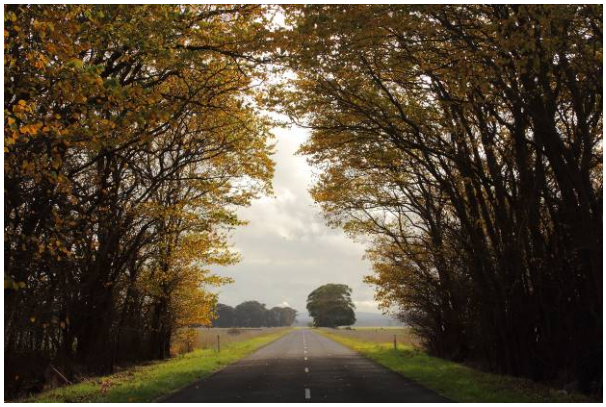
Wattle Range Council



Annual Financial Statements
2016 - 2017

WATTLE RANGE COUNCIL

General Purpose Financial Reports
for the year ended 30 June 2017

TABLE OF CONTENTS

	Page
Council Certificate	2
Principal Financial Statements	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5-6
Statement of Cash Flows	7
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	8-12
Note 2 - Income	13-15
Note 3 - Expenses	16-17
Note 4 - Gain or Loss on Disposal of Assets	18
Note 5 - Current Assets	19
Note 6 - Non-Current Assets	20
Note 7 - Infrastructure, Property, Plant & Equipment	21-25
Note 8 - Liabilities	26
Note 9 - Reserves	27-28
Note 10 - Reconciliation of Cash Flow Statement	29
Note 11 - Functions	30-31
Note 12 - Financial Instruments	32-34
Note 13 - Expenditure Commitments	35
Note 14 - Financial Indicators	36
Note 15 - Uniform Presentation of Finances	37
Note 16 - Operating Leases	38
Note 17 - Superannuation	39
Note 18 - Assets & Liabilities not Recognised	40
Note 19 - Error - Prior Years Adjustments	41
Note 20 - Related Party Disclosures	42
Audit Report – Financial Statements	43-44
Audit Report – Internal Controls	45-46
Council Certificate of Audit Independence	47
Audit Certificate of Audit Independence	48

WATTLE RANGE COUNCIL

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017

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 2017 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

Peter Gandolfi
MAYOR

Dated this 16th day of November 2017

WATTLE RANGE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
INCOME			
Rates	2	**18,065**	17,046
Statutory charges	2	**285**	239
User charges	2	**2,129**	1,728
Grants, subsidies and contributions	2	**4,829**	2,457
Investment income	2	**109**	93
Reimbursements	2	**201**	167
Other income	2	**331**	782
Total Income		**25,949**	22,512
EXPENSES			
Employee costs	3	**8,063**	7,532
Materials, contracts & other expenses	3	**9,968**	8,191
Depreciation, amortisation & impairment	3	**4,425**	4,626
Finance costs	3	**538**	602
Total Expenses		**22,994**	20,951
OPERATING SURPLUS / (DEFICIT)		**2,955**	1,561
Asset disposal & fair value adjustments	4	**(1,064)**	(171)
Amounts received specifically for new or upgraded assets	2	**584**	741
NET SURPLUS / (DEFICIT) transferred to Equity Statement		**2,475**	2,131
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	**24,893**	35,449
Impairment (expense) / recoupments offset to asset revaluation reserve	9	**(45)**	(85)
Total Other Comprehensive Income		**24,893**	35,364
TOTAL COMPREHENSIVE INCOME		**27,323**	37,495

This Statement is to be read in conjunction with the attached Notes.

WATTLE RANGE COUNCIL

STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	**8,363**	4,591
Trade & other receivables	5	**1,455**	1,478
Inventories	5	**605**	457
Total Current Assets		**10,423**	6,526
Non-current Assets			
Financial Assets	6	**329**	369
Infrastructure, Property, Plant & Equipment	7	**222,085**	198,692
Total Non-current Assets		**222,414**	199,061
Total Assets		**232,837**	205,587
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	**3,370**	2,421
Borrowings	8	**1,132**	1,115
Provisions	8	**1,710**	1,638
Total Current Liabilities		**6,212**	5,174
Non-current Liabilities			
Borrowings	8	**6,274**	7,407
Provisions	8	**231**	209
Total Non-current Liabilities		**6,505**	7,616
Total Liabilities		**12,717**	12,790
NET ASSETS		**220,120**	192,797
EQUITY			
Accumulated Surplus		**63,989**	61,685
Asset Revaluation Reserves	9	**154,918**	130,070
Other Reserves	9	**1,213**	1,042
TOTAL EQUITY		**220,120**	192,797

This Statement is to be read in conjunction with the attached Notes.

