



Wattle Range Council

Annual Financial Statements

2022 - 2023

General Purpose Financial Statements

for the year ended 30 June 2023

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Wattle Range Council

General Purpose Financial Statements

for the year ended 30 June 2023

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



Ben Gower
Chief Executive Officer

Des Noll
Mayor

Date: 10/10/2023

Date: 10/10/2023

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Income			
Rates	2a	20,481	19,617
Statutory charges	2b	420	396
User charges	2c	3,149	2,768
Grants, subsidies and contributions - capital	2g	798	629
Grants, subsidies and contributions - operating	2g	5,815	5,666
Investment income	2d	347	95
Reimbursements	2e	85	115
Other income	2f	322	373
Total income		31,417	29,659
Expenses			
Employee costs	3a	13,013	11,207
Materials, contracts and other expenses	3b	11,888	11,203
Depreciation, amortisation and impairment	3c	7,017	6,470
Finance costs	3d	271	226
Total expenses		32,189	29,106
Operating surplus / (deficit)		(772)	553
Asset disposal and fair value adjustments	4	(1,534)	(344)
Amounts received specifically for new or upgraded assets	2g	233	407
Net surplus / (deficit)		(2,073)	616
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	9a	21,402	—
Total amounts which will not be reclassified subsequently to operating result		21,402	—
Total other comprehensive income		21,402	—
Total comprehensive income		19,329	616

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

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	11,335	12,839
Trade and other receivables	5b	1,382	1,816
Inventories	5c	415	394
Total current assets		13,132	15,049
Non-current assets			
Trade and other receivables	6	117	124
Infrastructure, property, plant and equipment	7	259,489	239,150
Total non-current assets		259,606	239,274
TOTAL ASSETS		272,738	254,323
LIABILITIES			
Current liabilities			
Trade and other payables	8a	2,010	2,716
Borrowings	8b	357	420
Provisions	8c	2,468	2,140
Total current liabilities		4,835	5,276
Non-current liabilities			
Borrowings	8b	2,808	3,128
Provisions	8c	221	374
Total non-current liabilities		3,029	3,502
TOTAL LIABILITIES		7,864	8,778
Net assets		264,874	245,545
EQUITY			
Accumulated surplus		67,059	69,333
Asset revaluation reserves	9a	194,898	173,496
Other reserves	9b	2,917	2,716
Total council equity		264,874	245,545
Total equity		264,874	245,545

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

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023					
Balance at the end of previous reporting period		69,333	173,496	2,716	245,545
Net surplus / (deficit) for year		(2,073)	–	–	(2,073)
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a(i)	–	21,402	–	21,402
Other comprehensive income		–	21,402	–	21,402
Total comprehensive income		(2,073)	21,402	–	19,329
Transfers between reserves	9b	(201)	–	201	–
Balance at the end of period		67,059	194,898	2,917	264,874
2022					
Balance at the end of previous reporting period		68,947	173,496	2,486	244,929
Net surplus / (deficit) for year		616	–	–	616
Total comprehensive income		616	–	–	616
Transfers between reserves	9b	(230)	–	230	–
Balance at the end of period		69,333	173,496	2,716	245,545

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

Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Rates		20,468	19,504
Statutory charges		420	396
User charges		3,149	2,768
Grants, Subsidies and Contributions (operating purpose)		5,815	5,666
Investment receipts		347	95
Reimbursements		85	115
Other receipts		500	557
<u>Payments</u>			
Payments to employees		(13,354)	(11,176)
Payments for materials, contracts and other expenses		(11,865)	(13,247)
Finance payments		(271)	(226)
Net cash provided by (or used in) operating activities	10b	<u>5,294</u>	<u>4,452</u>
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		798	629
Amounts Received Specifically for New/Upgraded Assets		233	407
Sale of replaced assets		386	163
Sale of surplus assets		50	1,184
Repayments of loans by community groups		7	7
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(6,011)	(4,521)
Expenditure on new/upgraded assets		(1,877)	(3,740)
Net cash provided (or used in) investing activities		<u>(6,414)</u>	<u>(5,871)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from bonds and deposits		35	70
<u>Payments</u>			
Repayments of Borrowings		(411)	(464)
Repayment of lease liabilities		(8)	(10)
Net cash provided by (or used in) financing activities		<u>(384)</u>	<u>(404)</u>
Net increase (decrease) in cash held		<u>(1,504)</u>	<u>(1,823)</u>
plus: cash & cash equivalents at beginning of period		12,839	14,662
Cash and cash equivalents held at end of period	10a	<u>11,335</u>	<u>12,839</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 2023

