



Wattle Range Council

Annual Financial Statements

2021 – 2022

General Purpose Financial Statements

for the year ended 30 June 2022

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Wattle Range Council

General Purpose Financial Statements

for the year ended 30 June 2022

Council Certificate

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.


In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Ben Gower
Chief Executive Officer

Date: 29/11/2022



Des Noll
Mayor

Date: 29/11/2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	19,617	19,133
Statutory Charges	2b	396	436
User Charges	2c	2,768	2,687
Grants, Subsidies and Contributions	2g	6,295	5,444
Investment Income	2d	95	95
Reimbursements	2e	115	112
Other income	2f	373	257
Total Income		29,659	28,164
Expenses			
Employee costs	3a	11,207	10,436
Materials, Contracts and Other Expenses	3b	11,203	10,448
Depreciation, Amortisation and Impairment	3c	6,470	6,460
Finance Costs	3d	226	261
Total Expenses		29,106	27,605
Operating Surplus / (Deficit)		553	559
Asset Disposal & Fair Value Adjustments	4	(344)	(2,483)
Amounts Received Specifically for New or Upgraded Assets	2g	407	697
Net Surplus / (Deficit)		616	(1,227)
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	—	6,419
Total Amounts which will not be reclassified subsequently to operating result		—	6,419
Total Other Comprehensive Income		—	6,419
Total Comprehensive Income		616	5,192

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

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	12,839	14,662
Trade & Other Receivables	5b	1,816	1,462
Inventories	5c	394	642
<u>Subtotal</u>		<u>15,049</u>	<u>16,766</u>
Total current assets		<u>15,049</u>	<u>16,766</u>
Non-current assets			
Financial Assets	6	124	131
Infrastructure, Property, Plant & Equipment	7a(i)	239,150	239,050
Total non-current assets		<u>239,274</u>	<u>239,181</u>
TOTAL ASSETS		<u>254,323</u>	<u>255,947</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	2,716	4,429
Borrowings	8b	420	473
Provisions	8c	2,140	2,207
<u>Subtotal</u>		<u>5,276</u>	<u>7,109</u>
Total Current Liabilities		<u>5,276</u>	<u>7,109</u>
Non-Current Liabilities			
Borrowings	8b	3,128	3,549
Provisions	8c	374	360
Total Non-Current Liabilities		<u>3,502</u>	<u>3,909</u>
TOTAL LIABILITIES		<u>8,778</u>	<u>11,018</u>
<u>Net Assets</u>		<u>245,545</u>	<u>244,929</u>
EQUITY			
Accumulated surplus		69,333	68,947
Asset revaluation reserves	9a	173,496	173,496
Other reserves	9b	2,716	2,486
Total Council Equity		<u>245,545</u>	<u>244,929</u>
<u>Total Equity</u>		<u>245,545</u>	<u>244,929</u>

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

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2022					
Balance at the end of previous reporting period		68,947	173,496	2,486	244,929
Net Surplus / (Deficit) for Year		616	—	—	616
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a(i)	—	—	—	—
Share of OCI - Equity Accounted Council Businesses		—	—	—	—
Other Movements (enter details here)		—	—	—	—
Other comprehensive income		—	—	—	—
Total comprehensive income		616	—	—	616
Transfers between Reserves		(230)	—	230	—
Balance at the end of period		69,333	173,496	2,716	245,545
2021					
Balance at the end of previous reporting period		70,620	167,077	2,040	239,737
Net Surplus / (Deficit) for Year		(1,227)	—	—	(1,227)
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a(i)	—	6,419	—	6,419
Share of OCI - Equity Accounted Council Businesses		—	—	—	—
Other Movements (enter details here)		—	—	—	—
Other comprehensive income		—	6,419	—	6,419
Total comprehensive income		(1,227)	6,419	—	5,192
Transfers between Reserves		(446)	—	446	—
Balance at the end of period		68,947	173,496	2,486	244,929