WATTLE RANGE COUNCIL
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

2017	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
		$'000	$'000	$'000	$'000
Balance at end of previous reporting period		**61,685**	**130,070**	**1,042**	**192,797**
Restated opening balance		**61,685**	**130,070**	**1,042**	**192,797**
Net Surplus / (Deficit) for Year		**2,475**	**-**	**-**	**2,475**
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment	9	**-**	**24,893**	**-**	**24,893**
Impairment (expense)/ recoupments offset to asset revaluation reserve	9		**(45)**		**(45)**
Transfers between reserves	9	**(171)**	**-**	**171**	**-**
Balance at end of period		**63,989**	**154,918**	**1,213**	**220,120**

(Continued Next Page)

Statement of Change in Equity Statement (Cont)

2016	Notes	Accumulated Surplus $'000	Asset Revaluation Reserve $'000	Other Reserves $'000	TOTAL EQUITY $'000
Balance at end of previous reporting period		61,321	94,706	828	156,855
Adjustment to give effect to changed accounting policies		(1,553)			(1,553)
Restated opening balance		59,768	94,706	828	155,302
Net Surplus / (Deficit) for Year		2,131	-	-	2,131
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment	9	-	35,449	-	35,449
Impairment (expense)/ recoupments offset to asset revaluation reserve	9	-	(85)	-	(85)
Transfers between reserves	9	(214)	-	214	-
Balance at end of period		61,685	130,070	1,042	192,797

This Statement is to be read in conjunction with the attached Notes

WATTLE RANGE COUNCIL

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates - general & other		**17,964**	17,047
Fees & other charges		**308**	258
User charges		**2,610**	1,400
Investment receipts		**106**	81
Grants utilised for operating purposes		**5,191**	2,641
Reimbursements		**220**	184
Other revenues		**1,140**	1,825
Payments			
Employee Costs		**(7,939)**	(7,438)
Materials, contracts & other expenses		**(10,748)**	(9,385)
Finance payments		**(453)**	(594)
Net Cash provided by (or used in) Operating Activities	10	**8,299**	6,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		**584**	741
Sale of replaced assets		**213**	156
Sale of surplus assets		**24**	189
Repayments of loans by community groups		**39**	38
Payments			
Expenditure on renewal/replacement of assets		**(3,487)**	(3,647)
Expenditure on new/upgraded assets		**(784)**	(1,387)
Net Cash provided by (or used in) Investing Activities		**(3,411)**	(3,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		**-**	-
Payments			
Repayments of Borrowings		**(1,116)**	(1,128)
Net Cash provided by (or used in) Financing Activities		**(1,116)**	(1,128)
Net Increase (Decrease) in cash held		**3,772**	981
Cash & cash equivalents at beginning of period	10	**4,591**	3,610
Cash & cash equivalents at end of period	10	**8,363**	4,591

This Statement is to be read in conjunction with the attached Notes

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report 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 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. Historical Cost Convention

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

1.3. Critical Accounting Estimates

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

1.4. Rounding

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

2. The Local Government Reporting Entity

Wattle Range Council is incorporated under the *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.

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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

Year	Cash Payment Received	Annual Allocation	Difference	
2014/15	$3,702,235	$2,445,769	+	$1,256,466
2015/16	$1,198,074	$2,454,540	-	($1,256,466)
2016/17	$3,870,022	$3,870,022	+	$1,315,450

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

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

3. 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. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

4. 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.

5. Infrastructure, Property, Plant & Equipment

5.1. Land under Roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.2. 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 and transferred to infrastructure, property, plant & equipment when completed ready for use.

5.3. 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.

5.4. Subsequent Recognition

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

5.5. 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.

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.

5.6. Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. 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 outflows or value in use).

For 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, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

6. Payables

6.1. 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.

6.2. Payments Received in Advance & Deposits

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

7. Borrowings

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

8. Employee Benefits

8.1. 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 average discount rate	*2.340% (2016, 2.340%)*
Weighted average settlement period	*10 years (2016, 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.

8.2. Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government 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 Note17.

9. Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

10. 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.

11. Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.
(Standards not affecting local government have been excluded from the above list.)

