

Wattle Range Council
Annual Financial Statements
2019 – 2020

General Purpose Financial Statements

for the year ended 30 June 2020

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General Purpose Financial Statements

for the year ended 30 June 2020

Certification of Financial Statements

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

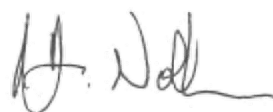
In our opinion:

- 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 2020 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

14 January 2021



Des Noll
Mayor

14 January 2021

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	18,788	18,620
Statutory Charges	2b	333	306
User Charges	2c	2,606	2,344
Grants, Subsidies and Contributions	2g	3,889	4,768
Investment Income	2d	141	195
Reimbursements	2e	209	145
Other income	2f	246	463
Total Income		26,212	26,841
Expenses			
Employee costs	3a	9,396	9,022
Materials, Contracts and Other Expenses	3b	10,667	9,943
Depreciation, Amortisation and Impairment	3c	5,108	4,709
Finance Costs	3d	298	341
Total Expenses		25,469	24,015
Operating Surplus / (Deficit)		743	2,826
Physical Resources Received Free of Charge	2i	41	—
Asset Disposal & Fair Value Adjustments	4	(1,519)	(1,158)
Amounts Received Specifically for New or Upgraded Assets	2g	553	813
Net Surplus / (Deficit)		(182)	2,481
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	(1,453)	10,962
Total Amounts which will not be reclassified subsequently to operating result		(1,453)	10,962
Total Other Comprehensive Income		(1,453)	10,962
Total Comprehensive Income		(1,635)	13,443

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	13,615	13,168
Trade & Other Receivables	5b	1,596	1,646
Inventories	5c	439	439
Total current assets		15,650	15,253
Non-current assets			
Financial Assets	6	138	332
Infrastructure, Property, Plant & Equipment	7a	234,105	235,954
Total non-current assets		234,243	236,286
TOTAL ASSETS		249,893	251,539
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	3,122	2,649
Borrowings	8b	705	658
Provisions	8c	1,981	1,877
Total Current Liabilities		5,808	5,184
Non-Current Liabilities			
Borrowings	8b	4,022	4,698
Provisions	8c	326	285
Total Non-Current Liabilities		4,348	4,983
TOTAL LIABILITIES		10,156	10,167
Net Assets		239,737	241,372
EQUITY			
Accumulated surplus		70,620	71,098
Asset revaluation reserves	9a	167,077	168,530
Other reserves	9b	2,040	1,744
Total Equity		239,737	241,372

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 2020

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2020					
Balance at the end of previous reporting period		71,098	168,530	1,744	241,372
Net Surplus / (Deficit) for Year		(182)	–	–	(182)
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(1,453)	–	(1,453)
Other comprehensive income		–	(1,453)	–	(1,453)
Total comprehensive income		(182)	(1,453)	–	(1,635)
Transfers between Reserves		(296)	–	296	–
Balance at the end of period		70,620	167,077	2,040	239,737
2019					
Balance at the end of previous reporting period		68,834	157,568	1,527	227,929
Net Surplus / (Deficit) for Year		2,481	–	–	2,481
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	10,962	–	10,962
Other comprehensive income		–	10,962	–	10,962
Total comprehensive income		2,481	10,962	–	13,443
Transfers between Reserves		(217)	–	217	–
Balance at the end of period		71,098	168,530	1,744	241,372