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

Note 1. Summary of Significant Accounting Policies

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

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
2022/23	\$4,929,648	\$3,777,306	+ \$1,152,342

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 2023

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 and equipment

6.1 Initial recognition

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

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

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 2023

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 4.05% (2022, 3.009%)

Weighted avg. settlement period 1 year (2022, 1 year)

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 2023

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	3 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

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

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

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

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

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

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

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

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(13) Comparative figures

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

(14) Disclaimer

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income

\$ '000	2023	2022
(a) Rates		
General rates		
General rates	16,719	15,894
Less: mandatory rebates	(180)	(193)
Less: discretionary rebates, remissions and write-offs	(56)	(48)
Total general rates	16,483	15,653
Other rates (including service charges)		
Landscape levy	1,037	1,022
Waste Collection & Disposal	1,581	1,634
Community Wastewater Management Systems (CWMS)	1,307	1,246
Total other rates (including service charges)	3,925	3,902
Other charges		
Penalties for late payment	73	62
Total other charges	73	62
Total rates	20,481	19,617
(b) Statutory charges		
Development Act fees	243	230
Health and septic tank inspection fees	32	27
Animal registration fees and fines	138	134
Other licences, fees and fines	7	5
Total statutory charges	420	396
(c) User charges		
Aerodrome Fees	40	41
Beachport Boatramp	26	24
Cemetery Fees	166	149
Childcare Fees	1,669	1,420
Caravan Park Fees	849	748
Hall Hire	19	14
Livestock Saleyards	77	195
Rental / Lease Fees	110	128
Sundry	193	49
Total user charges	3,149	2,768

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

Note 2. Income (continued)

\$ '000	2023	2022
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	344	93
- Loans to community groups	3	2
Total investment income	347	95
(e) Reimbursements		
Private works	15	22
Other	70	93
Total reimbursements	85	115
(f) Other income		
Insurance & Other Recoupments	42	87
Sundry	280	286
Total other income	322	373
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	233	407
Total	233	407
Other grants, subsidies and contributions - capital		
Untied - Local Roads and Community	798	629
Total Other grants, subsidies and contributions - capital	798	629
Other grants, subsidies and contributions		
Untied - Financial Assistance Grant	4,930	4,640
Roads to Recovery	547	547
Supplementary Local Road Funding	269	-
Library and communications	33	40
Sundry	7	350
Coastal Protection	-	40
Green Waste	29	49
Total other grants, subsidies and contributions	5,815	5,666
Total grants, subsidies and contributions	6,846	6,702
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
State Government	6,846	6,702
Total	6,846	6,702
(ii) Individually significant items		
Grant Commission (Financial Assistance Grant) recognised as income	3,842	2,879

On 30 June 2023, Council received payment of the complete payment of the 2023/24 Grant Commission (FAG) grant. In 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 & 2022/2023 a prepayment of FAG grants was made.

