development	240	253	1,691	1,252	(1,451)	(999)	–	–	–	–
Environment	4,160	3,531	7,535	6,582	(3,375)	(3,051)	108	54	65,022	62,157
Recreation	321	461	6,820	6,841	(6,499)	(6,380)	–	–	92,341	81,424
Regulatory services	728	740	2,845	2,380	(2,117)	(1,640)	–	22	156	167
Transport	733	1,485	7,106	7,190	(6,373)	(5,705)	765	1,485	184,174	184,874
Plant hire and depot/indirect	139	111	1,313	841	(1,174)	(730)	–	–	3,124	4,184
Council administration	31,859	31,399	6,889	7,687	24,970	23,712	129	1,858	9,012	10,140
Joint ventures	–	–	47	18	(47)	(18)	–	–	4,518	2,263
Total Functions/Activities	46,039	45,745	47,178	44,796	(1,139)	949	1,903	4,311	432,607	421,617

Income and expenses exclude amounts received specifically for new or upgraded assets and physical resources received free of charge.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

Business undertakings
Caravan parks, gravel pits/quarries, private works and sewerage/CWMS.

Community services
Public order and safety, 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 assistance scheme, other services for the aged and disabled, children and youth services, community assistance, community transport, other community support, community amenities, bus shelters, cemeteries, public conveniences, car parking – non-fee-paying and other community amenities.

Culture
Library services, mobile libraries and housebound services, static libraries, other library services, cultural services, cultural venues, heritage, museums and art galleries and other cultural services.

Economic development
Regional development, support to local businesses, tourism and other economic development.

Environment
Agricultural services, landcare, other agricultural services, waste management, domestic waste, green waste, recycling, transfer stations, waste disposal facility, other waste management, other environment, stormwater and drainage, street cleaning, street lighting, streetscaping, Northern and Yorke Landscape Levy and other environment.

Recreation
Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – indoor, swimming centres – outdoor and other recreation, major projects

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 and depot
Plant, machinery and depot.

Council administration
Governance, administration, 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, separate and special rates, audit andd assurance, planning and performance, legal services.

Joint Ventures
Gawler River Floodplain Management Authority and Northern and Yorke Local Government Association.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13. Financial instruments

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 4.3% and 4.55% (2023: 4.30% and 4.90%). Short term deposits returned interest rates of 4.9% (2023: 4.30% and 4.90%).

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. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:
Secured over the subject land, arrears attract interest of 9.05% (2023: 5.80%). Seniors who postpone their rates pay 3% less per annum. 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 & 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.

Liabilities - creditors and accruals

Accounting Policy:

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13. Financial instruments (continued)

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, fixed borrowings are repayable by equal half yearly instalments of principal and interest; interest is charged at fixed rates between 2.05% and 7.02% (2023: 2.05% and 7.02%). Variable borrowings accessed during 2023/24 from the Local Government Finance Authority cash advance debenture is charged at variable rates between 5.3% and 6.15% (2023: 5.30% and 6.05%).

Carrying Amount:
Approximates fair value.

Liabilities - leases

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

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13. Financial instruments (continued)

$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2024					
Financial assets					
Cash and cash equivalents	3,153	–	–	3,153	3,153
Receivables	2,941	–	–	2,941	2,888
Other financial assets	–	772	600	1,372	1,228
Total financial assets	6,094	772	600	7,466	7,269
Financial liabilities					
Payables	4,851	–	–	4,851	4,851
Current borrowings	3,767	–	–	3,767	3,540
Non-current borrowings	–	2,044	10,158	12,202	11,858
Lease liabilities	–	–	–	–	31
Total financial liabilities	8,618	2,044	10,158	20,820	20,280
Total financial assets and liabilities	14,712	2,816	10,758	28,286	27,549
2023					
Financial assets					
Cash and cash equivalents	4,618	–	–	4,618	4,618
Receivables	2,818	–	–	2,818	2,756
Other financial assets	–	872	726	1,598	1,312
Total financial assets	7,436	872	726	9,034	8,686
Financial liabilities					
Payables	3,606	–	–	3,606	3,606
Current borrowings	2,251	–	–	2,251	1,877
Non-current borrowings	–	5,391	2,136	7,527	6,982
Lease liabilities	70	32	–	102	99
Total financial liabilities	5,927	5,423	2,136	13,486	12,564
Total financial assets and liabilities	13,363	6,295	2,862	22,520	21,250

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

	2024		2023	
$ '000	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	5.94%	5,999	5.65%	6,876
		5,999		6,876

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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13. Financial instruments (continued)

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 and 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 Mangement 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.

Expected credit losses (ECLs)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. Impairment analysis is performed each reporting date. ECLs are based on credit history adjusted for forward looking estimates and economic conditions.

Note 14. Capital expenditure commitments

$ '000	2024	2023
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	437	349
Information technology	429	–
Plant and equipment	386	–
Recreation	5,900	3,743
Roads	2,708	4,535
Stormwater and drainage	62	–
Tourism	938	691
	10,860	9,318
These expenditures are payable:		
Not later than one year	8,564	7,022
Later than one year and not later than 5 years	2,296	2,296
	10,860	9,318

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 15. Financial indicators

$ '000	Amounts 2024	Indicator 2024	Indicators 2023	2022
Financial Indicators overview *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.*				
1. Operating Surplus Ratio				
Operating surplus	(1,139)	(2.5)%	2.1%	6.4%
Total operating income	46,039			
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. Net Financial Liabilities Ratio				
Net financial liabilities	17,169	37%	20%	4%
Total operating income	46,039			
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.				
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Operating Surplus Ratio				
Adjusted operating surplus	947	2.0%	0.5%	5.2%
Adjusted total operating income	48,125			
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	17,169	36%	25%	7%
Adjusted total operating income	48,125			
3. Asset Renewal Funding Ratio				
Asset renewals	6,940	123%	113%	89%
Infrastructure and Asset Management Plan required expenditure	5,626			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 16. Uniform presentation of finances

$ '000	2024	2023

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

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

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

$ '000	2024	2023
Income		
Rates	37,956	35,800
Statutory charges	830	803
User charges	3,827	3,601
Grants, subsidies and contributions - operating	1,903	4,311
Investment income	217	415
Reimbursements	63	9
Other income	1,243	806
Total Income	46,039	45,745
Expenses		
Employee costs	17,817	15,897
Materials, contracts and other expenses	17,533	17,887
Depreciation, amortisation and impairment	11,010	10,553
Finance costs	771	441
Net loss - equity accounted council businesses	47	18
Total Expenses	47,178	44,796
Operating surplus / (deficit)	(1,139)	949
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(6,940)	(6,284)
Add back depreciation, amortisation and impairment	11,010	10,553
Add back proceeds from sale of replaced assets	281	257
	4,351	4,526
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets	(13,651)	(18,524)
Add back amounts received specifically for new and upgraded assets	1,966	3,435
	(11,685)	(15,089)
Annual net impact to financing activities (surplus/(deficit))	(8,473)	(9,614)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Right-of-use assets - terms and conditions
Refer to Note 1 for further details.

Land
Right-of-use assets leased include land at Angaston for a radio transmission site.

Plant and Equipment
Right-of-use assets include photocopiers, a mower and computer servers.

(a) Right-of-use assets

$ '000	Land	Plant and equipment	Total
2024			
Set out below are the carrying amounts of right-of-use assets recognised within the above asset categories and the movements during the period:			
Opening balance	1	97	98
Additions to right-of-use assets	–	–	–
Depreciation charge	(1)	(67)	(68)
Disposal carrying value	–	–	–
Balance at 30 June	–	30	30
2023			
Opening balance	1	172	173
Additions to right-of-use assets	–	–	–
Depreciation charge	–	(75)	(75)
Disposal carrying value	–	–	–
Balance at 30 June	1	97	98

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under Borrowings) and the movements during the period:

$ '000	2024	2023
Balance at 1 July	99	173
Additions	–	–
Accretion of interest	1	4
Payments	(69)	(78)
Disposal liability due	–	–
Balance at 30 June	31	99
Classified as:		
Current	18	68
Non-current	13	31

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

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 17. Leases (continued)

$ '000	2024	2023
The Council had total cash outflows for leases of $259,000 (2023: $275,000). The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	67	75
Interest expense on lease liabilities	1	4
Expenses relating to leases of low-value assets/short-term leases	190	197
Total amount recognised in profit or loss	258	276

(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 included in Note 2 as Lease fees, hall or equipment hire and recreation park fees.

$ '000	2024	2023
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	46	63
Later than one year and not later than 5 years	128	114
Later than 5 years	142	143
	316	320

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 18. Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under "choice of fund" legislation. Council uses Statewide Super as its default superannuation fund. With 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 who are Statewide Super members (including casuals) have all contributions allocated to the Accumulation section (Marketlink).

Accumulation only members
Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.00% in 2023/24; 10.50% in 2022/23). 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 2022/23) 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 2023. 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 2024

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 2024	Council's share of net income 2023	Council's share of net assets 2024	Council's share of net assets 2023
Council's share of net income				
Joint ventures	(47)	(18)	4,518	2,263
Total Council's share of net income	(47)	(18)	4,518	2,263

(a) Carrying amounts

$ '000	Principal activity	2024	2023
Gawler River Floodplain Management Authority	Flood mitigation	4,488	2,230
Northern and Yorke Local Government Association	Local Government regional collaboration	30	33
Total carrying amounts - joint ventures and associates		4,518	2,263

Gawler River Floodplain Management Authority
Established in 2002, this organisation is responsible for the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area.

Northern and Yorke Local Government Association
Established in 1998, this organisation is formed under Section 43 of the *Local Government Act 1999* to allow membership Councils to approach regional issues in a collaborative manner.

(b) Relevant interests

	Interest in operating result 2024	Interest in operating result 2023	Ownership share of equity 2024	Ownership share of equity 2023	Proportion of voting power 2024	Proportion of voting power 2023
Gawler River Floodplain Management Authority	10.61%	10.50%	10.61%	10.50%	15.38%	15.38%
Northern and Yorke Local Government Association	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%

(c) Movement in investment in joint venture or associate

$ '000	Gawler River Floodplain Management Authority 2024	Gawler River Floodplain Management Authority 2023	Northern and Yorke Local Government Association 2024	Northern and Yorke Local Government Association 2023
Opening balance	2,230	2,240	33	41
Share in operating result	(66)	(41)	(3)	(8)
Share in other comprehensive income	2,302	–	–	–
Adjustments to equity	22	31	–	–
Council's equity share in the joint venture or associate	4,488	2,230	30	33

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 19. Interests in other entities (continued)

(d) Summarised financial information of the equity accounted business

$ '000	Gawler River Floodplain Management Authority 2024	Gawler River Floodplain Management Authority 2023	Northern and Yorke Local Government Association 2024	Northern and Yorke Local Government Association 2023
Statement of Financial Position				
Cash and cash equivalents	41	29	486	504
Other current assets	211	91	2	91
Non-current assets	42,607	21,614	10	13
Total assets	42,859	21,734	498	608
Current trade and other payables	202	68	8	74
Current financial liabilities	353	440	–	–
Current provisions	–	–	41	13
Non-current provisions	–	–	–	21
Total liabilities	555	508	49	108
Net Assets	42,304	21,226	449	500
Statement of Comprehensive Income				
Other income	271	–	245	192
Subscriptions, grants, subsidies and other contributions	289	261	107	108
Investment Income	1	1	28	22
Total income	561	262	380	322
Employee costs	–	–	239	273
Materials, contracts & other expenses	421	249	189	167
Depreciation, amortisation and impairment	706	329	3	1
Other	56	61	–	–
Total expenses	1,183	639	431	441
Operating result	(622)	(377)	(51)	(119)
Other comprehensive income	21,699	(17)	–	–
Total comprehensive income	21,077	(394)	(51)	(119)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 20. Contingencies and assets/liabilities not recognised in the balance sheet

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

1. Land under roads

Council has elected not to recognise land under roads as an asset in accordance with AASB 1051 Land Under Roads. Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 991km of road reserves of average width of 20 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's Assessment Panel is the planning consent authority for its area under the *Planning, Development and Infrastructure Act 2016*. Under the Act, certain persons aggrieved by a planning decision of the Assessment Panel may appeal. It is normal practice that parties bear their own legal costs. Appeals may be conducted as a result of decisions by the Assessment Panel, or by Council on behalf of residents in relation to enforcement of use conditions, or by Council acting on behalf of the community in relation to proposed development that would adversely affect the region. There were appeals against the Barossa Assessment Panel in 2023/24.