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 2020

\$ '000	Notes	2020	2019
Cash flows from operating activities			
<u>Receipts</u>			
Rates		18,785	18,602
Statutory Charges		333	330
User Charges		2,606	2,320
Grants, Subsidies and Contributions (operating purpose)		3,889	5,126
Investment Receipts		141	216
Reimbursements		209	160
Other Receipts		445	700
<u>Payments</u>			
Payments to Employees		(9,312)	(8,976)
Payments for Materials, Contracts & Other Expenses		(10,480)	(10,471)
Finance Payments		(298)	(301)
Net cash provided by (or used in) Operating Activities	10b	<u>6,318</u>	<u>7,706</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		736	813
Sale of Replaced Assets		210	168
Sale of Surplus Assets		255	163
Repayments of Loans by Community Groups		196	11
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,945)	(3,537)
Expenditure on New/Upgraded Assets		(2,680)	(2,043)
Loans Made to Community Groups		–	(31)
Net cash provided (or used in) investing activities		<u>(5,228)</u>	<u>(4,456)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		16	–
<u>Payments</u>			
Repayments of Borrowings		(658)	(918)
Repayment of Lease Liabilities		(1)	–
Net Cash provided by (or used in) Financing Activities		<u>(643)</u>	<u>(918)</u>
Net Increase (Decrease) in Cash Held		<u>447</u>	<u>2,332</u>
plus: Cash & Cash Equivalents at beginning of period		13,168	10,836
Cash and cash equivalents held at end of period	10a	<u>13,615</u>	<u>13,168</u>

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

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

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).

(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 the Financial Statements

for the year ended 30 June 2020

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
2017/18	\$3,109,004	\$2,876,647	+ \$142,357
2018/19	\$3,243,327	\$2,915,614	+ \$327,713
2019/20	\$3,473,816	\$3,351,522	+ \$122,289

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 the Financial Statements

for the year ended 30 June 2020

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 the Financial Statements

for the year ended 30 June 2020

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% (2019, 1.90%)

Weighted avg. settlement period 10 years (2019, 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 Statewide 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

Accounting policy applicable from 01 July 2019

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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.

Wattle Range Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$183,000 and a decrease to Accumulated Surplus of \$183,000

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058.

The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	Amounts prepared under AASB 15 / 1058	Amounts prepared under Previous AASB
	\$'000	\$'000
Grants, Subsidies and Contributions	\$4,442	\$4,625

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied."

Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for various items of plant, equipment, and computers. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Due to the adoption of AASB 16 the operating lease commitments as of 30 June 2020 is, as follows:

	\$'000
Assets	
IPPE (Right of Use Assets)	30
Total Assets	30
Liabilities	
Interest Bearing Loans and Borrowings	30
Total Liabilities	30

Accumulated Surplus	NIL
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(13) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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 the Financial Statements

for the year ended 30 June 2020

Note 2. Income

\$ '000	2020	2019
(a) Rates		
General Rates		
General Rates	15,432	15,377
Less: Mandatory Rebates	(191)	(199)
Less: Discretionary Rebates, Remissions & Write Offs	(91)	(78)
Total General Rates	15,150	15,100
Other Rates (Including Service Charges)		
Natural Resource Management Levy	985	963
Waste Collection & Disposal	1,408	1,321
Community Wastewater Management Systems (CWMS)	1,188	1,168
Total Other Rates (Including Service Charges)	3,581	3,452
Other Charges		
Penalties for Late Payment	57	68
Total Other Charges	57	68
Total Rates	18,788	18,620
(b) Statutory Charges		
Development Act Fees	169	156
Health & Septic Tank Inspection Fees	19	27
Animal Registration Fees & Fines	128	101
Other Licences, Fees & Fines	17	22
Total Statutory Charges	333	306
(c) User Charges		
Aerodrome Fees	24	23
Beachport Boatramp	23	23
Cemetery Fees	130	154
Childcare Fees	1,230	1,016
Caravan Park Fees	617	672
Hall Hire	10	15
Livestock Saleyards	198	137
Rental / Lease Fees	182	182
Sundry	192	122
Total User Charges	2,606	2,344