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

Note 3. Expenses

\$ '000	Notes	2023	2022
(a) Employee costs			
Salaries and wages		10,292	9,359
Employee leave expense		1,454	919
Superannuation - defined contribution plan contributions	16	1,043	830
Superannuation - defined benefit plan contributions	16	116	146
Workers' compensation insurance		340	281
Income Protection Insurance		251	166
Less: capitalised and distributed costs		(483)	(494)
Total operating employee costs		13,013	11,207
Total number of employees (full time equivalent at end of reporting period)		139	134
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		24	25
Bad and doubtful debts		10	8
Elected members' expenses		270	251
Election expenses		68	15
Subtotal - prescribed expenses		372	299
(ii) Other materials, contracts and expenses			
Contractors		5,208	4,956
Energy		559	496
Legal expenses		192	198
Levies Paid to Government - Landscape levy		1,042	1,025
Sundry		138	41
Materials		1,539	1,776
Fuel		700	498
Insurance		635	543
Telephone		119	114
Water		120	118
Subscriptions		274	227
Financial Assistance		251	105
Licence Fees		518	572
Advertising		62	83
Postage		36	36
Registration		123	116
Subtotal - Other material, contracts and expenses		11,516	10,904
Total materials, contracts and other expenses		11,888	11,203

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

Note 3. Expenses (continued)

\$ '000	2023	2022
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Infrastructure		
- Sealed roads	1,586	1,390
- Unsealed roads	1,229	1,169
- Kerb & Gutter	362	328
- Stormwater	122	112
- CWMS	812	730
- Footpaths	415	333
Right-of-use assets	8	10
Plant and equipment	896	795
Furniture and fittings	11	14
Buildings	1,006	1,033
Structures	570	556
Subtotal	7,017	6,470
Total depreciation, amortisation and impairment	7,017	6,470

(d) Finance costs

Interest on loans	271	225
Interest on leases	–	1
Total finance costs	271	226

Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	386	163
Less: Carrying Amount of Assets Sold & Disposed	(290)	(538)
Gain (loss) on disposal	96	(375)
(ii) Assets surplus to requirements		
Proceeds from disposal	50	1,184
Less: Carrying Amount of Assets Sold & Disposed	(1,680)	(1,153)
Gain (loss) on disposal	(1,630)	31
Net gain (loss) on disposal or revaluation of assets	(1,534)	(344)

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

Note 5. Current assets

\$ '000	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	100	237
Short term deposits and bills, etc.	11,235	12,602
Total cash and cash equivalent assets	11,335	12,839

(b) Trade and other receivables

Rates - general and other	828	815
Accrued revenues	28	8
Debtors - general	281	257
GST recoupment	165	299
Prepayments	92	439
Loans to community organisations	7	7
Subtotal	1,401	1,825
Less: provision for expected credit losses	(19)	(9)
Total trade and other receivables	1,382	1,816

(c) Inventories

Stores and materials	415	394
Total inventories	415	394

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.

Note 6. Non-current assets

\$ '000	2023	2022
Trade and other receivables		
Receivables		
Loans to community organisations	117	124
Total receivables	117	124
Total financial assets	117	124

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

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/22				Asset movements during the reporting period						as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	2,700	–	2,700	595	1,480	–	–	(2,207)	–	–	2,568	–	2,568
Land	3	10,332	–	–	10,332	–	–	(1,545)	–	–	3,157	11,944	–	–	11,944
Land - other	2	6,914	1,300	–	8,214	65	–	(135)	–	–	1,178	9,322	–	–	9,322
Infrastructure															
- Sealed roads	3	128,601	5,285	(43,758)	90,128	55	967	–	(1,586)	296	9,469	148,012	1,037	(49,720)	99,329
- Unsealed roads	3	28,691	3,060	(13,471)	18,280	21	1,231	–	(1,229)	9	1,849	34,947	1,260	(16,046)	20,161
- Kerb & Gutter	3	22,719	411	(9,734)	13,396	–	109	(12)	(362)	–	1,261	25,259	108	(10,975)	14,392
- Stormwater	3	12,203	886	(4,292)	8,797	–	55	(4)	(122)	105	811	14,291	158	(4,807)	9,642
- CWMS	3	41,274	88	(11,096)	30,266	–	23	(11)	(812)	–	2,784	45,139	24	(12,913)	32,250
- Footpaths	3	9,859	422	(4,325)	5,956	366	213	(4)	(415)	1,693	570	11,238	2,268	(5,127)	8,379
Right-of-use assets		30	–	(22)	8	37	–	–	(8)	–	–	67	–	(30)	37
Plant and equipment		–	12,804	(6,792)	6,012	718	1,506	(201)	(896)	37	–	–	13,519	(6,343)	7,176
Furniture and fittings		–	369	(274)	95	10	15	–	(11)	–	–	–	394	(285)	109
Buildings	2	143	20	(5)	158	–	–	–	(4)	–	–	143	20	(9)	154
Buildings	3	45,040	1,492	(14,947)	31,585	21	23	(23)	(1,002)	34	236	45,227	1,536	(15,889)	30,874
Structures	3	12,130	7,554	(6,461)	13,223	27	387	(35)	(570)	33	87	12,103	7,971	(6,922)	13,152
Total infrastructure, property, plant and equipment		317,936	36,391	(115,177)	239,150	1,915	6,009	(1,970)	(7,017)	–	21,402	357,692	30,863	(129,066)	259,489
Comparatives		319,763	28,859	(109,572)	239,050	3,740	4,521	(1,691)	(6,470)	–	–	317,936	36,391	(115,177)	239,150