A Judicial Review in the Supreme Court has been determined, post 1 July 2023, for an appeal received in 2021/22 to quash the decision of the Barossa Assessment Panel and costs have been awarded to the applicant. The quantum of costs against the Barossa Assessment Panel remains undetermined therefore no provision has been made in the accounts as no reliable measure of costs is available.

The Barossa Council is a party to a supreme court challenge seeking damages from Council under a contract with the company TTEG related to street lighting charges. Councils potential exposure is estimated to be $90,719.64 in damages plus costs and interest if the court rules against the Council's defence. This exposure is not disclosed in the financial accounts of Council as there is no liability that has or as at 30 June is likely to arise to any certainty that meets the relevant accounting standard.

Note 21. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2024, 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 Auditor's Report as the appropriate authorised for issue date relating to these General Purpose Financial Statements.

Council is unaware of any material or significant 'non-adjusting events' that require disclosure.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 22. Related party transactions

Key management personnel

Transactions with key management personnel

The key management personnel of the Council include the Mayor, 11 Councillors, CEO, 7 employees who were part of the Executive Leadership Team or who acted in positions which met the definition of a key management personnel throughout the year, and 8 Board Members and employees of the Nuriootpa Centennial Park Authority - Total 28 (2023: 29).

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The Council employs 171 (FTE) staff of which only 1 is a close family member of a key management personnel.

$'000	2024	2023
Key management personnel employee expenses for close family members	96	131
Total	96	131

$ '000	2024	2023
The compensation paid to key management personnel comprises:		
Employee Benefits	1,207	1,831
Total	1,207	1,831

Other related party transactions

Council provides work and support in-kind for accounting, governance, asset management and executive services, along with being the conduit for electricity, insurance, loans, CWMS and other services for its subsidiary Nuriootpa Centennial Park Authority. The Authority maintains a Council recreation park at Nuriootpa for community benefit purposes including various sporting activities. The Authority's information as at the reporting date has been included in the accounts within this report and any inter-company transactions have been eliminated on consolidation.

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Internal Controls

The Barossa Council

General Purpose Financial Statements
for the year ended 30 June 2024

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Barossa Council for the year ended 30 June 2024, the Council's Auditor, Galpins Accountants, Auditors and Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Martin McCarthy	Peter Brass
Chief Executive Officer	**Presiding Member, Audit and Risk Committee**

Date: **November 2024**

The Barossa Council

General Purpose Financial Statements
for the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of The Barossa Council for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations* 2011 made under that Act.

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

Tim Muhlhausler
Galpins Accountants, Auditors and Business Consultants

Date: dd MMMM yyyy

Attachment 2

Galpins

Accountants, Auditors & Business Consultants

DRAFT 2023/2024 Audit Completion Report

Barossa Council

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Table of Contents

SUMMARY OF AUDIT

To the members of the audit committee of the Barossa Council

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2024. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We have issued the following opinions:

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Summary of Audit Risks and Overall Responses	Section 2
Key Audit Matters	Section 3
Internal Controls Opinion and Recommendations	Section 4
Final Management Letter	Section 5
Corrected Adjustments	Section 6
Immaterial Uncorrected Misstatements	Section 7
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2
Draft Statement by Auditor	Appendix 3
Better Practice Model (BPM) Risks	Appendix 4
Risk Ratings	Appendix 5
Summary of Findings Identified – Interim Audit	Appendix 6

We confirm that for the audit of the year ended 30 June 2024 we have maintained our 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.

Yours faithfully

Tim Muhlhausler CA Registered Company Auditor
Date: 21 November 2024

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	In Progress
Final financial report after considerations from the audit committee	Management	In Progress
Signed certification of financial statements	Management	In Progress
Signed certification of auditor independence	Management	In Progress
Signed management representation letter	Management	In Progress
Signed statement by auditor	Audit	In Progress
Review of the subsequent events up to the date of the auditor's report.	Audit	In Progress
Final Independent Auditor's Report on the Internal Controls	Audit	Draft
Final Independent Auditor's Report on the Financial Report	Audit	Draft

2. Summary of Audit Risks and Overall Responses

Below, a summary of our initial audit risks identified in our audit plan presented to the audit committee, the audit approach and responses to address these risks and the final audit risks (residual risks) after the execution of our audit procedures.

Statement of Comprehensive Income – Income

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Rates and charges	High	37,956	RA1/RA2/RA3/RA4/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Statutory charges	Moderate	830	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
User charges	Moderate	3,827	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
Grants	Moderate	1,903	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Investment Income	Low	217	II1	Substantive tests	Low	Fairly presented
Reimbursements	Low	63	OR1	Substantive tests	Low	Fairly presented
Other Income	Low	1,243	OR1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income - Expenses

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Employee costs	High	17,817	PA1/PA2/PA3/PA4/PA5/PA6	Controls and substantive tests	Low	Fairly presented
Materials / Contracts / Other Expenses	High	17,533	PP1/PP2/PP3/PP4/PP5/PP6 CO1/CO2/CO3 CC1/CC2/CC3	Controls and substantive tests	Low	Fairly presented
Depreciation and amortisation	High	11,010	FI4	Controls and substantive tests	Low	Fairly presented
Finance Costs	Low	771	BO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	47	OR1/OE1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income – Other Comprehensive Income

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Asset Disposals & FV Adjust	High	(2,497)	FI1/FI3	Controls and substantive tests	Low	Fairly presented
Amounts Received Specifically for New or Upgraded Assets	Moderate	2,339	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Physical Resources Received Free of Charge	Low	2,832	FI1	Substantive tests	Low	Fairly presented

Galpins

Barossa Council

Statement of Financial Position – Assets

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Cash and cash equivalents	High	3,153	BA1/BA2/IN1/IN2/IN3	Controls and substantive tests	Low	Fairly presented
Trade and other receivables	Moderate	3,248	DE1/DE2/DE3/DE4/DE5/PR1	Controls and substantive tests	Low	Fairly presented
Inventories	Low	123	N/A	Substantive tests	Low	Fairly presented
Financial Assets & NC Receivables	Low	1,228	LO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	4,518	OR1/OE1	Substantive tests	Low	Fairly presented
IPPE + WIP	High	420,337	FI1/FI2/FI3/FI4/FI5	Controls and substantive tests	Low	Fairly presented

Statement of Financial Position - Liabilities

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Trade and other payables	High	5,355	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings	Low	3,558	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions	Moderate	3,292	EP1	Substantive tests	Low	Fairly presented
Trade and other payables - NC	High	-	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings - NC	Low	11,871	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions - NC	Moderate	722	EP1	Substantive tests	Low	Fairly presented

Statement of Financial Position - Equity

Accounts	Initial Audit Risk	$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Accumulated Surplus	Low	106,561	N/A	Substantive tests	Low	Fairly presented
Asset Revaluation Reserves	High	285,676	FI3	Controls and substantive tests	Low	Fairly presented
Other Reserves	Low	15,572	N/A	Substantive tests	Low	Fairly presented

Intended Audit Opinion
In our opinion, except for the effects of the matter referred to in the Basis for Qualified Opinion section of our independent auditor's report, the financial report prepared by the Council presents fairly, in all material respects, the Council's financial position as at 30 June 2024 and its financial performance for the year ended on that date.

* A list of the main risks as per the Better Practice Model (BPM) addressed during our audit and related risk references is provided in Appendix 4.

3. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation. Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the: ▪ components of assets that are replaced at different times in the asset lifecycle ▪ costs required to replace these components using current prices for materials, labour, and plant costs ▪ indices for measuring subsequent changes in unit rates. The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives. The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset register ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ reviewed the fair value hierarchy provided in note 7 for each category of asset ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation ▪ reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities ▪ reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the revaluation report ▪ reviewed the unit rates mentioned above and compared them to different local government entities ▪ assessed the adequacy of disclosures in the financial report.

3.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors. Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation. Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process. Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3). For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences. The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset registers ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation; and ▪ assessed the adequacy of disclosures in the financial report.

3.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets. Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include: ▪ whether Council is incurring capital expenditure to physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as this usually goes beyond the legal ownership; ▪ Inclusions and exclusions of costs at initial recognition of an assets in accordance with AASB 116; ▪ Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; ▪ Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and ▪ accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.	Our audit included but was not limited to the following activities: ▪ performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; ▪ reviewed internal controls in place for capitalisation of assets; ▪ selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; ▪ reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and ▪ reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

3.4 Revenue Recognition

Why the matter is significant	How the matter was addressed
AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities apply to revenue recognition for SA Councils. Income from capital and other specific purpose grants needs to be assessed to determine whether it is recognised on receipt, or recognised over time as performance obligations are met (where these obligations are sufficiently specific and rise from enforceable contracts) and a liability recognised for unspent monies.	Our audit included but was not limited to the following activities: ▪ performed analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and AASB 1058 ▪ reviewed a sample of grant agreements and assessed whether agreements contain sufficiently specific performance obligations ▪ evaluated the accounting treatment used by Council to account for the grant agreements in place selected for our tests ▪ tested a sample of financial transactions for compliance with Australian Accounting Standards.

3.5 Management Override of Controls

Why the matter is significant	How the matter was addressed
Management is inherently in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is, by default, considered a significant risk.	Our audit included but was not limited to the following activities: ▪ tested the appropriateness of journal entries recorded in the general ledger ▪ reviewed accounting estimates for biases ▪ performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity ▪ requested written representation from Management ▪ reviewed IT access controls rights processes in place ▪ reviewed processes in place to ensure independent reviews of exception reports generated by Council ▪ reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

3.6 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	- largest revenue item - it is often used as a reference point for analysing expenditure decisions - politically sensitive – reputational risk involved if rates are raised incorrectly.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	- one of the largest expense items - high volume of transactions / data – subject to error - errors impact individuals financially.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	- one of the largest expense items - High volume of transactions / date – subject to error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	- material balance - fraud risk - errors and/or fraud in cash may be indicative of broader errors - poor attitude to cash controls may be indicative of poor culture related to the entity's controls environment - public money.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	- one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting may be indicative of poor culture - payments represent an opportunity for fraud.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

4. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2024 Findings			
		2024	2023	H	M	L	BP
Purchasing & Procurement/Contracting	7	6	6	-	1	-	-
Fixed Assets	8	7	7	1	-	-	-
General Ledger	8	5	6	-	2	1	-
Accounts Payable	8	7	8	-	1	-	-
Payroll	11	11	11	-	-	-	-
Rates / Rates Rebates	8	7	6	-	1	-	-
Credit Cards	5	5	5	-	-	-	-
Debtors	3	3	3	-	-	-	-
Banking	5	3	4	1	1	-	-
Receipting	2	2	2	-	-	-	-
Total	**65**	**56**	**58**	**2**	**6**	**1**	**-**

Overall the Council demonstrated a satisfactory level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (56 out 65 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 5 – Risk Ratings.