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$ '000	2020	2019
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	126	190
- Banks & Other	–	1
- Loans to Community Groups	15	4
Total Investment Income	141	195
(e) Reimbursements		
Private Works	46	56
Other	163	89
Total Reimbursements	209	145
(f) Other income		
Insurance & Other Recoupments	89	167
Sundry	157	296
Total Other income	246	463
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	553	813
Total Amounts Received Specifically for New or Upgraded Assets	553	813
Untied - Financial Assistance Grant	3,342	4,242
Roads to Recovery	386	386
Childcare	10	38
Library and Communications	28	57
Sundry	35	45
Coastal Protection	88	–
Total Other Grants, Subsidies and Contributions	3,889	4,768
Total Grants, Subsidies, Contributions	4,442	5,581
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	200	31
State Government	4,142	5,536
Other	100	14
Total	4,442	5,581

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$ '000	2020	2019
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(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income	1,730	1,786
Other	—	540

On 19 June 2019, Council received payment of the first two instalments of the 2019/20 Grant Commission (FAG) grant. In 2016/17, 2017/18 and again in 2018/19 a prepayment of FAG grants was made. On 27 June 2019, Council received payment for 2019/20 & 2020/21 Supplementary Local Road Funding. This has materially increased Council's operating results in the 2018/2019, as this amount was recognised as income upon receipt. Similarly, material adverse effects will be experienced when grant payments are restored.

\$ '000	2020	2019
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(h) Conditions over Grants & 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, are as follows:

Unexpended at the close of the previous reporting period	12	—
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Childcare	(12)	12
Subtotal	(12)	12
Unexpended at the close of this reporting period	—	12
Net increase (decrease) in assets subject to conditions in the current reporting period	(12)	12

(i) Physical Resources Received Free of Charge

Roads, Bridges & Footpaths	41	—
Total Physical Resources Received Free of Charge	41	—

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses

\$ '000	Notes	2020	2019
(a) Employee costs			
Salaries and Wages		7,732	7,418
Employee Leave Expense		937	803
Superannuation - Defined Contribution Plan Contributions	17	617	590
Superannuation - Defined Benefit Plan Contributions	17	154	148
Workers' Compensation Insurance		264	286
Income Protection Insurance		128	106
Less: Capitalised and Distributed Costs		(436)	(329)
Total Operating Employee Costs		9,396	9,022
Total Number of Employees (full time equivalent at end of reporting period)		113	110
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		25	25
Bad and Doubtful Debts		-	5
Elected Members' Expenses		257	238
Election Expenses		22	60
Operating Lease Rentals - Cancellable Leases (2019 only)		-	3
Subtotal - Prescribed Expenses		304	331
(ii) Other Materials, Contracts and Expenses			
Contractors		4,723	4,411
Energy		501	504
Legal Expenses		145	154
Levies Paid to Government - NRM levy		986	967
Sundry		544	634
Materials		1,317	896
Fuel		458	520
Insurance		488	472
Telephone		135	119
Water		148	146
Subscriptions		175	176
Financial Assistance		149	108
Licence Fees		353	292
Advertising		91	67
Postage		41	48
Registration		109	98
Subtotal - Other Material, Contracts & Expenses		10,363	9,612
Total Materials, Contracts and Other Expenses		10,667	9,943

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses (continued)

\$ '000	2020	2019
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Infrastructure		
- Sealed Roads	1,276	1,186
- Unsealed Roads	980	745
- Kerb & Gutter	262	260
- Stormwater	42	36
- CWMS	634	631
- Footpaths	162	156
Right-of-Use Assets	2	—
Plant & Equipment	787	753
Furniture & Fittings	12	14
Buildings	548	536
Structures	403	392
Subtotal	5,108	4,709
Total Depreciation, Amortisation and Impairment	5,108	4,709

(d) Finance Costs

Interest on Loans	298	341
Total Finance Costs	298	341

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2020	2019
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	210	168
Less: Carrying Amount of Assets Sold & Disposed	(1,812)	(864)
Gain (Loss) on Disposal	(1,602)	(696)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	255	163
Less: Carrying Amount of Assets Sold & Disposed	(172)	(625)
Gain (Loss) on Disposal	83	(462)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,519)	(1,158)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Current Assets