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

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

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

	2023	2022
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 2023

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>	2023	2022
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 20 years	5 to 8 years
Other Plant & Equipment	1 to 25 years	5 to 15 years

<i>Building & Other Structures</i>		
Sub Structure	5 to 200 years	100 to 200 years
Super Structure	10 to 200 years	100 to 200 years
Roof	40 to 150 years	75 to 150 years
Services (Electrical)	30 to 80 years	30 to 60 years
Services (Fire)	10 to 40 years	20 to 40 years
Services (Hydraulics)	30 to 80 years	30 to 70 years
Services (Mechanical)	12 to 40 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)	8 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

<i>Infrastructure</i>		
Sealed Roads - Surface	20 to 100 years	20 to 100 years
Sealed Roads - Pavement /Sub Base	30 to 560 years	30 to 560 years
Unsealed Roads	30 to 140 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	100 to 125 years	60 to 80 years
Stormwater - Other	15 to 125 years	15 to 100 years
CWMS – Pipes	25 to 100 years	60 to 100 years
CWMS – Mechanical & Electrical	25 to 50 years	25 to 50 years
CWMS – Other	25 to 100 years	25 to 120 years

<i>Other Assets</i>		
Various Other Assets	5 to 50 years	5 to 50 years

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

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 2023 by the Valuer Generals Office. Additions are recognised on the cost basis.

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. Unsealed and Sealed roads were indexed 10.0% as at 1st July 2022 by Assetc Pty LTD. 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. Kerb & Gutter assets were indexed 9.2% as at 1st July 2022 by Assetc Pty Ltd. 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. Footpath assets were indexed 9.2% as at 1st July 2022 by Assetc Pty Ltd. 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. Stormwater Drainage assets were indexed 9.2% as at 1st July 2022 by Assetc Pty Ltd. 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. CWMS assets were indexed 9.2% as at 1st July 2022 by Assetc Pty Ltd. 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 2023

Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
(a) Trade and other payables				
Goods and services	1,028	—	1,696	—
Payments received in advance	443	—	365	—
Accrued expenses - employee entitlements	97	—	438	—
Accrued expenses - other	284	—	94	—
Deposits, retentions and bonds	158	—	123	—
Total trade and other payables	2,010	—	2,716	—

\$ '000	Notes	2023 Current	2023 Non Current	2022 Current	2022 Non Current
(b) Borrowings					
Loans		355	2,773	411	3,128
Lease Liabilities	15	2	35	9	—
Total Borrowings		357	2,808	420	3,128

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

(c) Provisions

Annual Leave - (including on costs)	1,005	—	1,010	—
Long Service Leave - (including on costs)	1,463	221	1,130	374
Total provisions	2,468	221	2,140	374