Council is of the view that other than AASB 16 and AASB 1058, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

Accounting Standard AASB 1058 Income of Not-for-Profit Entities may have a material effect on the amounts disclosed in these reports, particularly in revenues from grants & subsidies, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 2 – INCOME

	Notes	2017 $'000	2016 $'000
RATES REVENUES			
General Rates		**14,880**	14,508
Less: Mandatory Rebates		**(134)**	(124)
Less: Discretionary rebates, remissions & write offs		**(81)**	(84)
		14,665	14,300
Other Rates (including service charges)			
Natural Resource Management levy		**901**	299
Waste Collection & Disposal		**1,332**	1,292
Community Wastewater Management Systems (CWMS)		**1,100**	1,088
		3,333	2,679
Other Charges			
Penalties for late payment		**67**	67
		67	67
Total		**18,065**	17,046
STATUTORY CHARGES			
Development Act fees		**165**	116
Health & Septic Tank Inspection fees		**17**	15
Animal registration fees & fines		**83**	83
Other Licences / fines / expiation fees		**20**	25
		285	239
USER CHARGES			
Cemetery fees		**144**	121
Childcare fees		**803**	577
Caravan Park fees		**609**	577
Livestock Saleyards		**145**	122
Rental / Lease fees		**151**	130
Beachport Boatyard		**88**	86
Aerodrome fees		**29**	27
Hall Hire		**16**	11
Sundry		**144**	77
		2,129	1,728
INVESTMENT INCOME			
Local Government Finance Authority		**97**	80
Banks & Other		**1**	1
Loans to Community Organisations		**11**	12
		109	93

NOTE 2 - INCOME (continued)

	Notes	2017 $'000	2016 $'000
REIMBURSEMENTS			
- for private works		**61**	47
- other		**140**	120
		201	167
OTHER INCOME			
Insurance & Other Recoupments		**180**	184
Sundry		**151**	598
		331	782
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		**584**	741
Other grants, subsidies and contributions		**4,829**	2,457

	2017	2016
Untied - Financial Assistance Grant	**3,769**	1,198
Roads to Recovery	**813**	1,104
Library & Communications	**27**	26
Sundry	**220**	129
Sub Total	***4,829***	*2,457*

	5,413	3,198

The functions to which these grants relate are shown in Note 2.

- Sources of grants

Commonwealth government	**21**	189
State government	**5,392**	3,006
Other	**-**	3
	5,413	3,198

- Individually Significant Item

On 9 June 2017, Council received payment of the first two instalments of the 2017/18 Grant Commission (FAG) grant. In 2015/16 no prepayments were received.	**1,315**	-

This has materially increased Council's operating results in the previous year, as this amount was recognised as income upon receipt. Similarly material adverse effects will be experienced when grant payments are restored.

Note 2 - INCOME (continued)

	Notes	2017 $'000	2016 $'000
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		***16***	*26*
Less: expended during the current period from revenues recognised in previous reporting periods			
Childcare		***(16)***	*(30)*
Subtotal		***(16)***	*(30)*
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Childcare		**-**	20
Subtotal		**-**	20
Unexpended at the close of this reporting period		**-**	16
Net increase (decrease) in assets subject to conditions in the current reporting period		**-**	(10)

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 3 – EXPENSES

	Notes	2017 $'000	2016 $'000
EMPLOYEE COSTS			
Salaries and Wages		**6,503**	6,218
Employee leave expense		**709**	642
Superannuation - defined plan contributions	17	**487**	454
Superannuation - defined benefit plan contributions	17	**162**	155
Workers' Compensation Insurance		**334**	322
Income Protection Insurance		**111**	111
Less: Capitalised and distributed costs		**(243)**	(370)
Total Operating Employee Costs		**8,063**	7,532
Total Number of Employees		***103***	*97*
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		**24**	28
Bad & Doubtful Debts		**3**	-
Elected Members' Expenses		**264**	255
Election Expenses		**4**	3
Operating Lease Rentals –cancellable leases	16	**3**	1
Subtotal - Prescribed Expenses		**298**	287
Other Materials, Contracts & Expenses			
Contractors		**4,309**	4,224
Energy		**408**	384
Materials		**1,399**	1,031
Fuel		**443**	437
Insurance		**466**	502
Legal Expenses		**72**	89
Levies paid to government - NRM levy		**955**	302
Telephone		**126**	117
Water		**131**	121
Subscriptions		**173**	187
Sundry		**1,188**	510
Subtotal - Other Materials, Contracts & Expenses		**9,670**	7,904
Total Other Materials, Contracts & Other Expenses		**9,968**	8,191

Note 3 - EXPENSES (cont)

	Notes	2017 $'000	2016 $'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings Market Value		**12**	1,278
Buildings		**520**	
Structures		**374**	
Infrastructure			
- Sealed Roads		**1,177**	876
- Unsealed Roads		**743**	760
- Kerb & Gutter		**259**	260
- Footpaths		**128**	123
- CWMS (Community Wastewater Management Schemes)		**448**	448
- Stormwater Drainage		**39**	36
Plant & Machinery		**712**	639
Furniture & Fittings		**13**	13
Library Books		**-**	193
Impairment			
Buildings & Other Structures		**45**	85
		4,470	4,711
Less: Impairment expense offset to asset revaluation reserve	**9**	**(45)**	(85)
Total Depreciation, Amortisation & Impairment		**4,425**	4,626
FINANCE COSTS			
Interest on Loans		**538**	602
Total Finance Costs		**538**	602