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

Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Rates		19,504	19,253
Statutory Charges		396	436
User Charges		2,768	2,687
Grants, Subsidies and Contributions (operating purpose)		6,295	5,444
Investment Receipts		95	95
Reimbursements		115	112
Other Receipts		557	165
<u>Payments</u>			
Payments to Employees		(11,176)	(10,335)
Payments for Materials, Contracts & Other Expenses		(13,247)	(8,906)
Finance Payments		(226)	(261)
Net cash provided by (or used in) Operating Activities	10b	<u>5,081</u>	<u>8,690</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		407	514
Sale of Replaced Assets		163	139
Sale of Surplus Assets		1,184	534
Repayments of Loans by Community Groups		7	7
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,521)	(4,459)
Expenditure on New/Upgraded Assets		(3,740)	(3,683)
Net cash provided (or used in) investing activities		<u>(6,500)</u>	<u>(6,948)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		70	10
<u>Payments</u>			
Repayments of Borrowings		(464)	(695)
Repayment of Lease Liabilities		(10)	(10)
Net Cash provided by (or used in) Financing Activities		<u>(404)</u>	<u>(695)</u>
Net Increase (Decrease) in Cash Held		(1,823)	1,047
plus: Cash & Cash Equivalents at beginning of period		14,662	13,615
Cash and cash equivalents held at end of period	10a	<u>12,839</u>	<u>14,662</u>

Additional Information:

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

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

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

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Critical Accounting Estimates

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

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

1.3 Rounding

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

1.4 Estimates and assumptions

The COVID-19 pandemic has impacted the 2021/22 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The budget assumptions for 2022/23 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(2) The Local Government Reporting Entity

Wattle Range Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 1 George Street, Millicent. These 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

(3) Income Recognition

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

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2019/20	\$3,756,816	\$4,367,514	- \$610,725
2020/21	\$3,891,737	\$3,745,312	+ \$146,425
2021/22	\$4,117,718	\$3,580,933	+ \$536,785

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

The Operating Surplus Ratio disclosed in Note 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

Construction Contracts

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

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

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

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

Note 1. Summary of Significant Accounting Policies (continued)

(5) Inventories

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Capital works still in progress at balance date are recognised as other non-current assets in Note 7 and transferred to relevant infrastructure, property, plant & equipment asset categories when completed ready for use.

6.2 Materiality

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

Examples of Capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.5 Impairment

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

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

Borrowings are 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.

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

Weighted avg. discount rate 1.9% (2021, 1.90%)

Weighted avg. settlement period 10 years (2021, 10 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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. 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 17.

(10) Leases

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

10.1 Council as a lessee

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

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the

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

Note 1. Summary of Significant Accounting Policies (continued)

leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	100 to 200 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

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

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

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

(11) GST Implications

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

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

(12) New accounting standards and UIG interpretations

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

Standards issued by the AASB not yet effective

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

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

(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 2022

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	15,894	15,496
Less: Mandatory Rebates	(193)	(194)
Less: Discretionary Rebates, Remissions & Write Offs	(48)	(59)
Total General Rates	15,653	15,243
Other Rates (Including Service Charges)		
Landscape Levy	1,022	1,000
Waste Collection & Disposal	1,634	1,621
Community Wastewater Management Systems (CWMS)	1,246	1,222
Total Other Rates (Including Service Charges)	3,902	3,843
Other Charges		
Penalties for Late Payment	62	47
Total Other Charges	62	47
Total Rates	19,617	19,133
(b) Statutory Charges		
Development Act Fees	230	265
Health & Septic Tank Inspection Fees	27	34
Animal Registration Fees & Fines	134	119
Other Licences, Fees & Fines	5	18
Total Statutory Charges	396	436
(c) User Charges		
Aerodrome Fees	41	38
Beachport Boatramp	24	24
Cemetery Fees	149	152
Childcare Fees	1,420	1,291
Caravan Park Fees	748	756
Hall Hire	14	13
Livestock Saleyards	195	159
Rental / Lease Fees	128	188
Sundry	49	66
Total User Charges	2,768	2,687

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

Note 2. Income (continued)