An ***interim audit management letter*** was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

A summary of all the findings included in our interim management letter is included in **Appendix 6 – Summary of Findings Identified - Interim Audit.**

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, the ***Council has complied, in all material aspects, 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.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

1. Leave Entitlements	Risk: Moderate
Finding	A full-time employee accrues 152 hours of annual leave in a year. At the end of 2023-24 there are 19 (2023: 22) employees with a balance greater than two years entitlement (>304 hours). We note that in late 2022, formal communication was sent to all employees with large leave balances informing them of the requirement to implement plans to reduce their balances over a 2-3 year period.
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.
Recommendation	Council continues to monitor leave balances and implements strategies to reduce excessive balances and prevent employees from accumulating excessive annual balances in future.
Management Response	

2. Indexation of asset values is not done in between revaluations	Risk: Moderate
Finding	The Barossa Council is not currently indexing infrastructure or building fair values in between the five-yearly revaluation cycle. The Local Government Act requires councils to comply with the Australian Accounting Standards. Accounting standard AASB 116.31 requires that '*Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period*'. In the SA local government sector, it is most common to apply a 5 year revaluation cycle. A generally accepted rule of thumb for assessing materiality is that errors of greater than 10% are considered material. In periods of higher inflation, the potential growth in asset fair values (all else being equal) is expected to be greater than 10% in less than 5 years. The following table illustrates this, using the Local Government Price Index (LGPI) at various levels as an estimate of construction cost increases. *Percentage increase in unit rates (cumulative) since revaluation year (Year 0) at various levels of LGPI*

	Years since revaluation				
	Year 1	Year 2	Year 3	Year 4	Year 5
LGPI at 2.5%	2.5%	5.1%	7.7%	**10.4%**	13.1%
LGPI at 3.5%	3.5%	7.1%	**10.9%**	14.8%	18.8%
LGPI at 5.0%	5.0%	**10.3%**	15.8%	21.6%	27.6%

Indexation of unit rates (using either appropriate growth factors or internal replacement cost) can be applied in between full revaluation cycles to reduce the potential misstatement, thus extending the allowable time between revaluations.

The use of indexation is considered best practice in the local government sector, enabling a greater balance between the cost and benefits of revaluations. Local government assets are predominantly long life assets, making 5 yearly detailed revaluations (supported by ongoing data cleansing based on site inspections and review) a sensible timeframe to ensure asset data is appropriately reliable to support decision making. Indexation allows this timeframe to conform with financial reporting requirements, whilst also providing more accurate costing information between revaluations for asset management and budgeting purposes.

Note: Though useful for extending time between revaluations to provide cost savings, indexation is not a substitute for a full revaluation. Whilst indexation reduces the risk of material misstatement, a full revaluation

	considers more than just unit rates. Importantly, a comprehensive revaluation evaluates the condition of assets and asset management strategies applied to assets to estimate remaining useful lives and ensure appropriate componentisation of assets. With local governments' large inventory of buildings and infrastructure, revaluations also play an important role in data cleansing, with site inspections often resulting in found assets, non-existent assets or classification / componentisation errors.
Risk	Infrastructure and building values, and related depreciation, may be materially misstated, resulting in financial statement errors and impacting asset management and budgeting decisions.
Recommendation	Council applies indexation to asset infrastructure and building values in between comprehensive 3-5 yearly revaluations.
Management Response	

3. NCPA - Superannuation	Risk: Moderate
Finding	Superannuation for NCPA employees in 2023-24 was paid at the incorrect rate of 10.5%, rather than 11%. The rate didn't automatically update within MYOB and wasn't double checked before the first pay run. This error was identified by NCPA staff when the financial year was rolled over into 2024-25 and super went up to 11.5%. Assistance was sought from an outsourced accountant to calculate the shortfall, interest, and penalties with the ATO. Audit notes that approximately $7,000 was paid in September 2024 to correct this oversight.
Risk	Employees not being remunerated correctly, resulting in employee expenses being understated and potentially impacting employee morale.
Recommendation	Implement controls to ensure the superannuation rate within MYOB is confirmed at the start of each financial year.
Management Response	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in the Appendix 5 – Risk Ratings.

6. Immaterial Uncorrected Misstatements

IUM 1 – Prior year IUM correction - Asset Disposals					
D/C	Account at FS level	Assets Increase/ (decrease) $	Liabilities (Increase)/ decrease $	Surplus/Deficit (Increase)/ decrease $	Other Comprehensive Income (Increase)/ decrease) $
C	PPE	890,452	-	-	-
D	Accumulated Depreciation	(698,945)	-	-	-
D	Revaluation Increment	-	-		191,507
Description: In 2023 we reported an IUM related to errors in the processing of asset disposals during the upgrade of the Council and Library Main Office, resulting in the written down value of assets being understated and loss on disposal overstated by $191,506.61 in 2022-23. This was corrected through asset revaluation reserve in the 2023-24 financial year, resulting in overstatement of other comprehensive income of $191,506.61.					

7. Corrected Adjustments

In addition to various minor adjustments, Audit requested the following audit adjustments that have been processed:

- Building revaluation amount (as per note 7): An adjustment was processed by council staff in relation to prior year transaction errors for assets incorrectly disposed during 2022-23 (as per the prior year IUM discussed in section 6 above). The adjustment brought the assets back onto the balance sheet, however they were brought back in at cost ($890k) rather than written down value ($191k) due to a system limitation within Assetic which does not allow accumulated depreciation on asset additions. Audit advised management to correct the balance in TechOne (general ledger) & LGS (financial statements), and note this variance with Assetic when performing the monthly reconciliation process. This variance will then resolve itself in Assetic when the next buildings external revaluation is processed in 2024-25.

- Land revaluation amount (as per note 7). After reviewing the land revaluation workings and reconciliation, it was discovered that an incorrect percentage decrement change to Level 2 land values of $222k was posted. Audit requested that the journal be reversed ($222k).

- Cash flow statement adjustments: Adjustments were requested to include GST gross-up on reported values, account for Loans made to community groups, and reallocate movements in grants in advance.

8. Contact Details

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Partner

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Appendix 1 – Proposed Independent Auditor's Report on the Financial Report

To the members of the Barossa Council

Opinion
We have audited the accompanying financial report of the Barossa Council (the Council), which comprises the statements of financial position as at 30 June 2024, 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 Barossa Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2024, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

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

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

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

Auditor's 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 misstatements, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level 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 decision 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 risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but 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.
- 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

Date:

Appendix 2 – Proposed Independent Auditor's Report on the Internal Controls

To the members of the Barossa Council

Independent Assurance Report on the Internal Controls of the Barossa Council

Opinion

We have audited the compliance of the Barossa 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 2023 to 30 June 2024 have been conducted properly and in accordance with the law.

In our opinion, the Barossa 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 2023 to 30 June 2024.

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 Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. 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 applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs 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, 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 2023 to 30 June 2024. 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

Date:

Appendix 3 – Statement by Auditor

I confirm that, for the audit of the financial statements of the Barossa Council for the year ended 30 June 2024, I have maintained my independence 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), 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

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 4 – Better Practice Model (BPM) Risks

The risks outlined below are the main BPM risks addressed when determining our audit approach / response as described in section 2 of this report.

Business Cycles	Risk REF	Risks
Rates	RA1	Council does not raise the correct level of rate income
	RA2	Rates and rate rebates are either inaccurately recorded or not recorded at all
	RA3	The property master file data does not remain pertinent
	RA4	Rates are not collected on a timely basis
User Pay Income / Fee for services	US1	The fee charged does not reasonably reflect the value of the services provided
	US2	Council does not apply User Pay principles consistently
	US3	User pay income is either inaccurately recorded or not recorded at all
Investment / Interest Income	II1	Investment income is either inaccurately recorded or not recorded at all
Other Revenue	OR1	Other revenue is either inaccurately recorded or not recorded at all
Grants	GR1	Council loses recurrent grant funding to provide existing services
	GR2	Grant funding is not claimed by Council on a timely basis or not claimed at all
	GR3	Grants are either inaccurately recorded or not recorded at all
Receipting	RE1	Receipts are either inaccurately recorded or not recorded at all
	RE2	Receipts are not deposited at the bank on a timely basis
Purchasing & Procurement	PP1	Council does not obtain value for money in its purchasing and procurement
	PP2	Purchase of goods and services are made from non-preferred suppliers
	PP3	Purchase orders are either recorded inaccurately or not recorded at all
	PP4	Purchase orders are made for unapproved goods and services
	PP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Payroll	PA1	Payroll expense is inaccurately calculated
	PA2	Payroll disbursements are made to incorrect or fictitious employees
	PA3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all
	PA4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
	PA5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation
	PA6	Employees termination payments are not in accordance with statutory and enterprise agreements
Credit cards	CC1	Credit cards are issued to unauthorised employees
	CC2	Credit cards are used for purchases of a personal nature

Business Cycles	Risk REF	Risks
	CC3	Credit card limits are set at inappropriate levels
Other Expenses	OE1	Other expenses are invalid, inaccurately recorded or not recorded at all
Contracting	CO1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
	CO2	Council does not obtain value for money in relation to its Contracting
	CO3	Commitments are made for unapproved goods and services
Banking	BA1	Banking transactions are either inaccurately recorded or not recorded at all
	BA2	Fraud (i.e. misappropriation of funds)
Investments	IN1	Council makes poor investment decisions
	IN2	Investment transactions are either not recorded or are recorded inaccurately
	IN3	Investment income is inaccurately calculated or not recorded in the appropriate period
Debtors	DE1	Debtors are either inaccurately recorded or not recorded at all
	DE2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
	DE3	An appropriate provision for doubtful debts is not recorded
	DE4	Debtors are either not collected on a timely basis or not collected at all
	DE5	The Debtors master file data does not remain pertinent.
Fixed Assets	FI1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent
	FI2	Fixed assets are inadequately safeguarded
	FI3	Fixed assets are not valued correctly initially or on subsequent revaluation
	FI4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals
	FI5	Fixed asset maintenance and/or renewals are inadequately planned
Prepayments	PR1	Prepayments are either inaccurately recorded or not recorded at all
Loans to Community groups	LO1	Loans to community groups are inaccurately recorded or not recorded at all
Accounts Payable	AP1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
	AP2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
	AP3	Disbursements are not authorised properly
	AP4	Accounts are not paid on a timely basis
	AP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Accrued Expenses	AE1	Accrued Expenses are either inaccurately recorded or not recorded at all

Business Cycles	Risk REF	Risks
Borrowings	BO1	Borrowings are either not recorded or are recorded inaccurately
	BO2	Loans are taken out without appropriate approval
	BO3	Loans are not repaid in accordance with agreed terms
	BO4	Loan repayments are not recorded at all or are recorded inaccurately
Employee Provisions	EP1	Employee provisions are either inaccurately recorded or not recorded at all
Taxation	TA1	Tax liabilities are either inaccurately recorded or not recorded at all

Appendix 5 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 4 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

Appendix 6 – Summary of Findings Identified- Interim Audit

Business Cycle	Findings	Risk
Purchase & Procurement / Contracting	2.1.1 Instance of exemption from procurement policy not being properly executed	M
Fixed Assets	2.2.1 Councils Infrastructure Asset Management Plan does not include sufficient renewal plans	H
General Ledger	2.3.1 A list of IT users with access to key finance modules in CiA cannot currently be exported or reviewed by Finance Management	M
	2.3.2 Some key IT policies / procedures are not up to date	M
	2.3.3 No documented policy / procedure in place for approval of manual journals	L
Accounts Payable	2.4.1 Accounts Payable staff are not following up with changes in the supplier master file via phone call	M
Rates	2.5.1 No formal review of Pathway user access and excessive Administrator users	M
Credit cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Banking	2.6.1 Delays in matching a large volume of miscellaneous reconciling items	H
	2.6.2 'Authorised Financial Signatories Register' not updated to reflect staffing changes	M
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A

Reference: 24/109621

21 November 2024

Mr Tim Muhlhausler
Partner
Galpins Accountants Auditors and Business Consultants
PO Box 546
Kent Town SA 5071

Dear Tim,

This representation letter is provided in connection with your audit of the financial report of **The Barossa Council** (the Council) for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

I confirm that *(to the best of Councils knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves):*

FINANCIAL REPORT

- Council has fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.