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2017 $'000	2016 $'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Assets renewed or directly replaced			
Proceeds from disposal		**213**	156
Less: Carrying amount of assets sold		**1,271**	290
Gain (Loss) on disposal		**(1,058)**	(134)
Assets surplus to requirements			
Proceeds from disposal		**24**	189
Less: Carrying amount of assets sold		**30**	226
Gain (Loss) on disposal		**(6)**	(37)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		**(932)**	(171)

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 5 - CURRENT ASSETS

	Notes	2017 $'000	2016 $'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		**254**	375
Short Term Deposits & Bills, etc		**8,109**	4,216
		8,363	4,591
TRADE & OTHER RECEIVABLES			
Rates - General & Other		**744**	594
Accrued Revenues		**22**	19
Debtors - general		**385**	657
GST Recoupment		**243**	166
Prepayments		**24**	26
Loans to community organisations		**40**	39
Total		**1,458**	1,501
Less: Allowance for Doubtful Debts		**3**	23
		1,455	1,478
INVENTORIES			
Stores & Materials		**605**	457
		605	457

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.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 6 – NON - CURRENT ASSETS

FINANCIAL ASSETS	Notes	2017 $'000	2016 $'000
RECEIVABLES			
Loans to Community Organisations		**329**	369
		329	369

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2016 $'000				2017 $'000			
ASSET CATEGORY	FAIR VALUE LEVEL	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	3	7,598	-	-	7,598	**10,956**	**-**	**-**	**10,956**
Land - Other	2	4,862	-	-	4,862	**6,706**	**-**	**-**	**6,706**
Buildings – Market Value	2	42,283	964	(25,377)	17,870	**1,190**	**-**	**(12)**	**1,178**
Buildings	3	17,407	4,453	(9,874)	11,986	**37,332**	**166**	**(6,665)**	**30,833**
Structures	2	-	-	-	-	**5,266**	**181**	**(2,135)**	**3,312**
Structures	3	-	-	-	-	**14,575**	**16**	**(3,428)**	**11,163**
Infrastructure									
- Sealed Roads	3	114,723	-	(31,533)	83,190	**115,828**	**-**	**(32,145)**	**83,683**
- Unsealed Roads	3	38,337	-	(10,343)	27,994	**38,173**	**-**	**(10,883)**	**27,290**
- Kerb & Gutter	3	20,695	-	(5,187)	15,508	**20,721**	**-**	**(5,425)**	**15,296**
- Footpaths	3	4,669	-	(753)	3,916	**8,054**	**-**	**(1,636)**	**6,418**
- CWMS	3	14,646	8,733	(5,869)	17,510	**14,647**	**8,733**	**(6,317)**	**17,063**
- Stormwater	3	4,485	-	(1,150)	3,335	**4,231**	**-**	**(1,054)**	**3,177**
Plant & Equipment	2	7,963	2,347	(5,742)	4,568	**6,799**	**3,416**	**(5,631)**	**4,584**
Furniture & Fittings	2	253	30	(195)	88	**253**	**70**	**(209)**	**114**
Library Books	2	2,163	132	(2,295)	-	**-**	**-**	**-**	**-**
WIP	-	-	267	-	267	**-**	**312**	**-**	**312**
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT		280,084	16,926	(98,318)	198,692	**284,731**	**12,894**	**(75,540)**	**222,085**
Comparative Totals		*218,147*	*15,046*	*(69,757)*	*163,436*	***280,084***	***16,926***	***(98,318)***	***198,692***

This Note continues on the following pages.