\$ '000	2022	2021
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	93	92
- Loans to Community Groups	2	3
Total Investment Income	95	95
(e) Reimbursements		
Private Works	22	25
Other	93	87
Total Reimbursements	115	112
(f) Other income		
Insurance & Other Recoupments	87	62
Sundry	286	195
Total Other income	373	257
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	407	697
Total Amounts Received Specifically for New or Upgraded Assets	407	697
Local Roads & Community Infrastructure	629	934
Untied - Financial Assistance Grant	4,640	3,520
Roads to Recovery	547	708
Childcare	–	15
Library and Communications	40	30
Sundry	350	37
Coastal Protection	40	200
Green Waste	49	–
Total Other Grants, Subsidies and Contributions	6,295	5,444
Total Grants, Subsidies, Contributions	6,702	6,141
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	–	21
State Government	6,702	6,120
Total	6,702	6,141

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

Note 2. Income (continued)

\$ '000	2022	2021
(ii) Individually Significant Items		
Grant Commission (FAG) Grant Recognised as Income	2,879	1,870

On 13 April 2022, Council received payment of the first three instalments of the 2022/23 Grant Commission (FAG) grant. In 2016/17, 2017/18, 2018/19, 2019/20 and again in 2020/21 a prepayment of FAG grants was made.

(h) Conditions over Grants & Contributions

Council has no grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period.

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

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		9,359	8,579
Employee Leave Expense		919	1,059
Superannuation - Defined Contribution Plan Contributions	16	830	669
Superannuation - Defined Benefit Plan Contributions	16	146	168
Workers' Compensation Insurance		281	255
Income Protection Insurance		166	165
Less: Capitalised and Distributed Costs		(494)	(459)
Total Operating Employee Costs		11,207	10,436
Total Number of Employees (full time equivalent at end of reporting period)		134	129
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		25	19
Bad and Doubtful Debts		8	-
Elected Members' Expenses		251	266
Election Expenses		15	3
Subtotal - Prescribed Expenses		299	288
(ii) Other Materials, Contracts and Expenses			
Contractors		4,956	4,837
Energy		496	483
Legal Expenses		198	132
Levies Paid to Government - Landscape levy		1,025	1,016
Sundry		41	320
Materials		1,776	1,177
Fuel		498	445
Insurance		543	520
Telephone		114	129
Water		118	126
Subscriptions		227	178
Financial Assistance		105	187
Licence Fees		572	411
Advertising		83	60
Postage		36	32
Registration		116	107
Subtotal - Other Material, Contracts & Expenses		10,904	10,160
Total Materials, Contracts and Other Expenses		11,203	10,448

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

Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Infrastructure		
- Sealed Roads	1,390	1,310
- Unsealed Roads	1,169	1,245
- Kerb & Gutter	328	328
- Stormwater	112	133
- CWMS	730	734
- Footpaths	333	347
Right-of-use Assets	10	10
Plant & Equipment	795	763
Furniture & Fittings	14	11
Buildings	1,033	1,053
Structures	556	526
Subtotal	6,470	6,460
Total Depreciation, Amortisation and Impairment	6,470	6,460

(d) Finance Costs

Interest on Loans	225	260
Interest on Leases	1	1
Total Finance Costs	226	261

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	163	139
Less: Carrying Amount of Assets Sold & Disposed	(538)	(2,635)
Gain (Loss) on Disposal	(375)	(2,496)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	1,184	534
Less: Carrying Amount of Assets Sold & Disposed	(1,153)	(521)
Gain (Loss) on Disposal	31	13
Net Gain (Loss) on Disposal or Revaluation of Assets	(344)	(2,483)

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

Note 5. Current Assets

\$ '000	2022	2021
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(a) Cash & Cash Equivalent Assets

Cash on Hand at Bank	237	255
Short Term Deposits & Bills, etc.	12,602	14,407
Total Cash & Cash Equivalent Assets	12,839	14,662

(b) Trade & Other Receivables

Rates - General & Other	815	702
Accrued Revenues	8	3
Debtors - General	257	261
GST Recoupment	299	454
Prepayments	439	36
Loans to Community Organisations	7	7
Subtotal	1,825	1,463
Less: Allowance for Doubtful Debts	(9)	(1)
Total Trade & Other Receivables	1,816	1,462