\$ '000	2020	2019
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	499	1,141
Short Term Deposits & Bills, etc.	13,116	12,027
<u>Total Cash & Cash Equivalent Assets</u>	<u>13,615</u>	<u>13,168</u>
(b) Trade & Other Receivables		
Rates - General & Other	822	819
Accrued Revenues	5	11
Debtors - General	357	516
GST Recoupment	222	220
Prepayments	199	87
Loans to Community Organisations	7	9
<u>Subtotal</u>	<u>1,612</u>	<u>1,662</u>
Less: Allowance for Doubtful Debts	(16)	(16)
<u>Total Trade & Other Receivables</u>	<u>1,596</u>	<u>1,646</u>
(c) Inventories		
Stores & Materials	439	439
<u>Total Inventories</u>	<u>439</u>	<u>439</u>

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 the Financial Statements

for the year ended 30 June 2020

Note 6. Non-Current Assets

\$ '000	2020	2019
Financial Assets		
Receivables		
Loans to Community Organisations	138	332
Subtotal	138	332
Total Receivables	138	332
<u>Total Financial Assets</u>	<u>138</u>	<u>332</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment

(a) Infrastructure, Property, Plant & Equipment

		as at 30/06/19				Asset movements during the reporting period										as at 30/06/20				
		Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Other Movements (details...)	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		–	221	–	221	–	992	78	–	–	(179)	–	–	–	–	–	–	1,112	–	1,112
Land	3	11,025	–	–	11,025	–	–	–	(172)	–	–	–	–	–	–	–	10,853	–	–	10,853
Land - Other	2	6,954	–	–	6,954	–	–	–	–	–	–	–	–	–	–	–	6,954	–	–	6,954
Infrastructure																				
- Sealed Roads	3	113,850	3,140	(33,128)	83,862	–	365	982	(670)	(1,276)	–	41	(29)	–	6,350	–	130,448	1,347	(42,170)	89,625
- Unsealed Roads	3	37,162	1,371	(11,725)	26,808	–	–	908	(257)	(980)	–	–	–	(7,803)	–	–	29,177	908	(11,409)	18,676
- Kerb & Gutter	3	20,629	226	(5,925)	14,930	–	15	264	(30)	(262)	21	–	29	–	–	–	20,499	505	(6,037)	14,967
- Stormwater	3	4,200	835	(1,126)	3,909	–	–	–	–	(42)	–	–	–	–	–	–	4,200	835	(1,168)	3,867
- CWMS	3	47,145	28	(16,188)	30,985	–	–	–	–	(634)	–	–	–	–	–	–	47,145	28	(16,822)	30,351
- Footpaths	3	8,015	415	(1,875)	6,555	–	97	85	(40)	(162)	49	–	–	–	–	–	8,011	597	(2,024)	6,584
Right-of-Use Assets		–	–	–	–	30	–	–	–	(2)	–	–	–	–	–	–	30	–	(2)	28
Plant & Equipment		–	11,109	(6,200)	4,909	–	604	1,095	(299)	(787)	–	–	–	–	–	–	–	11,776	(6,254)	5,522
Furniture & Fittings		–	345	(237)	108	–	5	–	–	(12)	–	–	–	–	–	–	–	350	(249)	101
Buildings	2	1,190	–	(36)	1,154	–	–	–	–	(12)	–	–	–	–	–	–	1,190	–	(48)	1,142
Buildings	3	36,309	1,365	(7,564)	30,110	–	397	478	(499)	(536)	100	–	–	–	–	–	35,701	2,340	(7,991)	30,050
Structures	2	5,224	716	(2,359)	3,581	–	82	55	(17)	(149)	2	–	–	–	–	–	5,181	860	(2,482)	3,559
Structures	3	14,355	365	(3,877)	10,843	–	123	–	–	(254)	7	–	–	–	–	–	14,360	490	(4,136)	10,714
Total Infrastructure, Property, Plant & Equipment		306,058	20,136	(90,240)	235,954	30	2,680	3,945	(1,984)	(5,108)	–	41	–	(7,803)	6,350	–	313,749	21,148	(100,792)	234,105
Comparatives		297,258	15,423	(87,071)	225,610	–	2,043	3,537	(1,489)	(4,709)	–	–	–	–	10,962	–	306,058	20,136	(90,240)	235,954

Notes to the Financial Statements

for the year ended 30 June 2020

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

	2020	2019
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 the Financial Statements

for the year ended 30 June 2020

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>	2020	2019
Office Equipment	5 to 10 years	5 to 10 years
Office Furniture	5 to 20 years	10 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 80 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 the Financial Statements

for the year ended 30 June 2020

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.