Note 7 (Cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2016 $'000	CARRYING AMOUNT MOVEMENTS DURING YEAR $'000							**2017 $'000**
Asset Category	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land - Community	**7,598**	-	-	-	-	-	-	3,358	**10,956**
Land - Other	**4,862**	44	-	(30)	-	-	-	1,830	**6,706**
Buildings – Market Value	**17,870**	-	-	-	(12)	-	(17,519)	839	**1,178**
Buildings	**11,986**	-	166	(83)	(520)	(45)	6,262	13,067	**30,833**
Structures	**-**	112	69	(69)	(109)	-	2,502	807	**3,312**
Structures	**-**	10	6	(6)	(265)	-	8,761	2,657	**11,163**
Infrastructure									
- Sealed Roads	**83,190**	495	1,209	(220)	(1,177)	-	186	-	**83,683**
- Unsealed Roads	**27,994**	-	477	(514)	(743)	-	76	-	**27,290**
- Kerb & Gutter	**15,508**	-	54	(7)	(259)	-	-	-	**15,296**
- Footpaths	**3,916**	-	139	(7)	(128)	-	(31)	2,529	**6,418**
- CWMS	**17,510**	-	-	-	(448)	-	1	-	**17,063**
- Stormwater	**3,335**	16	52	(24)	(39)	-	31	(194)	**3,177**
Plant & Equipment	**4,568**	99	971	(341)	(712)	-	(1)	-	**4,584**
Furniture & Fittings	**88**	-	40	-	(13)	-	(1)	-	**114**
Library Books	**-**	-	-	-	-	-	-	-	**-**
WIP	**267**	8	304	-	-	-	(267)	-	**312**
TOTAL I.P.P & E	**198,692**	**784**	**3,487**	**(1,169)**	**(4,425)**	**(45)**	**-**	**24,893**	**222,085**
2016 Comparative Totals	*164,936*	*1,387*	*3,647*	*(516)*	*(4,626)*	*(85)*	-	*35,449*	*198,692*

This Note continues on the following pages.

Note 7 (cont) – 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.

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 these assets and they 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

	2016- 2017	2015- 2016
Buildings - new construction/extensions	$5,000	$5,000
Other structures	$5,000	$5,000
Road construction & reconstruction	$5,000	$5,000
Paving & Footpaths, Kerb & Gutter	$1,000	$1,000
Stormwater	$1,000	$1,000
CWMS	$5,000	$5,000
Office Furniture & Equipment	$1,000	$1,000
Other Plant & Equipment	$2,000	$2,000
Library Books	$1,000	$1,000
Other Assets	$1,000	$1,000

Estimated Lives

		2016 – 2017	2015 – 2016
Plant, Furniture & Equipment			
	Office Equipment	5 to 10 years	5 to 10 years
	Office Furniture	10 to 20 years	10 to 20 years
	Vehicles and Road-Making Equip	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	50 to 100 years
	Super Structure	100 to 200 years	50 to 100 years
	Roof	75 to 150 years	50 to 100 years
	Services (Electrical)	30 to 60 years	50 to 100 years
	Services (Fire)	20 to 40 years	50 to 100 years
	Services (Hydraulics)	30 to 70 years	50 to 100 years
	Services (Mechanical)	30 to 70 years	50 to 100 years
	Services (Security)	20 to 40 years	50 to 100 years
	Services (Transport)	25 to 50 years	50 to 100 years
	Site Infrastructure	45 to 90 years	50 to 100 years
	Site Services	30 to 60 years	20 to 40 years
	Fitouts & Fittings	30 to 60 years	50 to 100 years
	Fitouts (Floor Coverings)	25 to 60 years	50 to 100 years
	Sheds/Shelters	40 to 120 years	20 to 100 years
	Playground Equipment	20 to 40 years	5 to 15 years
	Lighting	25 to 50 years	10 to 20 years
	Effluent Disposal Point	30 to 60 years	20 to 40 years
	Fencing	25 to 100 years	20 to 40 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
	Paving & Footpaths, Kerb & Gutter	15 to 80 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 80 years	60 to 80 years
	CWMS – Mechanical & Electrical	10 to 15 years	10 to 15 years
	CWMS – Other	15 to 100 years	15 to 100 years
Other Assets			
	Library Books	0 years	0 years
	Various Other Assets	5 to 50 years	5 to 50 years

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 2017 by the Valuer Generals Office. Additions are recognised on the cost basis.

Buildings & 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.

During the financial year, a review of the assets classified and recorded as Buildings & Structures assets was completed and as a result, some assets have been reclassified into other assets classes within Note 7 as at 1st July 2016. A total value of $17.519 million assets were reclassified from the Buildings – Market Value assets class and transferred into other asset classes per the movement shown in Note 7. The reclassification of these assets has resulted in no impact on the financial performance or position of the Council.

Infrastructure

Unsealed road and Sealed road assets were valued by Assetic Pty Ltd based on a condition assessment of Moloney Asset Management Systems. The condition assessment and assets were valued at depreciated current replacement cost as at the 30th June 2016.

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 were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

Plant, furniture & equipment assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective date of valuations are recognised at cost.

All other assets

All other assets were valued by Maloney Field Services Pty Ltd – Property Consultants and Valuers at depreciated current replacement cost as at the 30th June 2012. All acquisitions made after the respective dates of valuation are recorded at cost.