(c) Inventories

Stores & Materials	394	642
Total Inventories	394	642

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

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

Note 6. Non-Current Assets

\$ '000	2022	2021
Financial Assets		
Receivables		
Loans to Community Organisations	124	131
Subtotal	124	131
Total Receivables	124	131
Total Financial Assets	124	131

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

Note 7. Infrastructure, Property, Plant & Equipment

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

		as at 30/06/21				Asset movements during the reporting period								as at 30/06/22			
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																	
Capital Work in Progress		–	1,100	–	1,100	2,215	263	–	–	(878)	–	–	–	–	2,700	–	2,700
Land	3	10,332	–	–	10,332	–	–	–	–	–	–	–	–	10,332	–	–	10,332
Land - Other	2	6,954	–	–	6,954	1,300	–	(40)	–	–	–	–	–	6,914	1,300	–	8,214
Infrastructure																	
- Sealed Roads	3	128,601	4,371	(42,368)	90,604	106	808	–	(1,390)	–	–	–	–	128,601	5,285	(43,758)	90,128
- Unsealed Roads	3	28,691	1,837	(12,302)	18,226	18	1,205	–	(1,169)	–	–	–	–	28,691	3,060	(13,471)	18,280
- Kerb & Gutter	3	22,767	222	(9,434)	13,555	65	124	(20)	(328)	–	–	–	–	22,719	411	(9,734)	13,396
- Stormwater	3	12,203	862	(4,180)	8,885	–	24	–	(112)	–	–	–	–	12,203	886	(4,292)	8,797
- CWMS	3	41,330	–	(10,397)	30,933	–	88	(25)	(730)	–	–	–	–	41,274	88	(11,096)	30,266
- Footpaths	3	9,887	217	(4,005)	6,099	4	201	(20)	(333)	5	–	–	–	9,859	422	(4,325)	5,956
Right-of-Use Assets		30	–	(12)	18	–	–	–	(10)	–	–	–	–	30	–	(22)	8
Plant & Equipment		–	12,599	(6,558)	6,041	18	911	(163)	(795)	–	–	–	–	–	12,804	(6,792)	6,012
Furniture & Fittings		–	350	(260)	90	14	5	–	(14)	–	–	–	–	–	369	(274)	95
Buildings	2	1,363	–	(74)	1,289	–	20	(1,113)	(38)	–	–	–	–	143	20	(5)	158
Buildings	3	45,696	287	(13,676)	32,307	–	332	(298)	(995)	873	(634)	–	–	45,040	1,492	(14,947)	31,585
Structures	3	11,909	7,014	(6,306)	12,617	–	540	(12)	(556)	–	634	–	–	12,130	7,554	(6,461)	13,223
Total Infrastructure, Property, Plant & Equipment		319,763	28,859	(109,572)	239,050	3,740	4,521	(1,691)	(6,470)	–	–	–	–	317,936	36,391	(115,177)	239,150
Comparatives		313,749	21,148	(100,792)	234,105	3,683	4,459	(3,156)	(6,460)	–	–	(2,862)	9,281	319,763	28,859	(109,572)	239,050

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

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

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

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value.

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

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Information on Valuations

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

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

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

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

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

Capitalisation Thresholds

	2022	2021
Buildings	\$5,000	\$5,000
Structures - Major	\$5,000	\$5,000
Other Community Assets - Minor	\$5,000 - \$85,000	\$5,000 - \$85,000
Road construction & reconstruction	\$5,000	\$5,000
Paving & Footpaths, Kerb & Gutter	\$1,000	\$1,000
Stormwater	\$1,000	\$1,000

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

CWMS	\$5,000	\$5,000
Office Furniture & Equipment	\$1,000	\$1,000
Other Plant & Equipment	\$2,000	\$2,000
Other Assets	\$1,000	\$1,000

Estimated Lives

<i>Plant, Furniture & Equipment</i>	2022	2021
Office Equipment	5 to 10 years	5 to 10 years
Office Furniture	5 to 20 years	5 to 20 years
Vehicles and Road-making Equipment	5 to 8 years	5 to 8 years
Other Plant & Equipment	5 to 15 years	5 to 15 years