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Land	8,300	3,157	–	–	11,457
Land - other	–	1,178	–	–	1,178
Infrastructure					
- Sealed roads	61,817	9,469	–	–	71,286
- Unsealed roads	28,806	1,849	–	–	30,655
- Kerb & Gutter	3,466	1,261	–	–	4,727
- Stormwater	8,926	811	–	–	9,737
- CWMS	20,546	2,784	–	–	23,330
- Footpaths	5,789	570	–	–	6,359
Buildings	28,678	236	–	–	28,914
Structures	7,168	87	–	–	7,255
Total asset revaluation reserve	173,496	21,402	–	–	194,898
Comparatives	173,496	–	–	–	173,496

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Waste Management Reserve	1,471	1,667	(1,686)	–	1,452
Community Waste Water Scheme Reserve	1,003	760	(540)	–	1,223
Other Reserves	125	–	–	–	125
Land Development	92	–	–	–	92
Service Station	25	–	–	–	25
Total other reserves	2,716	2,427	(2,226)	–	2,917
Comparatives	2,488	2,438	(2,210)	–	2,716

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 2023

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
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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 and equivalent assets	5	11,335	12,839
Balances per Statement of Cash Flows		11,335	12,839

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)		(2,073)	616
Non-cash items in income statements			
Depreciation, amortisation and impairment		7,017	6,470
Grants for capital acquisitions treated as investing activity		(1,031)	(1,036)
Net (gain)/loss on disposals		1,534	344
		5,447	6,394
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		424	(362)
Change in allowances for under-recovery of receivables		(10)	(8)
Net (increase)/decrease in inventories		(21)	248
Net (increase)/decrease in other assets		20	16
Net increase/(decrease) in trade and other payables		(741)	(1,783)
Net increase/(decrease) in other provisions		175	(53)
Net cash provided by (or used in) operations		5,294	4,452

(c) Financing arrangements

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

Corporate credit cards	13	16
LGFA cash advance debenture facility	7,760	7,760

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 2023

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	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Business Undertakings	982	997	2,032	2,636	(1,050)	(1,639)	(798)	(629)	20,288	27,527
Community Services	1,873	1,664	3,313	2,955	(1,440)	(1,291)	–	–	9,956	13,516
Culture	4	27	89	159	(85)	(132)	–	–	130	178
Library Services	45	42	545	573	(500)	(531)	33	40	2,361	3,207
Economic Development	59	184	1,058	936	(999)	(752)	–	–	147	204
Environment	70	222	3,290	691	(3,220)	(469)	–	89	41,892	22,196
Recreation	27	101	3,026	2,763	(2,999)	(2,662)	–	–	21,598	29,323
Regulatory Services	472	505	1,402	2,049	(930)	(1,544)	–	–	619	840
Transport & Communication	1,658	1,435	6,989	7,885	(5,331)	(6,450)	1,614	897	142,260	118,260
Governance Services	25,983	24,257	8,779	8,308	17,204	15,949	4,937	5,269	26,311	35,712
Unclassified Activities	244	225	1,666	151	(1,422)	74	29	–	7,176	3,360
Total Functions/Activities	31,417	29,659	32,189	29,106	(772)	553	5,815	5,666	272,738	254,323

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

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

Note 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 2023

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 1.05% and 4.30% (2022: 0.30% and 1.05%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.480% (2022: 0.420%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

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

Terms and conditions:

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

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

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

Terms and conditions:

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

Carrying amount:

Approximates fair value.

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

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 and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (2 repayments per year with fixed terms between 7 and 20 years);; interest is charged at fixed (or variable - describe) rates between 5.80% and 7.00% (2022: 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 2023

Note 12. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2023					
Financial assets					
Cash and cash equivalents	11,335	–	–	11,335	11,335
Receivables	1,501	9	8	1,518	1,499
Total financial assets	12,836	9	8	12,853	12,834
Financial liabilities					
Payables	1,629	–	–	1,629	1,629
Current borrowings	537	–	–	537	357
Non-current borrowings	–	1,916	1,726	3,642	2,808
Total financial liabilities	2,166	1,916	1,726	5,808	4,794
Total financial assets and liabilities	15,002	1,925	1,734	18,661	17,628
2022					
Financial assets					
Cash and 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
Total financial assets and liabilities	17,581	2,116	2,082	21,779	20,511