Buildings & Other Structures

Building and other structures assets were valued by Assetic Pty Ltd at market and depreciated current replacement cost as at the 1st July 2016. 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 Council officers at depreciated current replacement cost during the reporting period ended 30th June 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Footpath assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30th June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30th June 2017. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management Schemes (CWMS) were valued by Assetic Pty Ltd at depreciated current replacement cost as at the 1st July 2018. 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 the Financial Statements

for the year ended 30 June 2020

Note 8. Liabilities

\$ '000	2020 Current	2020 Non Current	2019 Current	2019 Non Current
(a) Trade and Other Payables				
Goods & Services	2,196	—	1,963	—
Payments Received in Advance	286	—	250	—
- Grants & Contributions - Capital	183	—	—	—
Accrued Expenses - Employee Entitlements	306	—	222	—
Accrued Expenses - Other	108	—	187	—
Deposits, Retentions & Bonds	43	—	27	—
<u>TOTAL Trade and Other Payables</u>	<u>3,122</u>	<u>—</u>	<u>2,649</u>	<u>—</u>

\$ '000	Notes	2020 Current	2020 Non Current	2019 Current	2019 Non Current
(b) Borrowings					
Loans		695	4,003	658	4,698
Lease Liabilities	16	10	19	—	—
<u>TOTAL Borrowings</u>		<u>705</u>	<u>4,022</u>	<u>658</u>	<u>4,698</u>

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

(c) Provisions

Annual Leave - (including on costs)	888	—	787	—
Long Service Leave - (including on costs)	1,093	326	1,090	285
<u>TOTAL Provisions</u>	<u>1,981</u>	<u>326</u>	<u>1,877</u>	<u>285</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	8,300	—	—	—	8,300
Infrastructure					
- Sealed Roads	55,467	6,350	—	—	61,817
- Unsealed Roads	36,609	(7,803)	—	—	28,806
- Kerb & Gutter	4,690	—	—	—	4,690
- Stormwater	4,622	—	—	—	4,622
- CWMS	19,230	—	—	—	19,230
- Footpaths	6,087	—	—	—	6,087
Buildings	25,017	—	—	—	25,017
Structures	8,508	—	—	—	8,508
Total Asset Revaluation Reserve	168,530	(1,453)	—	—	167,077
Comparatives	157,568	10,962	—	—	168,530

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Specific Fund	1,529	2,094	(1,791)	—	1,832
Other Reserves	98	—	—	—	98
Land Development	92	—	—	—	92
Service Station	27	6	(13)	—	20
Total Other Reserves	1,746	2,100	(1,804)	—	2,042
Comparatives	1,529	2,001	(1,784)	—	1,746

Notes to the Financial Statements

for the year ended 30 June 2020

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).

Specific Fund

The specific fund is used to record transactions related to rates for a specific purpose i.e. CWMS and waste collection/disposal. The funds in this reserve are available for future maintenance of CWMS and waste collection/disposal.