Building & Other Structures

Sub Structure	100 to 200 years	100 to 200 years
Super Structure	100 to 200 years	100 to 200 years
Roof	75 to 150 years	75 to 150 years
Services (Electrical)	30 to 60 years	30 to 60 years
Services (Fire)	20 to 40 years	20 to 40 years
Services (Hydraulics)	30 to 70 years	30 to 70 years
Services (Mechanical)	30 to 70 years	30 to 70 years
Services (Security)	20 to 40 years	20 to 40 years
Services (Transport)	25 to 50 years	25 to 50 years
Site Infrastructure	45 to 90 years	45 to 90 years
Site Services	30 to 60 years	30 to 60 years
Fitouts & Fittings	30 to 60 years	30 to 60 years
Fitouts (Floor Coverings)	25 to 60 years	25 to 60 years
Sheds/Shelters	40 to 120 years	40 to 120 years
Playground Equipment	20 to 40 years	20 to 40 years
Lighting	25 to 50 years	25 to 50 years
Effluent Disposal Point	30 to 60 years	30 to 60 years
Fencing	25 to 100 years	25 to 100 years

Infrastructure

Sealed Roads - Surface	25 to 150 years	25 to 150 years
Sealed Roads - Pavement /Sub Base	150 to 900 years	150 to 900 years
Unsealed Roads	35 to 175 years	35 to 175 years
Bridges - Concrete	80 to 100 years	80 to 100 years
Paving & Footpaths, Kerb & Gutter	15 to 100 years	15 to 100 years
Drains	80 to 100 years	80 to 100 years
Culverts	50 to 75 years	50 to 75 years
Bores	10 to 40 years	10 to 40 years
Stormwater - Pipes	60 to 80 years	60 to 80 years
Stormwater - Other	15 to 100 years	15 to 100 years
CWMS – Pipes	60 to 100 years	60 to 100 years
CWMS – Mechanical & Electrical	25 to 50 years	25 to 50 years
CWMS – Other	25 to 120 years	25 to 120 years

Other Assets

Various Other Assets	5 to 50 years	5 to 50 years
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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

Land

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

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

Land is recognised at Fair Value. The last revaluation was derived by utilising the valuations as at 30th June 2019 by the Valuer Generals Office. Additions are recognised on the cost basis.

Council will be undertaking a valuation of their Land asset class as at 30 June 2023.

Buildings & Other Structures

Building and other structures assets were valued by Australian Pacific Valuers (APV) at market and depreciated current replacement cost as at the 1st July 2020. All acquisitions made after the respective date of valuation are recorded at cost.

Infrastructure

Unsealed road and Sealed road assets were valued by Council officers & Tonkins Consulting Systems based on a condition assessment completed by Tonkins Consulting Systems. The condition assessment and assets were valued at depreciated current replacement cost as at the 1st July 2019. All acquisitions made after the respective dates of valuation are recorded at cost.

Kerb & Gutter assets were valued by HDS Australia at depreciated current replacement cost during the reporting period beginning 1st July 2020. All acquisitions made after the respective dates of valuation are recorded at cost.

Footpath assets were valued by HDS Australia at depreciated current replacement cost during the reporting beginning 1st July 2020. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage assets were valued by Tonkins at depreciated current replacement cost during the reporting period beginning 1st July 2020. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management Schemes (CWMS) were valued by Council Staff, and peer reviewed by HDS Australia, at depreciated current replacement cost as at the 1st July 2020. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

These assets are recognised on the cost basis.

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

Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(a) Trade and Other Payables				
Goods & Services	1,696	—	3,328	—
Payments Received in Advance	365	—	343	—
Accrued Expenses - Employee Entitlements	438	—	407	—
Accrued Expenses - Other	94	—	298	—
Deposits, Retentions & Bonds	123	—	53	—
Total Trade and Other Payables	2,716	—	4,429	—

\$ '000	Notes	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(b) Borrowings					
Loans		411	3,128	463	3,540
Lease Liabilities	15	9	—	10	9
Total Borrowings		420	3,128	473	3,549

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

(c) Provisions

Annual Leave - (including on costs)	1,010	—	1,181	—
Long Service Leave - (including on costs)	1,130	374	1,026	360
Total Provisions	2,140	374	2,207	360