- Council acknowledges its responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

- Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:

    - sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.

    - all balances due to or from related party at year end.

- All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.

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- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of uncorrected misstatements is attached to the representation letter.

OWNERSHIP

- The Council has good title (or lease interest) in all assets recorded in the accounts.

VALUATION

- Council have no plans and intentions that may affect materially the carrying value, or classification, of Council's assets and liabilities.
- The fair value of land and buildings as determined by the external valuer is reasonable.
- Adequate provisions have been recorded in the accounts for all anticipated losses.
- Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
- The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

Information Provided

- Council has provided you with:
    - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
    - additional information that you have requested from us for the purpose of the audit; and
    - unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in accounting records and are reflected in the financial report.
- Council acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- Council has disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- Council has disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial report.
- Council has disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Council's financial report communicated by employees, former employees, analysts, regulators or others.
- Council has disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.

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- Council has disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
- Council has disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
- Council has disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

COMPLETENESS

- All assets owned or controlled by the Council have been recorded in the accounts.
- All services rendered prior to the year-end have been recorded in the correct financial year.
- Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
- All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
- All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
- Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
- All liabilities of the Council at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

ELECTRONIC PUBLICATION OF FINANCIAL REPORT

- Council acknowledges its responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
- Council acknowledges its responsibility to clearly differentiate between audited and unaudited information in the construction of the Council's website as we understand the risk of potential misrepresentation.
- Council acknowledges its responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
- Council acknowledges its responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

OTHER

- The Council Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
- Council believes that it will be able to meet its financial commitments when they fall due.

Yours sincerely

Martin McCarthy
Chief Executive Officer

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DEBATE REPORT

2.1 Corporate Services, Strategy and Innovation

2.1.2 2023-24 ANNUAL FINANCIAL STATEMENTS - NURIOOTPA CENTENNIAL PARK AUTHORITY

Author: Manager Financial Services
24/109991

PURPOSE

To review and adopt the Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year.

RECOMMENDATION

That Council, having reviewed the Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year and noting the Audit and Risk Committee endorsement:

(1) Adopts the Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year as presented at Attachment 1.

(2) Receives and notes the draft audit report for the Nuriootpa Centennial Park Authority from Council's external auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2024 as presented at Attachment 2.

(3) Receives and notes the management representation letter, which was provided to Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2024 as presented at Attachment 3.

(4) Notes the analysis contained within this report comparing the Nuriootpa Centennial Park Authority's audited 2023-24 annual financial statements to the audited 2022-23 annual financial statements.

REPORT

Background
The 2023-24 Nuriootpa Centennial Park Authority annual financial statements and accompanying notes have been prepared in accordance with Section 127 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Regulation 13 of the *Local Government (Financial Management) Regulations 2011* requires that the financial statements of a council subsidiary be prepared in accordance with the requirements set out in the model financial statements.

Introduction
The Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year are presented at Attachment 1. These have been audited by the Council's external auditor Galpins Accountants, Auditors and Business Consultants, who have returned a draft unmodified opinion on the financial statements. The draft audit opinion is presented at Attachment 2.

A copy of the management representation letter for the year ended 30 June 2024, which has been provided to Galpins Accountants, Auditors and Business Consultants, has also been presented for your information and noting at Attachment 3.

The Barossa Council Audit and Risk Committee has reviewed and endorsed for adoption the Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year at its 25 November 2024 meeting.

The Nuriootpa Centennial Park Authority Audit and Risk Committee has not yet met to endorse the financial statements.

Key results of the Nuriootpa Centennial Park Authority 2023-24 Annual Financial Statements include:

- 2023-24 operating deficit of $38,330 compared to $16,420 surplus for 2022-23.
- 2023-24 net deficit after capital adjustments of $60,108 (2022-23 $2,624,351 surplus).
- Net assets decreased to $13.087 million as at 30 June 2024 from $14.461 million as at 30 June 2023.
- Cash and cash equivalents at 30 June 2024 totalled $318,674 (2023 $404,706).
- Total borrowings (including lease liabilities) have decreased by $232,706 from $856,994 to $624,288 at 30 June 2024.

Discussion
Total income increased by $175,495 or 6.65% for 2023-24. This is predominately due to increased site activity resulting in a $134,847 increase in cabin fees and an $18,764 increase in site fees.

Total expenditure increased by $230,245 or 9.61% for 2023-24. This is due to the following:

- A $170,863 increase in employee costs associated with general salary increases
- A $42,407 increase in depreciation costs associated with $2.918 million in new and upgraded assets acquired during 2022-23 and $64,081 in new and upgraded assets acquired during 2023-24.

Physical resources received free of charge decreased significantly in 2023-24 from $2.612 million in 2022-23 to $2,122 in 2023-24. In 2022-23 the Nuriootpa Centennial Park Authority received significant 'gifted' assets from the Barossa Council as a result of capital works completed under The Big Project.

Land assets categorised as level 3 in the fair value hierarchy under *AASB 13 Fair Value Measurement* were revalued as at 1 July 2023 using values provided by the Valuer-General. This resulted in a $1.318 million decrease in the value of the Nuriootpa Centennial Park Authority's community land.

Net assets decreased to $13.087 million as at 30 June 2024 from $14.461 million as at 30 June 2023, a decrease of $1.374 million. This is due to:

- A $1.702 million decrease in infrastructure, property, plant and equipment assets largely due to the $1.318 million revaluation decrement to community land and $552,214 in depreciation expenses, offset by $188,376 in additions throughout the year.
- A $185,716 increase in capital works in progress largely relating to the Barossa soccer precinct.
- A decrease to total liabilities of $229,257 from $14.461 million to $13.087 million. This is due to a $232,706 decrease in borrowings (including lease liabilities) from $856,994 to $624,288 at 30 June 2024 largely resulting from $226,820 in loan repayments being made throughout the year.

Summary and Conclusion
The Nuriootpa Centennial Park Authority annual financial statements for the 2023-24 financial year are presented for adoption.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Draft 2023-24 Annual Financial Statements (Audit Clearance Version to Audit and Risk Committee and Council) - Nuriootpa Centennial Park Authority (NCPA) ⇩
Attachment 2	2023-24 Galpins Draft Audit Report on Financial Statements - Nuriootpa Centennial Park Authority (NCPA) ⇩
Attachment 3	2023-2024 Management Representation Letter to Galpins - NCPA - 21 November 2024 ⇩

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan
BS6 Finance - Transparency and accountability regarding Council activity and expenditure. Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation), financial reporting.

Legislative Requirements
Section 126(4) of the Local Government Act 1999
Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

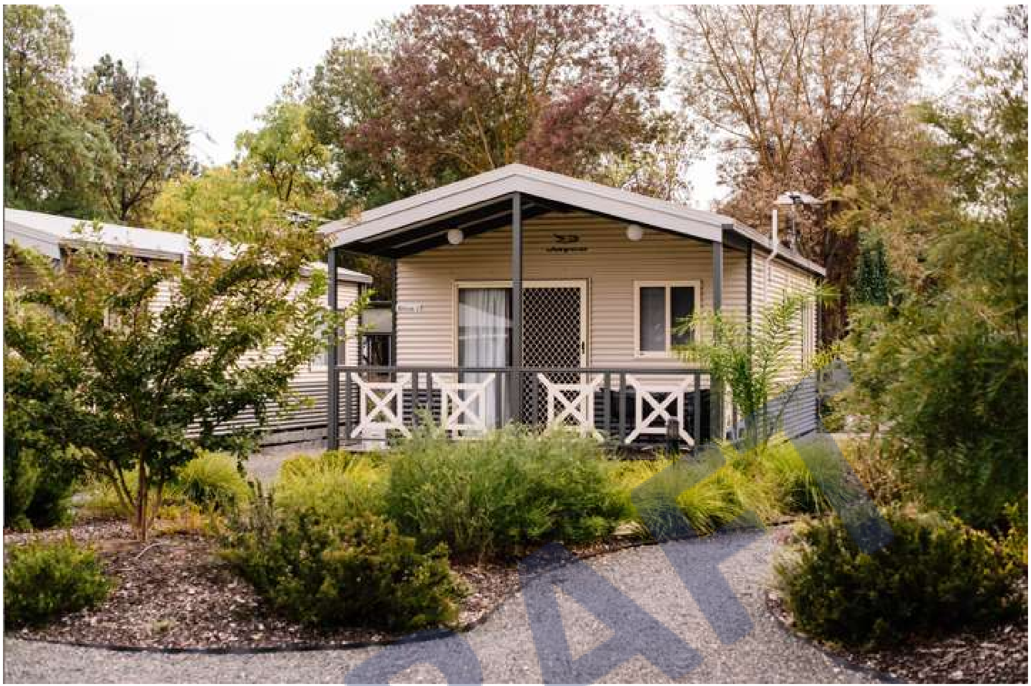
All known financial and resourcing requirements as at 30 June 2024 have been included in the annual financial reports.

Risk Management

Risk management issues are considered by management throughout the financial year and communicated to Council as required.

COMMUNITY ENGAGEMENT

No separate consultation is required under Council's Public Consultation Policy. The Financial Statements are public documents, accessible to the community via Council's website after Council adoption.



Nuriootpa Centennial Park Authority

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

Nuriootpa Centennial Park Authority

General Purpose Financial Statements
for the year ended 30 June 2024

Contents

Nuriootpa Centennial Park Authority

General Purpose Financial Statements
for the year ended 30 June 2024

Certification of Financial Statements

We have been authorised by the Authority 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 Authority's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Authority's accounting and other records.