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 the Financial Statements

for the year ended 30 June 2020

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2020	2019
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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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	13,615	13,168
Balances per Statement of Cash Flows		13,615	13,168

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

Net Surplus/(Deficit)		(182)	2,481
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		5,108	4,709
Non-Cash Asset Acquisitions		(41)	–
Grants for capital acquisitions treated as Investing Activity		(553)	(813)
Net (Gain) Loss on Disposals		1,519	1,158
		5,851	7,535
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		48	(358)
Change in Allowances for Under-Recovery of Receivables		–	5
Net (Increase)/Decrease in Inventories		–	126
Net Increase/(Decrease) in Trade & Other Payables		274	310
Net Increase/(Decrease) in Unpaid Employee Benefits		–	46
Net Increase/(Decrease) in Other Provisions		145	42
Net Cash provided by (or used in) operations		6,318	7,706

\$ '000	Notes	2020	2019
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical Resources Received Free of Charge	2i	41	–
Amounts recognised in Income Statement		41	–
Total Non-Cash Financing and Investing Activities		41	–

(d) Financing Arrangements

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

Corporate Credit Cards	14	13
LGFA Cash Advance Debenture Facility	9,010	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 the Financial Statements

for the year ended 30 June 2020

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		GRANTS INCLUDED		TOTAL ASSETS HELD	
		INCOME		EXPENSES	SURPLUS (DEFICIT)		IN INCOME		(CURRENT &	
\$ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions/Activities										
Business Undertakings	1,013	1,039	2,211	2,096	(1,198)	(1,057)	—	—	26,825	15,493
Community Services	1,390	1,253	2,234	2,188	(844)	(935)	10	105	13,297	14,071
Culture	22	17	101	112	(79)	(95)	12	—	179	189
Library Services	37	39	523	533	(486)	(494)	28	27	3,144	3,327
Economic Development	160	171	975	904	(815)	(733)	—	—	212	224
Environment	176	46	648	663	(472)	(617)	88	20	21,832	23,102
Recreation	59	75	2,188	2,159	(2,129)	(2,084)	207	301	28,832	30,509
Regulatory Services	379	330	985	959	(606)	(629)	1,013	—	816	864
Transport & Communication	1,050	1,802	6,045	5,265	(4,995)	(3,463)	3,084	2,338	116,306	123,073
Governance Services	21,659	21,765	9,287	8,768	12,372	12,997	—	2,790	35,137	37,181
Unclassified Activities	267	304	272	368	(5)	(64)	—	—	3,313	3,506
Total Functions/Activities	26,212	26,841	25,469	24,015	743	2,826	4,442	5,581	249,893	251,539

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 the Financial Statements

for the year ended 30 June 2020

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 the Financial Statements

for the year ended 30 June 2020

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 have an average maturity of 1 day (2019:1 day) and average interest rates between 1.25% and 0.25% (2019: 1.25% and 1.50%).

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 0.520% (2019: 0.550%). 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 the Financial Statements

for the year ended 30 June 2020

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% (2019: 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 the Financial Statements

for the year ended 30 June 2020

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
Cash & Equivalents	13,165	—	—	13,165	13,615
Receivables	1,737	13	14	1,764	1,734
Total Financial Assets	14,902	13	14	14,929	15,349
Financial Liabilities					
Payables	2,525	—	—	2,525	2,525
Current Borrowings	962	—	—	962	705
Non-Current Borrowings	—	2,725	2,762	5,487	4,022
Total Financial Liabilities	3,487	2,725	2,762	8,974	7,252
2019					
Cash & Equivalents	13,168	—	—	13,168	13,168
Receivables	1,985	17	17	2,019	1,978
Total Financial Assets	15,146	17	17	15,187	15,146
Financial Liabilities					
Payables	2,240	—	—	2,240	2,240
Current Borrowings	962	—	—	962	658
Non-Current Borrowings	—	3,342	3,107	6,449	4,698
Total Financial Liabilities	3,202	3,342	3,107	9,651	7,596

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

\$ '000	2020		2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.00%	—	4.00%	—
Fixed Interest Rates	5.84%	4,727	5.84%	5,356
		4,727		5,356

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 the Financial Statements

for the year ended 30 June 2020

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.