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	8,300	–	–	–	8,300
Infrastructure					
- Sealed Roads	61,817	–	–	–	61,817
- Unsealed Roads	28,806	–	–	–	28,806
- Kerb & Gutter	3,466	–	–	–	3,466
- Stormwater	8,926	–	–	–	8,926
- CWMS	20,546	–	–	–	20,546
- Footpaths	5,789	–	–	–	5,789
Buildings	28,678	–	–	–	28,678
Structures	7,168	–	–	–	7,168
Total Asset Revaluation Reserve	173,496	–	–	–	173,496
Comparatives	167,077	6,419	–	–	173,496

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Waste Management Reserve	1,359	1,716	(1,604)	–	1,471
Community Waste Water Scheme Reserve	888	721	(606)	–	1,003
Other Reserves	124	1	–	–	125
Land Development	92	–	–	–	92
Service Station	25	–	–	–	25
Total Other Reserves	2,488	2,438	(2,210)	–	2,716
Comparatives	2,042	2,331	(1,885)	–	2,488

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

Note 9. Reserves (continued)

Purposes of Reserves

Asset Revaluation Reserves

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

Waste Management Reserve

The Waste Management Reserve is used to record transactions related to income and expenses for waste collection/disposal. The funds in this reserve are available for future maintenance of waste collection/disposal.

Community Waste Water Scheme Reserve

The Community Waste Water Scheme Reserve is used to record transactions related to income and expenses for Councils Community Waste Water Schemes (CWMS). The funds in this reserve are available for future maintenance of CWMS.

Other Reserve

Other Reserve consists of a number of miscellaneous reserves that have been in existence for a number of years for a multitude of activities. Over the next twelve months these reserves will be reviewed and the number of specific items reduced.

Land Development

This reserve holds the funds received (net of expenditure) following the sale of Mount Burr House.

Service Station Sinking Fund

As per the Lease with the Service Station a contribution can be charged which will be used for future works associated with the Service Station, Millicent.

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

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
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(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 & Equivalent Assets	5	12,839	14,662
Balances per Statement of Cash Flows		12,839	14,662

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

Net Surplus/(Deficit)	616	(1,227)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	6,470	6,460
Grants for capital acquisitions treated as Investing Activity	(407)	(697)
Net (Gain) Loss on Disposals	344	2,483
	7,023	7,019
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(362)	149
Change in Allowances for Under-Recovery of Receivables	(8)	—
Net (Increase)/Decrease in Inventories	248	(203)
Net (Increase)/Decrease in Other Assets	16	(15)
Net Increase/(Decrease) in Trade & Other Payables	(1,783)	1,480
Net Increase/(Decrease) in Other Provisions	(53)	260
Net Cash provided by (or used in) operations	5,081	8,690

(c) Financing Arrangements

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

Corporate Credit Cards	16	14
LGFA Cash Advance Debenture Facility	7,760	9,010

Council has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

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

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).										
\$ '000	2022	INCOME	2022	EXPENSES	OPERATING		GRANTS INCLUDED		TOTAL ASSETS HELD	
		2021		2021	SURPLUS (DEFICIT)		IN INCOME		(CURRENT & NON-CURRENT)	
					2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	997	944	2,636	2,464	(1,639)	(1,520)	—	—	27,527	27,901
Community Services	1,664	1,581	2,955	2,764	(1,291)	(1,183)	—	36	13,516	13,594
Culture	27	24	159	148	(132)	(124)	—	—	178	183
Library Services	42	39	573	536	(531)	(497)	40	28	3,207	3,214
Economic Development	184	175	936	875	(752)	(700)	—	—	204	217
Environment	222	210	691	646	(469)	(436)	89	200	22,196	22,319
Recreation	101	97	2,763	2,583	(2,662)	(2,486)	—	—	29,323	29,475
Regulatory Services	505	480	2,049	1,916	(1,544)	(1,436)	—	—	840	834
Transport & Communication	1,435	1,363	7,885	7,374	(6,450)	(6,011)	897	1,338	118,260	118,902
Governance Services	24,257	23,036	8,308	8,159	15,949	14,877	5,269	3,842	35,712	35,921
Unclassified Activities	225	215	151	140	74	75	—	—	3,360	3,387
Total Functions/Activities	29,659	28,164	29,106	27,605	553	559	6,295	5,444	254,323	255,947

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

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

Note 11(b). Components of Functions

The activities relating to Council functions are as follows:

Business Undertakings

Effluent Drainage, Caravan Parks, Council Housing, Saleyards, Land Development, Private Works.