Guy Martin	Tanya Pumpa
CHAIR	**BUSINESS MANAGER**
Date:	Date:

Nuriootpa Centennial Park Authority

Statement of Comprehensive Income
for the year ended 30 June 2024

$	Notes	2024	2023
Income			
User charges	2a	2,568,978	2,408,701
Grants, subsidies and contributions - operating	2c	13,423	–
Investment income	2b	5,576	3,781
Total income		2,587,977	2,412,482
Expenses			
Employee costs	3a	1,120,737	949,874
Materials, contracts and other expenses	3b	934,350	907,537
Depreciation and amortisation	3c	552,214	509,807
Finance costs	3d	19,006	28,844
Total expenses		2,626,307	2,396,062
Operating surplus / (deficit)		(38,330)	16,420
Physical resources received free of charge	2d	2,122	2,611,632
Asset disposal and fair value adjustments	4	(23,900)	(3,701)
Net surplus / (deficit)		(60,108)	2,624,351
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Change in revaluation surplus - infrastructure, property, plant and equipment	9	(1,313,561)	–
Impairment (expense) / recoupments offset to asset revaluation reserve	9	–	(4,071)
Total other comprehensive income		(1,313,561)	(4,071)
Total comprehensive income		(1,373,669)	2,620,280

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

Statement of Financial Position
as at 30 June 2024

$	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	318,674	404,706
Trade and other receivables	5b	28,534	31,205
Inventories	5c	3,410	1,139
Total current assets		350,618	437,050
Non-current assets			
Trade and other receivables	6a	2	2
Other non-current assets	6b	277,519	91,803
Infrastructure, property, plant and equipment	7	13,325,808	15,028,018
Total non-current assets		13,603,329	15,119,823
TOTAL ASSETS		13,953,947	15,556,873
LIABILITIES			
Current liabilities			
Trade and other payables	8a	196,684	173,536
Borrowings	8b	98,816	232,706
Provisions	8c	45,310	64,953
Total current liabilities		340,810	471,195
Non-current liabilities			
Borrowings	8b	525,472	624,288
Provisions	8c	476	532
Total non-current liabilities		525,948	624,820
TOTAL LIABILITIES		866,758	1,096,015
Net assets		13,087,189	14,460,858
EQUITY			
Accumulated surplus		7,138,708	7,198,816
Asset revaluation reserve	9	5,948,481	7,262,042
Total equity		13,087,189	14,460,858

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

Nuriootpa Centennial Park Authority

Financial Statements 2024

Statement of Changes in Equity
for the year ended 30 June 2024

$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2024				
Balance as at 1 July		7,198,816	7,262,042	14,460,858
Net surplus / (deficit) for year		(60,108)	–	(60,108)
Other comprehensive income				
Gain (loss) on revaluation of infrastructure, property, plant and equipment		–	(1,313,561)	(1,313,561)
Other comprehensive income		–	(1,313,561)	(1,313,561)
Total comprehensive income		(60,108)	(1,313,561)	(1,373,669)
Balance at the end of period		7,138,708	5,948,481	13,087,189
2023				
Balance as at 1 July		4,574,465	7,266,113	11,840,578
Net surplus / (deficit) for year		2,624,351	–	2,624,351
Other comprehensive income				
Gain (loss) on revaluation of infrastructure, property, plant and equipment		–	–	–
Impairment (expense) / recoupments offset to asset revaluation reserve	7a	–	(4,071)	(4,071)
Other comprehensive income		–	(4,071)	(4,071)
Total comprehensive income		2,624,351	(4,071)	2,620,280
Balance at the end of period		7,198,816	7,262,042	14,460,858

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

Nuriootpa Centennial Park Authority

Financial Statements 2024

Statement of Cash Flows
for the year ended 30 June 2024

$	Notes	2024	2023
Cash flows from operating activities			
Receipts			
User charges		2,820,875	2,635,761
Grants, subsidies and contributions		13,423	–
Investment receipts		5,576	3,781
Other receipts		(245,723)	(230,237)
Payments			
Payments to employees		(1,157,473)	(943,069)
Payments for materials, contracts and other expenses		(899,853)	(1,054,563)
Finance payments		(19,092)	(28,929)
Net cash provided by (or used in) operating activities	10b	517,733	382,744
Cash flows from investing activities			
Receipts			
Sale of replaced assets		909	–
Payments			
Expenditure on renewal/replacement of assets		(318,794)	(11,270)
Expenditure on new/upgraded assets		(53,174)	(249,514)
Net cash provided (or used in) investing activities		(371,059)	(260,784)
Cash flows from financing activities			
Payments			
Repayments of loans		(226,820)	(224,866)
Repayment of principal portion lease liabilities		(5,886)	(6,970)
Net cash provided by (or used in) financing activities		(232,706)	(231,836)
Net increase (decrease) in cash held		(86,032)	(109,876)
plus: cash & cash equivalents at beginning of period		404,706	514,582
Cash and cash equivalents held at end of period	10a	318,674	404,706
Plus: investments on hand – end of year	6b	2	2
Total cash, cash equivalents and investments		318,676	404,708

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 2024

Contents of the Notes accompanying the General Purpose Financial Statements

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies

The principal accounting policies adopted by the Nuriootpa Centennial Park Authority (the Authority) in the preparation of these 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.

In the current year, the Authority adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to the Authority's accounting policies.

The financial report was authorised for issue by certificate under Regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

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 the Authority'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 dollar.

(2) The reporting entity

The Authority is a subsidiary of The Barossa Council (the Council) pursuant to Section 42 of the *Local Government Act 1999*. The Authority's principal place of business is located at Penrice Road Nuriootpa and it has been established with the following objects and purposes:

- To promote and market the Authority precinct;
- To position the Authority precinct in a way that sustains retail, business and economic growth and supports economic viability for the region;
- To enhance and sustain the commercial aspects of the Authority precinct to ensure ongoing competitiveness;
- To provide positive and productive engagement and partnership with key stakeholders of the Authority and the Authority precinct to achieve ongoing sustainability;
- The development and success for the Authority and the Authority precinct;
- To prepare a strategic management plan for the Authority precinct;
- To refine and redefine the strategic management framework for the Authority precinct in response to changing circumstances;
- To promote the Authority precinct and to encourage its use by sporting bodies, residents, tourists, visitors and the community in general;
- To make recommendations to Council in relation to the maintenance and upgrade of the Authority precinct's existing infrastructure and physical appearance to ensure it is maintained to a high standard;
- To monitor that aspect of the annual budget approved by Council relating to the Authority's financial and general performance;
- Report regularly to Council on the Authority's financial and general performance;
- To promote and co-ordinate strategic management actions in a way that will ensure ongoing participation and commitment from stakeholders and the Council; and
- Ensure that information provided to the Council is accurate and that Council is kept informed of the solvency of the Authority as well as any material developments that may affect the operating capacity and financial affairs of the Authority.

(3) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever occurs first.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

Where grants, contributions and donations recognised as income during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are included in these notes.

(4) Cash, cash equivalents and other financial instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

(5) Inventories

Inventories held in respect of stores have been valued at cost 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.

(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 architect and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.2 Materiality
Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority 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. Capitalisation thresholds applied during the year are as follows (no capitalisation threshold is applied to the acquisition of land or interests in land). Any new or upgrade work below these threshold amount(s) will be expensed as maintenance.

Buildings *
- Buildings (including Toilets) $20,000
- Sheds, Pergolas, Cabins, Carports and Other Structures $10,000
- Buildings at Componentisation $50,000

Infrastructure $5,000
Plant and Equipment $5,000
Right-of-Use Assets $15,000
All Other Assets $5,000

* These assets are capitalised when replacing/renewing assets that are >10% of the Depreciable Replacement Value

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. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

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 the Authority, best reflects the consumption of the service potential embodied in those assets.

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

Major depreciation periods for each class of asset are shown in the following table. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, 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.

Depreciation periods per class of asset

Buildings	Complete	20 to 100 years
	Substructure	40 to 300 years
	Superstructure	20 to 300 years
	Roof structure	40 to 60 years
	Internal fit out	20 to 25 years
	Services	20 to 100 years
Infrastructure	Other	15 to 100 years
Plant and equipment	Plant and machines	3 to 20 years
	Right of use assets	Term of lease
	Vehicles	3 to 33 years
	Computer equipment	5 to 33 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 the Authority 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 the asset revaluation reserve, any excess being recognised as an expense.

(7) Payables

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

7.2 Payments received in advance
Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to the Authority's 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

Loans 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.

(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.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

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 average discount rate: 4.08% (2023: 5.5%)
Weighted average settlement period: 0.42 years (2023: 0.19 years)

No accrual is made for sick leave as the Authority's 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. The Authority does not make payment for untaken sick leave.

9.2 Superannuation
The Authority makes employer superannuation contributions in respect of its employees to the default fund Hostplus and also 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 Authority.

(10) Leases

The Authority 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 The Authority as a lessee

The Authority 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 Authority 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 - refer note 6.4 for details.

The right-of-use assets are also subject to impairment - refer to note 6.5 for details.

ii) Lease Liabilities

At the commencement date of the lease, the Authority 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 Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

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

The Authority applies the short-term lease recognition exemption to its short-term leases of plant 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 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) GST implications

In accordance with AASB Interpretation UIG Abstract 1031 "Accounting for the Goods and Services Tax":

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

(12) New accounting standards and UIG interpretations

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Material Accounting Policies (continued)

New accounting standards, amendments to existing standards and UIG Interpretations

The Authority 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 2023. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The Authority adopted AASB 2021-2, which makes some small amendments to a number of standards including the following: AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2.

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

The Authority adopted AASB 2022-6, which introduces specific disclosure requirements for loan liabilities. These requirements apply when the right to defer settlement for at least twelve months from the reporting date is subject to conditions in the arrangement.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes various editorial corrections to a number of standards effective for reporting periods beginning on of after 1 January 2023.

The Authority has adopted all amendments mentioned above required for the year ended 30 June 2024. The adoption of these amendments did not have a material impact on the financial statements.

Standards issued by the AASB not yet effective

The AASB has issued new and amended Australian Accounting Standards and Interpretations that are not effective as of 30 June 2024. These standards have not yet been adopted by the Authority and will be incorporated into the financial statements upon their effective dates. The following list identifies all applicable new and amended Australian Accounting Standards and Interpretations that were issued but are not yet effective as of 30 June 2024.

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

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
AASB 2022-*10: Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

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

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

The Authority 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 impact on the financial statements.

(13) 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.

(14) 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 2024

Note 2. Income

$	2024	2023
(a) User charges		
Caravan park cabin fees	1,280,172	1,145,325
Caravan park permanent van fees	67,584	65,803
Caravan park site fees	1,081,785	1,063,021
Caravan park other user charges	100,113	100,747
Recreation park fees	13,091	7,139
Lease fees	20,957	17,635
Sports function centre fees	5,276	9,031
Total user charges	2,568,978	2,408,701
(b) Investment income		
- Banks and other	5,576	3,781
Total investment income	5,576	3,781
(c) Grants, subsidies and contributions		
Operating grants, subsidies and contributions		
Other grants, subsidies and contributions	13,423	–
Total other grants, subsidies and contributions - operating	13,423	–

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

Total grants, subsidies and contributions	13,423	–
(i) Sources of grants		
State Government	–	–
Other	13,423	–
Total	13,423	–
(d) Physical resources received free of charge		
Land and improvements	2,122	2,611,632
Total physical resources received free of charge	2,122	2,611,632

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3. Expenses

$	2024	2023
(a) Employee costs		
Salaries and wages	1,009,800	853,723
Employee leave expense	(19,698)	(2,602)
Superannuation - defined contribution plan contributions	102,235	77,639
Workers' compensation insurance	28,400	21,114
Total operating employee costs	1,120,737	949,874
Total number of employees (full time equivalent at end of reporting period)	9.5	8.9
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	3,060	1,643
Lease expense - low value assets / short term leases	2,094	2,212
Subtotal - prescribed expenses	5,154	3,855
(ii) Other materials, contracts and expenses		
Contractors	265,939	244,911
Energy	172,528	171,861
Legal expenses	8,785	1,946
Levies - other	5,328	5,500
Parts, accessories and consumables	142,025	161,354
Professional services	2,950	–
Sundry	78,731	74,329
Bank Charges	22,537	22,776
Communications and Information Technology	10,195	8,536
Water	77,101	66,176
Advertising	32,372	43,953
Insurance	57,012	53,165
Subscriptions and Memberships	53,493	49,175
Contributions and Donations	200	–
Subtotal - Other material, contracts and expenses	929,196	903,682
Total materials, contracts and other expenses	934,350	907,537
(c) Depreciation and amortisation		
(i) Depreciation and amortisation		
Buildings and other structures	323,336	323,269
Infrastructure	176,507	140,828
Right-of-use assets	6,633	7,959
Plant and equipment	45,738	37,751
Subtotal	552,214	509,807
Total depreciation and amortisation	552,214	509,807

continued on next page ...