Due to a change in Councils Asset Accounting Policy, Library books are no longer capitalised in bulk and fully depreciated in the year of purchase.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 8 - LIABILITIES

		2017 $'000		2016 $'000	
TRADE & OTHER PAYABLES	Notes	**Current**	**Non-current**	Current	Non-current
Goods & Services		**2,456**	**-**	1,690	-
Amounts Received in Advance		**264**	**-**	175	-
Accrued Expenses - employee entitlements		**196**	**-**	166	-
Accrued Expenses - other		**194**	**-**	109	-
Deposits, Retentions & Bonds		**260**	**-**	281	-
		3,370	**-**	2,421	-
BORROWINGS					
Loans		**1,132**	**6,274**	1,115	7,407
		1,132	**6,274**	1,115	7,407

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

PROVISIONS					
Employee Entitlements (including on costs)					
Annual Leave		**742**	**-**	712	-
Long Service Leave		**968**	**231**	926	209
		1,710	**231**	1,638	209

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 9 - RESERVES

ASSET REVALUATION RESERVE	Notes	1/7/2016 $'000	Net Increments (Decrements) $'000	Transfers, Impairments $'000	30/6/2017 $'000
Land		2,510	5,188	-	7,698
Buildings		16,200	13,906	(5,089)	25,017
Structures		-	3,464	5,044	8,508
Infrastructure					
Sealed Roads		55,467	-	-	55,467
Unsealed Roads		36,609	-	-	36,609
Kerb & Gutter		4,690	-	-	4,690
Stormwater Drainage		4,816	(194)	-	4,622
CWMS		4,019	-	-	4,019
Footways		3,558	2,529	-	6,087
Plant & Equipment		2,201	-	-	2,201
TOTAL		130,070	24,893	(45)	154,918
2016 Totals		*94,706*	*35,449*	*(85)*	*130,070*

OTHER RESERVES	Notes	1/7/2016 $'000	Transfers to Reserve $'000	Transfers from Reserve $'000	30/6/2017 $'000
Specific Fund		828	2,432	(2,265)	995
Aged Accommodation		14	-	-	14
Other Reserves		96	-	-	96
Land Development		92	-	-	92
Service Station		12	4	-	16
TOTAL OTHER RESERVES		1,042	2,436	(2,265)	1,213
2016 Totals		*828*	*1,439*	*(1,225)*	*1,042*

Note 9 (Cont) - RESERVES
PURPOSES OF RESERVES

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

Other Reserves

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

Aged Accommodation
The aged accommodation reserve was originally for establishment of an Aged Care and Medical Facility at Beachport. There was a subsequent community agreement to use the reserve to purchase equipment for Beachport Medical Clinic.

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.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2017 $'000	2016 $'000
Total cash & equivalent assets	5	**8,363**	4,591
Balances per Cash Flow Statement		**8,363**	4,591

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

Net Surplus (Deficit)	**2,475**	2,131
Non-cash items in Income Statement		
- Depreciation, amortisation & impairment	**4,425**	4,626
- Net increase (decrease) in unpaid employee benefits	**124**	94
- Change in allowances for under recovery	**(20)**	20
- Grants for capital acquisitions treated as Investing Activity	**(584)**	(741)
- Net (Gain) Loss on Disposals		171
	1,064	
	7,484	6,301
Add (Less): Changes in Net Current Assets		
- Net (increase) decrease in receivables	**44**	(528)
- Net (increase) decrease in inventories	**(148)**	(52)
- Net increase (decrease) in trade & other payables	**919**	298
Net Cash provided by (or used in) operations	**8,299**	6,019

(c) Non-Cash Financing and Investing Activities

	-	-

(d) Financing Arrangements

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

Bank Overdrafts	**-**	-
Corporate Credit Cards	**18**	17
LGFA Cash Advance Debenture Facility	**9,010**	9,010

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also 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.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 11 – FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

FUNCTION	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL 2017 $'000	ACTUAL 2016 $'000	**ACTUAL 2017 $'000**	ACTUAL 2016 $'000	**ACTUAL 2017 $'000**	ACTUAL 2016 $'000	**ACTUAL 2017 $'000**	ACTUAL 2016 $'000	**ACTUAL 2017 $'000**	ACTUAL 2016 $'000
Business Undertakings	**943**	1,068	**2,140**	2,036	**(1,197)**	(969)	**-**	-	**14,405**	12,220
Community Services	**1,023**	810	**1,873**	1,823	**(850)**	(1,013)	**85**	66	**12,956**	10,991
Culture	**25**	20	**108**	107	**(83)**	(87)	**-**	-	**140**	95
Library Services	**41**	36	**530**	872	**(489)**	(836)	**31**	26	**3,068**	55
Economic Development	**200**	126	**619**	613	**(419)**	(487)	**40**	-	**125**	15
Environment	**107**	72	**796**	674	**(689)**	(602)	**92**	63	**283**	240
Recreation	**92**	67	**2,020**	1,935	**(1,928)**	(1,868)	**19**	76	**28,244**	23,960
Regulatory Services	**346**	276	**906**	797	**(560)**	(521)	**-**	-	**802**	680
Transport	**1,653**	1,407	**5,624**	4,831	**(3,971)**	(3,424)	**1,617**	2,029	**135,864**	125,958
Governance Services	**21,321**	18,264	**8,341**	7,161	**12,980**	11,103	**3,529**	938	**33,774**	28,678
Unclassified Activities	**198**	366	**37**	102	**161**	264	**-**	-	**3,177**	2,695
TOTALS	**25,949**	22,512	**22,994**	20,951	**2,955**	1,561	**5,413**	3,198	**232,837**	205,587