Community Services

Childcare Centre, Community Halls, Public Toilets (Clean and Maintain), Community Grant Scheme, Community Event Support, Community and Youth Development, Civic and Arts Centre.

Culture

Local History and Galleries.

LIBRARY SERVICES

Millicent and Branch Libraries.

Economic Development

Millicent, Beachport and Penola Visitor Centres Operation, Limestone Coast Regional and Promotional Marketing.

Environment

Storm Water Drainage (Construct and Maintain), Street Lighting, Street Cleaning, Coastal Protection, Operate and Maintain Domestic Waste Disposal and Collection Dumps and Transfer Stations.

Recreation

Parks and Gardens Maintenance, Sport Facilities, Sport and Recreation Grant Scheme, Swimming Lake and Pools.

Regulatory Services

Development, Planning and Building Services, Dog Regulation and Control, Health Inspection, Fire Prevention and Parking Control.

Transport

Sealed and Unsealed Road Construction and Maintenance, Footpaths and Kerbing.

GOVERNANCE AND SUPPORT SERVICES

Elected Member Support, Council Offices, Legislative Compliance and Reporting, Risk Management, Corporate Services, Engineering Administration.

Unclassified Activities

Public Debt Transactions, Plant and Machinery Operations, Depot Expenses.

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

Note 12. 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:

Short term deposits an average interest rate between 0.30% and 1.05% (2021: 0.25% and 0.45%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & 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 0.420% (2021: 0.430%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

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

Note 12. Financial Instruments (continued)

Liabilities - Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (2 repayments per year with fixed terms between 7 and 20 years);; interest is charged at fixed (or variable - describe) rates between 4.75% and 7.00% (2021: 4.75% and 7.00%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2022					
Financial Assets					
Cash & Cash Equivalents	12,839	–	–	12,839	12,839
Receivables	1,943	9	10	1,962	1,940
Total Financial Assets	14,782	9	10	14,801	14,779
Financial Liabilities					
Payables	2,184	–	–	2,184	2,184
Current Borrowings	615	–	–	615	420
Non-Current Borrowings	–	2,107	2,072	4,179	3,128
Total Financial Liabilities	2,799	2,107	2,072	6,978	5,732
2021					
Financial Assets					
Cash & Cash Equivalents	14,662	–	–	14,662	14,662
Receivables	1,593	13	12	1,618	1,593
Total Financial Assets	16,255	13	12	16,280	16,255
Financial Liabilities					
Payables	3,724	–	–	3,724	3,724
Current Borrowings	694	–	–	694	473
Non-Current Borrowings	–	2,376	2,417	4,793	3,549
Total Financial Liabilities	4,418	2,376	2,417	9,211	7,746

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.00%	–	2.00%	–
Fixed Interest Rates	5.86%	3,548	5.86%	4,022
		3,548		4,022

Net Fair Value

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

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

Note 12. 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 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

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

Note 13. Financial Indicators

	Indicator 2022	Indicators 2021	Indicators 2020
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	1.9%	2.0%	2.8%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	(20)%	(19)%	(20)%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(1.5)%	1.5%	4.1%
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	(11)%	(12)%	(20)%
3. Asset Renewal Funding Ratio			
Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	79%	74%	75%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

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

Note 14. Uniform Presentation of Finances

\$ '000	2022	2021
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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.