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	0.00%	–	2.00%	–
Fixed interest rates	5.86%	3,165	5.86%	3,548
		3,165		3,548

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 2023

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury 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 2023

Note 13. Financial indicators

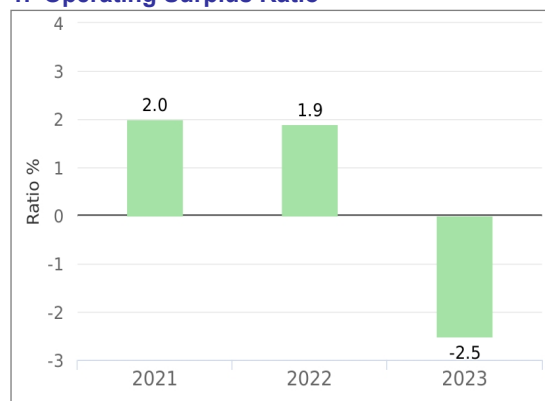
	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating surplus			
Total operating income	(2.5)%	1.9%	2.0%
<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	(16)%	(20)%	(19)%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating surplus			
Total operating income	(5.5)%	(1.5)%	1.5%
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	(4)%	(11)%	(12)%
3. Asset Renewal Funding Ratio			
Asset renewals			
Infrastructure and Asset Management Plan required expenditure	82%	79%	74%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

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

Note 13. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



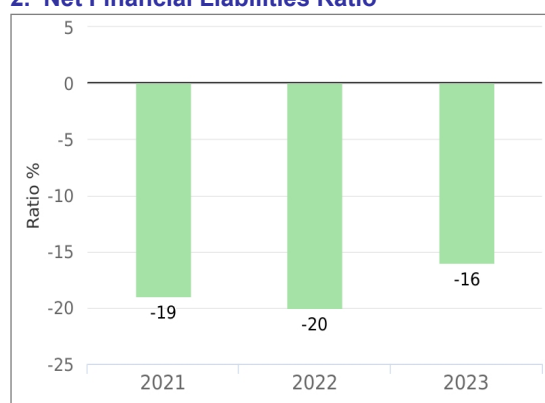
Purpose of operating surplus ratio

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

Commentary on 2022/23 result

2022/23 ratio (2.5)%

2. Net Financial Liabilities Ratio



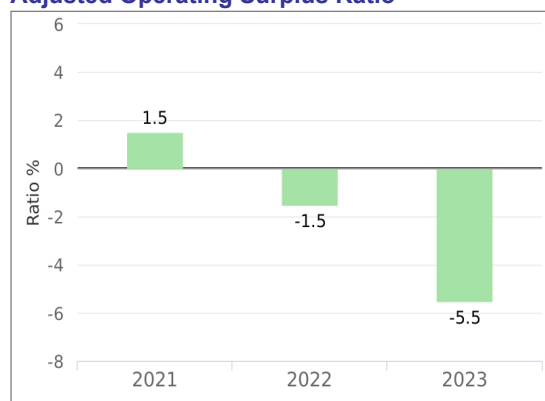
Purpose of net financial liabilities ratio