Nuriootpa Centennial Park Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 3. Expenses (continued)

$	2024	2023
(d) Finance costs		
Interest on loans	19,006	28,844
Total finance costs	**19,006**	**28,844**

Note 4. Asset disposal and fair value adjustments

$	2024	2023
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	909	–
Less: carrying amount of assets sold	(17,049)	–
Gain (loss) on disposal	**(16,140)**	**–**
(ii) Assets surplus to requirements		
Less: carrying amount of assets sold	(7,760)	(3,701)
Gain (loss) on disposal	**(7,760)**	**(3,701)**
Net gain (loss) on disposal or revaluation of assets	**(23,900)**	**(3,701)**

Note 5. Current assets

$	2024	2023
(a) Cash and cash equivalent assets		
Cash on hand and at bank	38,769	60,877
Deposits at call	279,905	343,829
Total cash and cash equivalent assets	**318,674**	**404,706**
(b) Trade and other receivables		
Accrued revenues	10,934	10,664
Debtors - general	2,774	8,750
Prepayments	14,755	11,720
Community Store Bonus	71	71
Subtotal	**28,534**	**31,205**
Total trade and other receivables	**28,534**	**31,205**
(c) Inventories		
Stores and materials	3,410	1,139
Total inventories	**3,410**	**1,139**

Nuriootpa Centennial Park Authority

Financial Statements 2024

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 6. Non-current assets

$	2024	2023
(a) Trade and other receivables		
Other financial assets (investments)		
Community Store Shares	2	2
Total other financial assets (investments)	2	2
Total financial assets	2	2
(b) Other non-current assets		
Capital work in progress	277,519	91,803
Total other non-current assets	277,519	91,803

Nuriootpa Centennial Park Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

Infrastructure, property, plant and equipment

$	Fair Value Level	as at 30/06/23 At Fair Value	as at 30/06/23 At Cost	as at 30/06/23 Accumulated Depreciation	as at 30/06/23 Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Reversal (via Equity) (Note 9)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	as at 30/06/24 At Fair Value	as at 30/06/24 At Cost	as at 30/06/24 Accumulated Depreciation	as at 30/06/24 Carrying amount
		as at 30/06/23				Asset movements during the reporting period							as at 30/06/24			
Land - community	3	3,340,000	–	–	3,340,000	–	–	–	–	–	(1,318,000)	–	2,022,000	–	–	2,022,000
Land - other	2	220,000	–	–	220,000	–	–	–	–	–	–	–	220,000	–	–	220,000
Buildings and other structures	3	12,015,600	1,244,357	(6,104,765)	7,155,192	35,174	64,299	(17,049)	(323,336)	–	–	–	11,951,848	1,343,829	(6,381,399)	6,914,278
Buildings and other structures	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure	3	3,148,554	2,592,032	(1,809,575)	3,931,011	6,845	41,996	(7,760)	(176,507)	–	–	4,439	3,193,866	2,610,877	(2,004,719)	3,800,024
Right-of-use assets		–	23,877	(17,244)	6,633	–	–	–	(6,633)	–	–	–	–	23,877	(23,877)	–
Plant and equipment		–	755,635	(380,453)	375,182	22,062	18,000	–	(45,738)	–	–	–	–	789,146	(419,640)	369,506
Total infrastructure, property, plant and equipment		18,724,154	4,615,901	(8,312,037)	15,028,018	64,081	124,295	(24,809)	(552,214)	–	(1,318,000)	4,439	17,387,714	4,767,729	(8,829,635)	13,325,808
Comparatives		18,766,554	1,677,802	(7,840,927)	12,603,429	2,918,259	58,909	(38,670)	(509,807)	(4,071)	–	–	18,724,154	4,615,901	(8,312,037)	15,028,018

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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 with Level 1 that are observable for the asset or liability, directly or indirectly.

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

Refer to the previous page for the disclosure of the fair value levels of infrastructure, property, plant and equipment assets.

Information on 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.

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 normally no known market for the Authority's buildings, infrastructure and other assets (with the exception of the properties at level 2 valued using Market Fair Value inputs). 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 Authority, or on industry construction guides where these are more appropriate.

Other information
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 the Authority'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 & Land Improvements
- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: Level 3: 1 July 2023, Level 2: 1 July 2019
- Valuer: Level 3: Desktop valuation using Valuer-General values, Level 2: JLL Public Sector Valuations

Buildings & Other Structures
- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 1 July 2020
- Valuer: JLL Public Sector Valuations and Barossa Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

Infrastructure
- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2020
- Valuer: JLL Public Sector Valuations and Barossa Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019

Plant & Equipment
- Basis of valuation: At cost

Note 8. Liabilities

$		2024 Current	2024 Non Current	2023 Current	2023 Non Current
(a) Trade and other payables					
Goods and services		104,788	–	74,855	–
Payments received in advance		837	–	369	–
Accrued expenses - employee entitlements		13,846	–	28,043	–
Accrued expenses - finance costs		560	–	646	–
Accrued expenses - other		52,648	–	36,805	–
Other (including GST payable)		24,005	–	32,818	–
Total trade and other payables		196,684	–	173,536	–

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date are disclosed in Note 12

$		2024 Current	2024 Non Current	2023 Current	2023 Non Current
(b) Borrowings					
Loans		98,816	525,472	226,821	624,288
Lease liabilities	15b	–	–	5,885	–
Total Borrowings		98,816	525,472	232,706	624,288

All interest bearing liabilities are secured over the future revenues of the Authority as a subsidiary of Council

$	2024 Current	2024 Non Current	2023 Current	2023 Non Current
(c) Provisions				
Employee entitlements (including oncosts)	45,310	476	64,953	532
Total provisions	45,310	476	64,953	532

Nuriootpa Centennial Park Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9. Reserves

$	as at 30/06/23 Opening Balance	Increments (Decrements)	Transfers	Impairments	as at 30/06/24 Closing Balance
Asset revaluation reserve					
Land - community	2,516,000	(1,318,000)	–	–	1,198,000
Buildings and other structures	3,909,688	–	–	–	3,909,688
Infrastructure	840,425	4,439	–	–	844,864
Plant and equipment	(4,071)	–	–	–	(4,071)
Total asset revaluation reserve	7,262,042	(1,313,561)	–	–	5,948,481
Comparatives	7,266,113	–	–	(4,071)	7,262,042

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).

Note 10. Reconciliation to Statement of Cash Flows

(a) Reconciliation of cash

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

$	Notes	2024	2023
Total cash and equivalent assets	5a	318,674	404,706
Balances per Statement of Cash Flows		318,674	404,706

(b) Reconciliation of Operating Result

$	2024	2023
Net surplus/(deficit)	(60,108)	2,624,351
Non-cash items in income statements		
Depreciation, amortisation and impairment	552,214	509,807
Physical resources received free of charge	(2,122)	(2,611,632)
Net (gain)/loss on disposals	23,900	3,701
	513,884	526,227
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	2,671	(12,319)
Net (increase)/decrease in inventories	(2,271)	454
Net increase/(decrease) in trade and other payables	23,148	(129,017)
Net increase/(decrease) in unpaid employee benefits	(19,699)	(2,601)
Net cash provided by (or used in) operations	517,733	382,744

(c) Financing arrangements

$	2024	2023
Unrestricted access was available at balance date to the following lines of credit:		
Bank overdrafts	50,000	50,000
Corporate credit cards	4,000	4,000

Attachment 1

Nuriootpa Centennial Park Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 11(b).

$	OPERATING INCOME 2024	OPERATING INCOME 2023	OPERATING EXPENSES 2024	OPERATING EXPENSES 2023	OPERATING SURPLUS (DEFICIT) 2024	OPERATING SURPLUS (DEFICIT) 2023	GRANTS INCLUDED IN OPERATING INCOME 2024	GRANTS INCLUDED IN OPERATING INCOME 2023	TOTAL ASSETS HELD (CURRENT AND NON-CURRENT) 2024	TOTAL ASSETS HELD (CURRENT AND NON-CURRENT) 2023
Functions/Activities										
Recreation - sporting reserve	26,514	7,140	478,423	319,953	(451,909)	(312,813)	13,423	–	8,188,111	9,325,411
Recreation - Coulthard Reserve	–	–	86,341	99,680	(86,341)	(99,680)	–	–	186,832	405,453
Recreation - sports function centre	5,276	9,031	103,743	112,296	(98,467)	(103,265)	–	–	758,269	787,631
Other	–	–	–	–	–	–	–	–	(2)	(4,072)
Business undertakings - caravan park	2,556,187	2,396,311	1,957,800	1,864,133	598,387	532,178	–	–	4,820,737	5,042,450
Total Functions/Activities	2,587,977	2,412,482	2,626,307	2,396,062	(38,330)	16,420	13,423	–	13,953,947	15,556,873

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 2024

Note 11(b). Components of functions

The activities relating to the Authority's functions are as follows:

Business undertakings
Caravan parks

Recreation
Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – outdoor and other recreation

Other

Note 12. 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 1.35% and 4.55% (2023: 4.30% and 4.90%).

Carrying Amount:
Approximates fair value due to the short term to maturity.

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 & Conditions:
Unsecured, and do not bear interest. The Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.

Carrying Amount:
Approximates fair value (after deduction of any allowance).

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 Authority.

Terms & Conditions:
Liabilities are normally settled on 30 day terms.

Carrying Amount:
Approximates fair value.

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 12. Financial instruments (continued)

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. Fixed borrowings are repayable by equal 6 monthly instalments of principal and interest; variable borrowings are payable on a quarterly basis for interest only at the current Local Government Finance Authority cash advance debenture rate; interest is charged at fixed or variable rates between 6.05% and 6.15% (2023: 2.05% and 6.05%).

Carrying Amount:
Approximates fair value.

Liabilities - leases
Accounting Policy:
Accounted for in accordance with AASB 16 as stated in Note 16.

$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2024					
Financial assets					
Cash and cash equivalents	318,674	–	–	318,674	318,674
Receivables	13,779	–	–	13,779	13,779
Other financial assets	2	–	–	2	–
Total financial assets	332,455	–	–	332,455	332,453
Financial liabilities					
Payables	195,847	–	–	195,847	195,847
Current borrowings	111,110	–	–	111,110	98,816
Non-current borrowings	–	444,439	111,110	555,549	525,472
Lease liabilities	–	–	–	–	–
Total financial liabilities	306,957	444,439	111,110	862,506	820,135
Total financial assets and liabilities	639,412	444,439	111,110	1,194,961	1,152,588
2023					
Financial assets					
Cash and cash equivalents	404,706	–	–	404,706	404,706
Receivables	19,485	–	–	19,485	19,485
Other financial assets	–	2	–	2	–
Total financial assets	424,191	2	–	424,193	424,191
Financial liabilities					
Payables	173,167	–	–	173,167	173,167
Current borrowings	244,750	–	–	244,750	226,821
Non-current borrowings	–	444,439	222,220	666,659	624,288
Lease liabilities	6,012	–	–	6,012	5,885
Total financial liabilities	423,929	444,439	222,220	1,090,588	1,030,161
Total financial assets and liabilities	848,120	444,441	222,220	1,514,781	1,454,352

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 12. Financial instruments (continued)

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

$	2024 Weighted Avg Interest Rate	2024 Carrying Value	2023 Weighted Avg Interest Rate	2023 Carrying Value
Other variable rates	6.10%	–	4.66%	130,000
Fixed interest rates	2.05%	624,288	2.05%	726,994
		624,288		856,994

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 Authority.

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 Authority is the carrying amount, net of any allowance for doubtful debts. All the Authority's investments are made with the National Australia Bank. Except as detailed in Notes 5 and 6 in relation to individual classes of receivables, exposure is concentrated within the Authority'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 the Authority'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 the Authority 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. The Authority 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. The Authority 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.