Excludes net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 11 (cont) - 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:
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.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 12 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	**Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.
	Terms & conditions: Short term deposits have an average maturity of 1 day and average interest rates of between 1.50% and 1.75% (2016: 1 day, 1.75% and 2.25%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Secured over the subject land, arrears attract interest of 0.580% (2016: 0.600%) Although 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:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although 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:** Carried at nominal value.
	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 the Governments of the Commonwealth & State.
	Carrying amount: approximates fair value.
Liabilities - Creditors and Accruals	**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.75% and 7.00% (2016: 4.00% and 7.55%)
	Carrying amount: approximates fair value.
Liabilities - Finance Leases	**Accounting Policy:** accounted for in accordance with AASB 117.

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Due < 1 year $'000	Due > 1 year; ≤ 5 years $'000	Due > 5 years $'000	Total Contractual Cash Flows $'000	Carrying Values $'000
Financial Assets					
Cash & Equivalents	**8,363**	**-**	**-**	**8,363**	**8,363**
Receivables	**717**	**210**	**202**	**1,129**	**1,043**
Total	**9,080**	**210**	**202**	**9,492**	**9,406**
Financial Liabilities					
Payables	**2,980**	**-**	**-**	**2,980**	**2,980**
Current Borrowings	**1,549**	**-**	**-**	**1,549**	**1,132**
Non-Current Borrowings	**-**	**4,502**	**4,178**	**8,680**	**6,274**
Total	**4,529**	**4,502**	**4,178**	**12,792**	**10,386**

2016	Due < 1 year $'000	Due > 1 year; ≤ 5 years $'000	Due > 5 years $'000	Total Contractual Cash Flows $'000	Carrying Values $'000
Financial Assets					
Cash & Equivalents	4,591	-	-	4,591	4,591
Receivables	570	440	253	1,263	1,276
Total	5,161	440	253	5,854	5,867
Financial Liabilities					
Payables	2,146	-	-	2,146	2,146
Current Borrowings	1,598	-	-	1,598	1,115
Non-Current Borrowings	-	5,436	4,793	10,229	7,407
Total	3,744	5,436	4,793	13,973	10,668

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

	30 June 2017		30 June 2016	
	Weighted Average Interest Rate %	Carrying Value $'000	Weighted Average Interest Rate %	Carrying Value $'000
Other Variable Rates	**4.00**	**0**	4.00	0
Fixed Interest Rates	**5.84**	**7,406**	6.20	8,522
		7,406		8,522

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. 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 Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 adverse manner.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 13 - COMMITMENTS FOR EXPENDITURE

	Notes	2017 $'000	2016 $'000
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		**57**	75
Waste Management Services		**622**	1,487
Employee Remuneration Contracts		**2,179**	2,106
Cleaning Contract		**399**	681
		3,257	4,349
These expenditures are payable:			
Not later than one year		**1,534**	2,159
Later than one year and not later than 5 years		**1,723**	2,190
Later than 5 years		**-**	-
		3,257	4,349

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 14 - FINANCIAL INDICATORS

	2017	2016	2015

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. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio **11.0%** **6.9%** 14.0%

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

Adjusted Operating Surplus Ratio ***6.0%*** ***13.0%*** *9.0%*

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. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.

Net Financial Liabilities Ratio **10%** **28%** 36%

Net Financial Liabilities are define as total liabilities less financial assets These are expressed as a percentage of total operating revenue.

Asset Sustainability Ratio **90%** **94%** 89%

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 divided by the optimal level of such expenditure per I&AMP as noted in the Long Term Financial Plan.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 15 - UNIFORM PRESENTATION OF FINANCES

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.