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

Commentary on 2022/23 result

2022/23 ratio (16)%

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

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

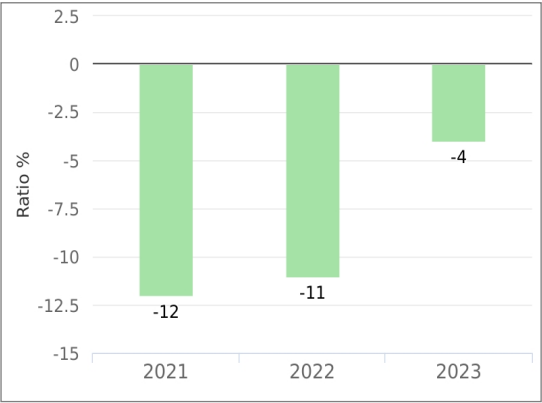
Commentary on 2022/23 result

2022/23 ratio (5.5)%

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

Note 13. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio

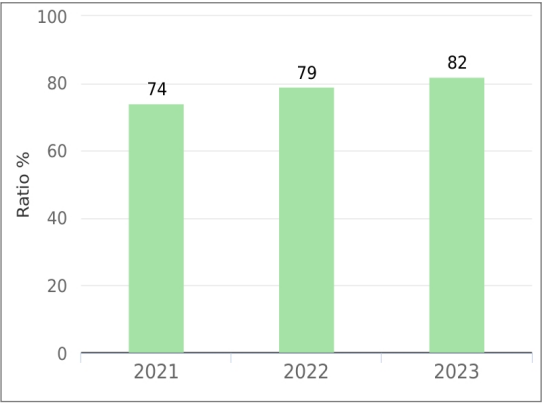


Purpose of adjusted net financial liabilities ratio

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

Commentary on 2022/23 result	
2022/23 ratio	(4)%

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2022/23 result	
2022/23 ratio	82%

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

Note 14. Uniform presentation of finances

\$ '000	2023	2022
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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

Rates	20,481	19,617
Statutory charges	420	396
User charges	3,149	2,768
Grants, subsidies and contributions - capital	798	629
Grants, subsidies and contributions - operating	5,815	5,666
Investment income	347	95
Reimbursements	85	115
Other income	322	373
Total Income	31,417	29,659

Expenses

Employee costs	13,013	11,207
Materials, contracts and other expenses	11,888	11,203
Depreciation, amortisation and impairment	7,017	6,470
Finance costs	271	226
Total Expenses	32,189	29,106

Operating surplus / (deficit)

	(772)	553
--	--------------	------------

Adjusted Operating surplus / (deficit)

	(772)	553
--	--------------	------------

Net outlays on existing assets

Capital expenditure on renewal and replacement of existing assets	(6,011)	(4,521)
Add back depreciation, amortisation and impairment	7,017	6,470
Add back proceeds from sale of replaced assets	386	163
	1,392	2,112

Net outlays on new and upgraded assets

Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(1,877)	(3,740)
Add back amounts received specifically for new and upgraded assets	233	407
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	50	1,184
	(1,594)	(2,149)

Annual net impact to financing activities (surplus/(deficit))

	(974)	516
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Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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	
2023	
Opening balance	8
Additions to right-of-use assets	37
Depreciation charge	(8)
Balance at 30 June	37
2022	
Opening balance	18
Additions to right-of-use assets	–
Depreciation charge	(10)
Balance at 30 June	8

(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:

	2023	2022
\$ '000		
Balance at 1 July	8	18
Additions	37	–
Payments	(8)	(10)
Balance at 30 June	37	8
Classified as:		
Current	2	8
Non-current	35	–

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	(8)	10
Total amount recognised in profit or loss	(8)	10

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

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 (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

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

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(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 2023

Note 17. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge 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 \$292,039 (2022: \$240,288) 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 0 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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	2023	2022
The compensation paid to key management personnel comprises:		
Salaries, allowances & other short-term benefits	3,565	3,103
Total	3,565	3,103

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	43	48
Planning and building application Fees	5	2
Total	48	50

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 \$61,738.21 during the year on normal commercial terms.

Six (6) 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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www.deannewbery.com.auDean Newbery
ABN: 48 007 865 081**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 2023, 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 2023, 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
Director

10/11/2023

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

Opinion

In our opinion, 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 2022 to 30 June 2023.

Basis for opinion

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 2022 to 30 June 2023 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 perform 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 design 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
Director

10/11/2023

Wattle Range Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023, 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

Date: 10 October 2023

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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 2023, 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

Director

DEAN NEWBERY

10/11/2023