Expected credit losses (ECL)

The Authority uses an allowance matrix to measure expected credit losses. Due to the operational activity and setup of the bookings arrangements, no credit losses are expected.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 13. Financial indicators

$	Amounts 2024	Indicator 2024	Indicators 2023	2022	2021
Financial Indicators overview *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.*					
1. Operating Surplus Ratio					
Operating surplus	**(38,330)**	**(1.5)%**	0.7%	3.1%	2.6%
Total operating income	**2,587,977**				
This ratio expresses the operating surplus as a percentage of total operating revenue.					
2. Net Financial Liabilities Ratio					
Net financial liabilities	**519,548**	**20%**	27%	46%	59%
Total operating income	**2,587,977**				
Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.					
3. Asset Renewal Funding Ratio					
Asset renewals	**318,794**	**0**	0	0	0
Infrastructure and Asset Management Plan required expenditure	**–**				

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

A substantial amount of 'Upgraded' asset work completed each year is partly renewing components of existing assets. For normal work cycles, components of these assets would need to be replaced when the depreciation or consumption of them had reduced their remaining life to zero, but as they are being upgraded to a better service level, they are effectively replacing asset components that would normally need to be replaced as/when due.

The calculation to compile the Asset Renewal Funding Ratio does not include any upgrade costs as it is not considered to be 'renewal/replacement'. This is then effectively understating the expenditure for asset replacement and the ratio is not then reflecting the true actual net asset renewals

Infrastructure and Asset Management Plan (IAMP) required expenditure is sourced from the Authority's adopted plan. IAMP's were reviewed in 2020 and adopted in 2021. It is expected the renewal spend information will be more accurate when the four year review of the IAMP's is undertaken and the improvement plans from that work provides these projections pa.

The required IAMP renewal expenditure relies on the Authority asset lives and replacement intervals as they are due each year. The Authority's asset base is relatively small and does not have the benefit of vast ranging assets with continual overlapping replacement interval periods. Some high value renewed assets could be purchased and grouped together in a year causing an unusual spike in renewal expenditure, whereas depreciation is the flattened average consumption/use of all assets. Depreciation is not used in the calculation of the asset Renewal Funding Ratio. Therefore this indicator is not necessarily relevant for the Authority but has been included as it is a reporting requirement for the General Purpose Financial Statements.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 14. Uniform presentation of finances

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

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

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

$	2024	2023
Income		
User charges	2,568,978	2,408,701
Grants, subsidies and contributions - operating	13,423	–
Investment income	5,576	3,781
Total Income	2,587,977	2,412,482
Expenses		
Employee costs	1,120,737	949,874
Materials, contracts and other expenses	934,350	907,537
Depreciation, amortisation and impairment	552,214	509,807
Finance costs	19,006	28,844
Total Expenses	2,626,307	2,396,062
Operating surplus / (deficit)	(38,330)	16,420
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(318,794)	238,245
Add back depreciation, amortisation and impairment	552,214	509,807
Add back proceeds from sale of replaced assets	909	–
	234,329	748,052
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets	(53,174)	(499,029)
	(53,174)	(499,029)
Annual net impact to financing activities (surplus/(deficit))	142,825	265,443

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 15. Leases

(i) Council as a lessee

Terms and conditions of leases

Refer to Note 1 for further details.

Plant and Equipment
Right-of-use asset leased is a mower.

Set out below are the carrying amounts of right-of-use assets recognised within the above asset category and the movements during the period:

(a) Right of use assets

$	Plant and Equipment	Total
2024		
Opening balance	6,633	6,633
Depreciation charge	(6,633)	(6,633)
Balance at 30 June	–	–
2023		
Opening balance	14,592	14,592
Depreciation charge	(7,959)	(7,959)
Balance at 30 June	6,633	6,633

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under Borrowings) and the movements during the period:

$	2024	2023
Balance at 1 July	5,885	12,854
Additions	–	–
Accretion of interest	127	244
Payments	(6,012)	(7,213)
Balance at 30 June	–	5,885
Classified as:		
Current	–	5,885
Non-current	–	–

The maturity analysis of lease liabilities is included in Note 12.

The Authority had total cash outflows for leases of $12,716.
The following are the amounts recognised in profit or loss:

	2024	2023
Depreciation expense of right-of-use assets	6,633	7,959
Interest expense on lease liabilities	127	244
Expense relating to leases of low-value assets	1,968	1,968
Total amount recognised in profit or loss	8,728	10,171

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 15. Leases (continued)

$	2024	2023
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	8,832	9,044
Later than one year and not later than 5 years	18,367	17,719
	27,199	26,763

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 16. Related party transactions

Key management personnel

Transactions with key management personnel

The key management personnel of the Authority are the seven Board Members and two Employees.

$	2024	2023
The compensation paid to key management personnel comprises:		
Employee Benefits	124,803	101,194
Total	124,803	101,194

Amounts paid as direct reimbursement of expenses incurred on behalf of the Authority have not been included.

No compensation was paid to Board Members.
There were no related party payments incurred this year.

Other Related Party Transactions

The Barossa Council provides work and support in-kind for accounting, governance, asset management and executive services, along with being the conduit for electricity, insurance, loans, CWMS and other services. The Authority maintains a Council recreation park at Nuriootpa for community benefit purposes including various sporting activities.

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements

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General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements (continued)

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Nuriootpa Centennial Park Authority

General Purpose Financial Statements
for the year ended 30 June 2024

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Nuriootpa Centennial Park Authority for the year ended 30 June 2024, the Authority'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.*

CHIEF EXECUTIVE OFFICER	PRESIDING MEMBER, AUDIT COMMITTEE
Chair	**Presiding Member, Audit Committee**

Date

Nuriootpa Centennial Park Authority

General Purpose Financial Statements
for the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of Nuriootpa Centennial Park Authority for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations* 2011 made under that Act.

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

Auditor's Name
Audit Firm Name

Date: dd MMMM yyyy

INDEPENDENT AUDITOR'S REPORT

To the members of the Nurioopta Centennial Park Authority

Opinion

We have audited the accompanying financial report of the Nurioopta Centennial Park Authority (the Authority), which comprises the statement of financial position as at 30 June 2024, 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 Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Nurioopta Centennial Park Authority as at 30 June 2024, and its financial performance and its cash flow for the year then ended in accordance with the Australia 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 Authority 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.

Management's responsibility for the financial report

Management 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 the committee and management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Authority'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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority'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.

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 Authority'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 management'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 Authority'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 Authority 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

21 November 2024

Reference: 24/109630

TheBarossaCouncil

21 November 2024

Mr Tim Muhlhausler
Partner
Galpins Accountants Auditors and Business Consultants
PO Box 546
Kent Town SA 5071

Dear Tim,

This representation letter is provided in connection with your audit of the financial report of **Nurioopta Centennial Park Authority** (the Authority) for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

I confirm that *(to the best of the Authority's knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves):*

FINANCIAL REPORT

- The Authority has fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.

- The Authority acknowledges its responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

- Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:

  - sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.

  - all balances due to or from related party at year end.

- All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.

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- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of uncorrected misstatements is attached to the representation letter.

OWNERSHIP

- The Authority has good title (or lease interest) in all assets recorded in the accounts.

VALUATION

- The Authority have no plans and intentions that may affect materially the carrying value, or classification, of Authority's assets and liabilities.
- The fair value of land and buildings as determined by the external valuer is reasonable.
- Adequate provisions have been recorded in the accounts for all anticipated losses.
- Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
- The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

Information Provided

- The Authority has provided you with:
    - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
    - additional information that you have requested from us for the purpose of the audit; and
    - unrestricted access to persons within the Authoruity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in accounting records and are reflected in the financial report.
- The Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- The Authority has disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- The Authority has disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial report.
- The Authority has disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Authority financial report communicated by employees, former employees, analysts, regulators or others.
- The Authority has disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.

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- The Authority has disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The Authority has disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
- The Authority has disclosed to you the identity of the Authority related parties and all the related party relationships and transactions of which we are aware.

COMPLETENESS

- All assets owned or controlled by the Authority have been recorded in the accounts.
- All services rendered prior to the year-end have been recorded in the correct financial year.
- Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
- All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
- All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
- Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
- All liabilities of the Authority at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

ELECTRONIC PUBLICATION OF FINANCIAL REPORT

- The Authority acknowledges its responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
- The Authority acknowledges its responsibility to clearly differentiate between audited and unaudited information in the construction of the Authority website as we understand the risk of potential misrepresentation.
- The Authority acknowledges its responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
- The Authority acknowledges its responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

OTHER

- The Authority Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
- The Authority believes that it will be able to meet its financial commitments when they fall due.

Yours sincerely

Martin McCarthy
<u>Chief Executive Officer</u>

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DEBATE REPORT

2.1 Corporate Services, Strategy and Innovation

2.1.3 2023-24 REPORT ON FINANCIAL RESULTS

Author: Manager Financial Services
24/110091

PURPOSE

To review and adopt the 2023-24 Report on Financial Results for the year ended 30 June 2024.

RECOMMENDATION

That Council adopts the 2023-24 Report on Financial Results for the year ended 30 June 2024 as presented at Attachment 1.

REPORT

Background
The 2023-24 Barossa Council consolidated annual financial statements and accompanying notes have been prepared in accordance with Section 127 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Regulation 10 of the *Local Government (Financial Management) Regulations 2011* requires a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statement compared with the estimated financial results set out in the budget.

Discussion
With the 2023-24 Barossa Council consolidated annual financial statements having been audited by Council's external auditor Galpins Accountants, Auditors and Business Consultants, the 2023-24 Report on Financial Results has been prepared and is presented at Attachment 1.

This report compares the 2023-24 audited financial results to both the 2023-24 adopted original budget and the 2022-23 audited financial results and includes the following tables:

Table 1 – Statement of Comprehensive Income
Table 2 – Statement of Financial Position
Table 3 – Financial Indicators
Table 4 – Asset Revaluation, has been included to briefly explain the asset revaluation movements.

Summary and Conclusion
The 2023-24 Report on Financial Results for the year ended 30 June 2024 is presented for adoption.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Report on Financial Results for the year ended 30 June 2024 ⇩

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan
BS6 Finance - Transparency and accountability regarding Council activity and expenditure. Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation), financial reporting

Legislative Requirements
Local Government Act 1999
Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

All known financial and resourcing requirements as at 30 June 2024 have been included in the annual financial reports.

Risk Management

Risk management issues are considered by management throughout the financial year and communicated to Council as required.

COMMUNITY ENGAGEMENT

No separate consultation is required under Council's Public Consultation Policy. The annual financial statements are public documents accessible to the community via Council's website after Council adoption.

Report on Financial Results

for the year ended 30 June 2024

Report on Financial Results

Executive Summary:

This is the Report on Financial Results for the year ended 30 June 2024, pursuant to Regulation 10 of the *Local Government (Financial Management) Regulations 2011* under the *Local Government Act 1999*. Unless otherwise indicated, figures shown are for the 2023-24 financial year and variances reflect the comparison of the actual result to the original adopted budget and 2022-23 comparative year.

This report should be read in conjunction with the consolidated Barossa Council Annual Financial Statements for the year ended 30 June 2024, which includes the financial operations of its subsidiary the Nuriootpa Centennial Park Authority (NCPA).