	2017		2016	
	$'000		$'000	
Income		**25,949**		22,512
less Expenses		**22,994**		20,951
		2,955		1,561
less **Net Outlays on Existing Assets**				
Capital Expenditure on renewal and replacement of Existing Assets	**3,487**		3,647	
less Depreciation, Amortisation and Impairment	**4,425**		4,626	
less Proceeds from Sale of Replaced Assets	**213**		156	
		(1,151)		(1,135)
less **Net Outlays on New and Upgraded Assets**				
Capital Expenditure on New and Upgraded Assets *(including investment property & real estate developments)*	**784**		1,387	
less Amounts received specifically for New and Upgraded Assets	**584**		741	
less Proceeds from Sale of Surplus Assets *(including investment property and real estate developments)*	**24**		189	
		176		457
Net Lending / (Borrowing) for Financial Year		**3,930**		2,239

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 16 – OPERATING LEASES

	Notes	2017 $'000	2016 $'000
Lease payment commitments of Council			

Council as entered into a non-cancellable operating lease for photocopying equipment. The lease does not impose any additional restrictions on Council in relation to additional debt or further leasing. The lease in relation to the photocopying equipment permits Council, at expiry of the lease to elect to re-lease, return or acquire the equipment leased. The lease does not contain any escalation clauses.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows;

These expenditures are payable:		
Not later than one year	**3**	3
Later than one year and not later than 5 years	**8**	11
Later than 5 years	**-**	-
	11	14

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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 Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). 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 2015/16) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink 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 Fund 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, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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.

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WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

a) LAND UNDER ROADS

As reported elsewhere in these 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 these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 2,441 km of road reserves of average width 20 metres.

b) 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 a deductible "insurance excess", 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.

c) BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to $244,725 (2016: $169,000) at reporting date.

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

d) 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 one appeal 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.

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 19 – ERROR - PRIOR YEAR ADJUSTMENTS

Council capped the Canunda Landfill in 2013/14, this was accounted for in error as an asset. As per the requirements under AASB108, Council has chosen to recognise the retrospective restatement by amending the earliest prior period Asset & Equity Balances as follows;

	Fair Value	Opening Balance 1/7/15 $,000	Adjustment $,000	Restated Opening Balance 1/7/15 $,000
Note 7 Infrastructure, Property, Plant & Equip				
Buildings & Structures	3	13,539	(1,500)	12,039
Statement of Financial Position				
Assets				
Infrastructure, Property, Plant & Equipment		200,245	(1,500)	198,745
Total Non - Current Assets		200,614	(1,500)	199,114
Net Assets		194,350	(1,500)	192,850
Equity				
Accumulated Surplus		63,238	(1,500)	61,738
Total Equity		194,350	(1,500)	192,850
Statement of Changes in Equity				
Accumulated Surplus		63,238	(1,500)	61,738
Total Equity		194,350	(1,500)	192,850

WATTLE RANGE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 20 - RELATED PARTY DISCLOSURES

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, 28 persons were paid the following total compensation:

	2017 $'000
Salaries, allowances & other short term benefits	$ 1,994
Post-employment benefits	
Long term benefits	
Termination benefits	
TOTAL	**$ 1,994**

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

	2017 $'000
Contributions for fringe benefits tax purposes	$ 45
Planning and building applications fees	$ 2
Rentals for Council property	
TOTAL	**$ 47**

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

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 $54,269 during the year on normal commercial terms.

Five (5) 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.

No key management personnel or close family members (including related parties) lodged planning and building applications during the year.

Wattle Range
COUNCIL

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT

To the members of the Wattle Range Council

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Wattle Range Council (the Council), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2017 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Council is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including;

(i) giving a true and fair view of the Council's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and

(ii) that the financial records kept by the Council are such as to enable financial statements to be prepared in accordance with 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.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the 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 Chief Executive Officer'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 Chief Executive Officer 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 management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Chief Executive Officer of the Council is responsible for overseeing the Council's financial reporting process.

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Wattle Range
COUNCIL

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 management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 21st day of November 2017,
at 214 Melbourne Street, North Adelaide

Wattle Range
COUNCIL

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

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

We have audited the Internal Controls of the Wattle Range Council (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 2015 to 30 June 2016 have been conducted properly and in accordance with law.

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.

Auditor's Responsibility

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. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design of controls on a sample basis based on the assessed risks.

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.

Inherent Limitations

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 internal 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.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

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Wattle Range
COUNCIL

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to 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 2016 to 30 June 2017.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

JIM KEOGH
PARTNER

Signed on the 21st day of November 2017
at 214 Melbourne Street, North Adelaide, South Australia, 5006

WATTLE RANGE COUNCIL

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Wattle Range Council for the year ended 30 June 2017, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.

Ben Gower
CHIEF EXECUTIVE OFFICER

Michael Schultz
PRESIDING MEMBER
AUDIT COMMITTEE

Dated this 16th day of November 2017

Wattle Range
COUNCIL

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

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 2017, 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 21st day of November 2017

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