Income	29,659	28,164
less Expenses	(29,106)	(27,605)
Operating Surplus / (Deficit)	553	559

Net Outlays on Existing Assets

Capital Expenditure on Renewal and Replacement of Existing Assets	(4,521)	(4,459)
add back Depreciation, Amortisation and Impairment	6,470	6,460
add back Proceeds from Sale of Replaced Assets	163	139
	2,112	2,140

Net Outlays on New and Upgraded Assets

Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,740)	(3,683)
add back Amounts Received Specifically for New and Upgraded Assets	407	514
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	1,184	534
	(2,149)	(2,635)

Net Lending / (Borrowing) for Financial Year	516	64
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Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Leases

(i) Council as a lessee

Terms and conditions of leases

Asset Class Buildings

Council entered a contract as a lessee for the 12 Ridge Terrace, Millicent office.

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

(a) Right of use assets

		Ridge Terrace Council Office
\$ '000		
2022		
Opening balance		18
Additions to right-of-use assets		–
Depreciation charge		(10)
Balance at 30 June		8
2021		
Opening balance		28
Additions to right-of-use assets		–
Depreciation charge		(10)
Balance at 30 June		18

(b) Lease liabilities

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

	2022	2021
\$ '000		
Balance at 1 July	18	–
Additions	–	28
Accretion of interest	–	(1)
Payments	(10)	(9)
Balance at 30 June	8	18
Classified as:		
Current	8	10
Non Current	–	8

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

The Group had total cash outflows for leases of \$6K.
The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	10	9
Interest expense on lease liabilities	–	1
Total amount recognised in profit or loss	10	10

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

Note 16. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), 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 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

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

Note 17. Contingencies & 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 is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads

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

At reporting date, Council controlled **1,795 km** of road reserves of average width **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. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to **\$240,288** (2021: **\$192,024**) at reporting date.

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

4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 2 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 18. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 40 persons were paid the following total compensation:

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Salaries, allowances & other short-term benefits	3,103	3,096
Total	3,103	3,096

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Contributions for Fringe Benefits Tax purposes	48	56
Planning and Building Application Fees	2	1
Total	50	57

Key Management Personnel (KMP) and relatives of KMP's own a retail business from which various supplies were purchased as required either for cash or on 30-day account. Purchases from this one business was \$39,660.14 during the year on normal commercial terms.

Two (2) close family members of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

Four (4) key management personnel or close family members (including related parties) lodged planning and building applications during the year.

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Independent Auditor's Report

To the members of the Wattle Range Council

Opinion

We have audited the accompanying financial report of the Wattle Range Council (the Council), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

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

Council's Responsibility for the Financial Report

The 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 to be 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 relating 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 Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

DEAN NEWBERY



Samantha Creten
Partner

Signed on the 30th day of November 2022,
at 214 Melbourne Street, North Adelaide

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www.deannewbery.com.auDean Newbery
ABN: 30 164 612 890**INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE WATTLE RANGE COUNCIL****Qualified Opinion**

In our opinion, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the Wattle Range Council (the Council) has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

Basis for Qualified Opinion

The Council had significant control deficiencies in their internal controls throughout the financial year relating to the following internal controls:

- Preparation and review of General Ledger Reconciliations for material general ledger control accounts that have the risk of material misstatement.
- Statutory obligations and core internal control of undertaking a third Budget Review for the financial year.
- Maintaining appropriate individual user access and permission levels that ensure appropriate segregation of duties to minimize the risk of error and/or fraud.
- Maintaining appropriate segregation of duties and independent review and authorisation controls over Rate Journals.

These deficiencies in internal controls were as a result of Council not having adequate procedures and effective internal controls.

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

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the 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 applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking the assurance engagement.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitation on Use

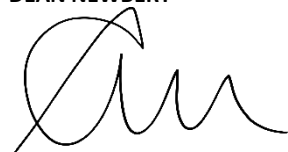
This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

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 operating effectiveness of 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.

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 30th day of November 2022
at 214 Melbourne Street, North Adelaide, South Australia, 5006

Wattle Range Council

General Purpose Financial Statements for the year ended 30 June 2022

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Wattle Range Council for the year ended 30 June 2022, the Council's Auditor, Dean Newbery & Partners 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*.



Ben Gower
Chief Executive Officer

Date: 11 November 2022



Michael Schultz
Presiding Member

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Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Wattle Range Council for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



SAMANTHA CRETEN

Partner

DEAN NEWBERY

Dated this 30th day of November 2022