Statement of Comprehensive Income:

Table 1: Statement of Comprehensive Income	2023/24 Actual $'000	2023/24 Budget $'000	Variance to Budget $'000	Variance to Budget %	Notes	2022/23 Actual $'000	Variance to actual $'000	Variance to actual %	Notes
Income									
Rates	37,956	37,892	64	0%		35800	2,156	6%	A1
Statutory charges	830	828	2	0%		803	27	3%	
User charges	3,827	3,927	-100	-3%		3601	226	6%	A2
Grants, subsidies and contributions - operating	1,903	1,471	432	29%	B1	4311	- 2,408	-56%	A3
Investment income	217	152	65	43%		415	- 198	-48%	A4
Reimbursements	63	62	1	2%		9	54	600%	
Other income	1,243	772	471	61%	B2	806	437	54%	A5
Total income	46,039	45,014	1,025	2%		45745	294	1%	
Expenses									
Employee costs	17,817	17,478	339	2%		15897	1,920	12%	A6
Materials, contracts and other expenses	17,533	18,426	-893	-5%	B3	17887	- 354	-2%	
Depreciation, amortisation and impairment	11,010	10,170	840	8%	B4	10553	457	4%	
Finance costs	771	1,285	-514	-40%	B5	441	330	75%	A7
Net loss - equity accounted council businesses	47	0	47	-		18	29	161%	
Total expenses	47,178	47,359	-181	0%		44796	2,382	5%	
Operating surplus / (deficit)	-1,139	-2,345	1,206	-51%		949	- 2,088	-220%	
Physical resources received free of charge	2,832	0	2,832	-	B6	3131	- 299	-10%	A8
Asset disposal and fair value adjustments	-2,497	-854	-1,643	192%		-1097	- 1,400	128%	A9
Amounts received specifically for new or upgraded assets	2,339	2,838	-499	-18%		5420	- 3,081	-57%	A10
Net surplus / (deficit)	1,535	-361	1,896	-525%		8403	- 6,868	-82%	
Other comprehensive income									
Increase/(decrease) in asset revaluation surplus	469	0	469	-		-4714	5,183	-110%	A11
Share of other comprehensive income - equity accounted council businesses	2,302	0	2,302	-		0	2,302	-	A12
Inmpairment Expense	0	0	0	-		-4	4	-100%	
Total Other Comprehensive Income	2,771	0	2,771	-		-4718	7,489	-159%	
Total Comprehensive Income	4,306	-361	4,667	-1293%		3685	621	17%	

Where the variance is greater than +/- 5% and +/- $100,000, a comment is provided below:

Notes	Explanation
B1	95% of Financial Assistance Grant for 2023-24 was received in June 2023, actual amount received in 2023-24 was higher than initial budget. Also received unbudgeted Bushgardens grant.
B2	Variance primarily relates to unbudgeted contributions received from other councils for project work and unbudgeted amounts received from insurance, eg. income protection and workers compensation
B3	Variance is primarily due to lower than anticipated spend in contractors and consultants ($963,000 favourable), slightly offset by higher than budgeted energy and water costs ($198,000 unfavourable).
B4	The increase is attributable to revaluation of assets and increases in the unit rates for CWMS, bridges, footpaths, kerb and gutter and transport asset classes in 2022-23 with the impact only being know after 2023-24 original budget was set.

B5 Borrowing costs lower than original budget due to lower capital spend throughout the year.

B6 Physical resources received free of charge are not budgeted for and amount to assets transferred at land division.

A1 The increase is represented by:

- A general rate increase of 3.28%
- A budgeted growth in rateable properties of 0.91%
- Waste, recycling and green organics collection service charge increase of 2.5%
- CWMS service charge increase of 7.3%.

A2 Nuriootpa Centennial Park site activity growth on 2022-23 resulting in additional income for cabins and site fees. Also increase in sale of CWMS reuse water.

A3 2023-24 Financial Assistance Grant and Local Roads grant paid in 2022-23.

A4 Reduced interest received from investing activities due to less cash available for investing with increased capital spend.

A5 Largely due to a $307,000 increase in contributions and a $92,000 increase in insurance and other recoveries.

A6 Due to overall salary and superannuation rate increases in enterprise agreements and superannuation law changes, insourcing of works and approved organisational growth.

A7 The variance is primarily due to the following: increased average interest through the year on variable borrowings as well as increased borrowing (CAD Facility) to fund capital projects.

A8 The variance is predominately due to less transport assets received from development this year compared to last year.

A9 Increased disposals for replaced assets in major projects for 2023-24, the asset class breakdown is as follows: Bridges $98,000, Buildings $945,000, CWMS $95,000, Land $255,000, Plant $126,000, Recreation Infrastructure $462,000 and Transport Infrastructure $723,000.

A10 Variance is primarily due to a number of grants for projects received in 2022-23 and not received in 2023-24 including: Local roads and community infrastructure program, Barossa rugby precinct and Tanunda Recreation Park.

A11 The difference is predominately related to the Transport asset class revaluation. In 2022-23, an assessment of both the unit rates and condition was undertaken with the condition assessment outcome unfavourable resulting in a write down of the overall value of the Transport asset class. This is compared to only land being revalued in 2023-24.

A12 Move in Gawler River Floodplain Management Authority revaluation surplus resulting in an increase in equity share.

Statement of Financial Position:

Table 2: Statement of Financial Position	2023/24 Actual $'000	2023/24 Budget $'000	Variance to Budget $'000	Variance to Budget %	Notes	2022/23 Actual $'000	Variance to actual $'000	Variance to actual %	
ASSETS									
Current assets									
Cash and cash equivalent assets	3,153	902	2,251	250%	B1	4618	- 1,465	-32%	A1
Trade and other receivables	3,248	2703	545	20%	B2	2946	302	10%	A2
Inventories	123	391	- 268	-69%	B3	245	- 122	-50%	A3
Total current assets	6,524	3996	2,528	63%		7809	- 1,285	-16%	
Non-current assets									
Trade and other receivables	1,228	1212	16	1%		1312	- 84	-6%	
Equity accounted investments in council	4,518	2281	2,237	98%	B4	2263	2,255	100%	A4
Other non-current assets	5,724	0	5,724	-	B5	15893	- 10,169	-64%	A5
Infrastructure, property, plant and equipr	414,613	439067	- 24,454	-6%	B6	394340	20,273	5%	A6
Total non-current assets	426,083	442560	- 16,477	-4%		413808	12,275	3%	
TOTAL ASSETS		446556				421617			
LIABILITIES									
Current liabilities									
Trade and other payables	5,355	5429	- 74	-1%		5116	239	5%	
Borrowings	3,558	22644	- 19,086	-84%	B7	1945	1,613	83%	A7
Provisions	3,292	3035	257	8%	B8	3358	- 66	-2%	A8
Total current liabilities	12,205	31108	- 18,903	-61%		10419	1,786	17%	
Non-current liabilities									
Borrowings	11,871	2380	9,491	399%	B7	7013	4,858	69%	A7
Provisions	722	1073	- 351	-33%	B8	682	40	6%	A8
Total non-current liabilities	12,593	3453	9,140	265%		7695	4,898	64%	
TOTAL LIABILITIES	24,798	34561	- 9,763	-28%		18114	6,684	37%	
Net assets	407809	411995	- 4,186	-1%		403503			
EQUITY									
Accumulated surplus	106561	105899	662	1%		105026	1,535	1%	
Asset revaluation reserve	285676	293089	- 7,413	-3%		282905	2,771	1%	
Other reserves	15572	13007	2,565	20%	B9	15572	-	0%	
Total equity	407809	411995				403503			

Where the variation is greater than +/- 5% and +/- $100,000, a comment is provided below.

Notes	Explanation
B1	The budget assumed greater cash outflows for investing activities and upgraded assets.
B2	Due to budget assumptions associated with repayments of loans to community and level of predicted rates debtors.
B3	Inventories lower due to no rubble crush in 2023-24, rubble inventory was reduced to a very minor amount as at end of June 2024.
B4	Move in Gawler River Floodplain Management Authority revaluation surplus resulting in an increase in equity share.
B5	No budget allocated for Works in Progress (WIP).
B6	Approximately $11 million carried forward to 2023-24. The budget assumed $27.1 million expenditure on new and upgraded assets whereby actuals were $13.6 million.

B7 Lower than anticipated borrowings in 2023-24 due to timing of capital expenditure on major projects being later than budgeted. Borrowing to occur in 2024-25.

B8 Overall provision variance is within tolerance this is purely a difference in current vs non-current.

B9 Budget included a decrease in CWMS reserves due to high capital spend however actual capital spend was lower than anticipated with a portion being carried forward to 2024-25.

A1 Reduced cash year on year with lower investment balance and increased borrowing CAD facilities due to nature of current capital project work.

A2 The variance is predominately due to the outstanding rates balance which has increased ($350,000 higher as at 30 June 2024).

A3 Inventories lower due to no rubble crush in 2023-24, rubble inventory was reduced to a very minor amount as at end of June 2024

A4 Move in Gawler River Floodplain Management Authority revaluation surplus resulting in an increase in equity share.

A5 The variance is mainly due to the following: major projects sitting as WIP at the end of 2022-23 including: Mt Pleasant Caravan Park $2.1 million, Barossa Rugby $1.5 million, Tanunda Recreation Park $6.6 million and Moculta Road $2.1 million. Most of these were completed in 2023-24. The majority of WIP in 2023-24 relates to: Nuriootpa Soccer $2 million, Lyndoch Recreation Park $0.8 million and Creative Industries $0.4 million.

A6 The following significant movements in infrastructure, property, plant and equipment occurred during 2023-24: additions related to renew/replaced assets $9.9 million, capital additions related to found/gifted/new assets $23.6 million, depreciation $11 million, and disposals $2.8 million.

A7 Overall current and non-current borrowings have increased in order to fund major capital projects, this is primarily an increase in cash advance borrowing.

A8 Overall provision variance is within tolerance this is purely a difference in current vs non-current split.

Financial Indicators:

Table 3: Financial Indicators	Notes	2023-24 Actual	2023/24 Budget	2022-23 Actual	Adopted Target
Operating Surplus Ratio	1	(2.5%)	(5.2%)	2.1%	(2%) – 10%
Adjusted Operating Surplus Ratio	1a	2.0%	(5.2%)	0.5%	(2%) – 10%
Net Financial Liabilities Ratio	2	37%	66.1%	20%	0% - 100%
Adjusted Net Financial Liabilities Ratio	2a	36%	66.1%	25%	0% - 100%
Asset Renewal Funding Ratio	3	123%	116.8%	113%	80% - 110%

Notes	Explanation
1	Operating Surplus Ratio outside of the adopted target range but exceeded budget expectations.
1a	True and underlying operating surplus ratio meets performance target.
2	Net Financial Liabilities Ratio exceeded budget expectations due to less than budgeted borrowings and meets performance target.
2a	True and underlying net financial liabilities ratio meets target.
3	Asset Renewal Funding Ratio is higher than budgeted and outside of the adopted target range due to additional spending on asset renewals.

Asset Revaluation:

Land assets classified as level 3 in the fair value hierarchy were revalued in 2023-24 based on a desktop valuation using values supplied by the Valuer-General as at 1 July 2023. Table 4 below explains the revaluation movements as reported in note 9(a).

Table 4 – Asset Revaluation

Asset Class	**Increment/ (Decrement) $'000**	**Explanation**
Land (community)	$37,000	Revalued based on values supplied by the Valuer-General as at 1 July 2023. Revaluation increments totalled $1.144 million, and revaluation decrements totalled $1.107 million resulting in an overall net revaluation increment to the asset revaluation reserve of $37,000.

Other adjustments were made to the asset revaluation reserve for assets that were 'found' during the year. These adjustments totalled $432,000.

A $2.302 million increment to the asset revaluation reserve was also recognised for the Council's 10.61% interest in the other comprehensive income of the Gawler River Floodplain Management Authority.