Note 13. Capital Expenditure and Investment Property Commitments

\$ '000	2020	2019
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Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	–	20
Waste Management Services	9,030	6,087
Employee Remuneration Contracts	1,335	1,011
Cleaning Contract	312	121
	<u>10,677</u>	<u>7,239</u>

These expenditures are payable:

Not later than one year	2,807	1,899
Later than one year and not later than 5 years	7,213	4,123
Later than 5 years	657	1,217
	<u>10,677</u>	<u>7,239</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Financial Indicators

\$ '000	Amounts 2020	Indicator 2020	Prior periods	
			2019	2018

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	743	2.8%	10.5%	13.3%
Total Operating Income	26,212			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(5,193)	(20)%	(19)%	(7)%
Total Operating Income	26,212			

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

Operating Surplus	1,069	4.1%	7.5%	12.8%
Total Operating Income	25,886			

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	(5,193)	(20)%	(16)%	(7)%
Total Operating Income	25,886			

3. Asset Renewal Funding Ratio

Net Asset Renewals	3,735	75%	73%	84%
Infrastructure & Asset Management Plan required expenditure	4,983			

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 the Financial Statements

for the year ended 30 June 2020

Note 15. Uniform Presentation of Finances

\$ '000	2020	2019
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	26,212	26,841
less Expenses	(25,469)	(24,015)
Operating Surplus / (Deficit)	743	2,826
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,945)	(3,537)
add back Depreciation, Amortisation and Impairment	5,108	4,709
add back Proceeds from Sale of Replaced Assets	210	168
	1,373	1,340
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(2,680)	(2,043)
add back Amounts Received Specifically for New and Upgraded Assets	736	813
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	255	163
	(1,689)	(1,067)
Net Lending / (Borrowing) for Financial Year	427	3,099

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Leases

(i) Council as a lessee

Terms and conditions of leases

Asset Class here

Council entered contracts 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:

Right of use assets

\$ '000	Ridge Terrace Council Office	Total
2020		
Adoption of AASB 16 at 1 July 2019	–	–
Additions to right-of-use assets	30	30
Depreciation charge	(2)	(2)
Balance at 30 June 2020	28	28

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

\$ '000	2020	2019
Additions	30	–
Payments	(2)	–
Balance at 30 June	28	–
Classified as:		
Current	10	–
Non Current	18	–

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	2	–
Interest expense on lease liabilities	1	–
Expense relating to short term leases	3	–
Total amount recognised in profit or loss	6	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/20; 9.50% in 2018/19). 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 2018/19) 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 the Financial Statements

for the year ended 30 June 2020

Note 18. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, 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 **\$179,246** (2019: **\$193,493**) 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 the Financial Statements

for the year ended 30 June 2020

Note 19. 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, 33 persons were paid the following total compensation:

\$ '000	2020	2019
The compensation paid to Key Management Personnel comprises:		
Salaries, allowances & other short-term benefits	2,893	2,130
Total	2,893	2,130

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	66	50
Planning and Building Application Fees	1	1
Total	67	51

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 \$163,788.07 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.

One (1) key management personnel or close family members (including related parties) lodged planning and building applications during the year.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL 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 2020, Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, 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* (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*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Council's responsibility also includes designing, implementing and maintaining internal controls relevant 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, the 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 & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 14th January 2021,
at 214 Melbourne Street, North Adelaide

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE WATTLE RANGE COUNCIL**Opinion**

In our opinion, Wattle Range Council (the Council) has complied, in all material respects, with Section 129(1)(b) 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 2019 to 30 June 2020.

Basis for opinion

We have audited the Internal Controls of the Council under the requirements of *Section 129(1)(b) 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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *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 129(1)(b) 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 procedure 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.

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 & PARTNERS CHARTERED ACCOUNTANTS



**JIM KEOGH
PARTNER**

Signed on the 14th January 2021
at 214 Melbourne Street, North Adelaide, South Australia, 5006

General Purpose Financial Statements

for the year ended 30 June 2020

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 2020, 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



Michael Schultz
Presiding Member, Audit Committee

Date: 14 January 2021

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 2020, 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*.



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 14th day of January 2021