

District Council of Yankalilla

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



General Purpose Financial Statementsfor the year ended 30 June 2021

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General Purpose Financial Statements
for the year ended 30 June 2021

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 2021 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.



Nigel Morris
Chief Executive Officer

16 November 2021



Simon Rothwell
Mayor

16 November 2021

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	11,527	11,309
Statutory Charges	2b	359	237
User Charges	2c	1,369	1,053
Grants, Subsidies and Contributions	2g	956	802
Investment Income	2d	67	100
Reimbursements	2e	65	106
Other income	2f	125	126
Net Gain - Equity Accounted Council Businesses	19(a)	-	31
Total Income		14,468	13,764
Expenses			
Employee costs	3a	5,492	5,632
Materials, Contracts and Other Expenses	3b	6,689	5,333
Depreciation, Amortisation and Impairment	3c	3,080	3,153
Finance Costs	3d	285	336
Net loss - Equity Accounted Council Businesses	19(a)	154	-
Total Expenses		15,700	14,454
Operating Surplus / (Deficit)		(1,232)	(690)
Physical Resources Received Free of Charge	2i	-	734
Asset Disposal & Fair Value Adjustments	4	(222)	(534)
Amounts Received Specifically for New or Upgraded Assets	2g	597	-
Net Surplus / (Deficit)		(857)	(490)
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9	2,742	-
Total Amounts which will not be reclassified subsequently to operating result		2,742	-
Total Other Comprehensive Income		2,742	-
Total Comprehensive Income		1,885	(490)

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

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	2,249	39
Trade & Other Receivables	5b	2,135	1,989
Total current assets		<u>4,384</u>	<u>2,028</u>
Non-current assets			
Financial Assets	6a	69	81
Equity Accounted Investments in Council Businesses	6b	23	177
Infrastructure, Property, Plant & Equipment	7a(i)	103,447	100,217
Total non-current assets		<u>103,539</u>	<u>100,475</u>
TOTAL ASSETS		<u>107,923</u>	<u>102,503</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,208	1,424
Borrowings	8b	2,822	2,403
Provisions	8c	1,708	432
Total Current Liabilities		<u>8,738</u>	<u>4,259</u>
Non-Current Liabilities			
Borrowings	8b	2,588	3,634
Provisions	8c	260	158
Total Non-Current Liabilities		<u>2,848</u>	<u>3,792</u>
TOTAL LIABILITIES		<u>11,586</u>	<u>8,051</u>
Net Assets		<u>96,337</u>	<u>94,452</u>
EQUITY			
Accumulated surplus		25,860	26,717
Asset revaluation reserves	9	70,477	67,735
Total Council Equity		<u>96,337</u>	<u>94,452</u>
Total Equity		<u>96,337</u>	<u>94,452</u>

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

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2021				
Balance at the end of previous reporting period		26,717	67,735	94,452
Net Surplus / (Deficit) for Year		(857)	–	(857)
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	2,742	2,742
- Share of OCI - Equity Accounted Council Businesses		–	–	–
- Other Movements (enter details here)		–	–	–
Other comprehensive income		–	2,742	2,742
Total comprehensive income		(857)	2,742	1,885
Transfers between Reserves		–	–	–
Balance at the end of period		25,860	70,477	96,337
2020				
Balance at the end of previous reporting period		27,207	67,735	94,942
Net Surplus / (Deficit) for Year		(490)	–	(490)
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	–	–
- Share of OCI - Equity Accounted Council Businesses		–	–	–
- Other Movements (enter details here)		–	–	–
Other comprehensive income		–	–	–
Total comprehensive income		(490)	–	(490)
Transfers between Reserves		–	–	–
Balance at the end of period		26,717	67,735	94,452

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 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		11,862	11,384
Statutory Charges		359	237
User Charges		1,586	1,053
Grants, Subsidies and Contributions		1,381	802
Investment Receipts		67	100
Reimbursements		70	106
Other Receipts		128	1,361
<u>Payments</u>			
Finance Payments		(285)	(336)
Payments to Employees		(5,523)	(5,367)
Payments for Materials, Contracts & Other Expenses		(5,960)	(6,900)
Net cash provided by (or used in) Operating Activities	11b	3,685	2,440
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		2,956	–
Sale of Replaced Assets		154	174
Sale of Surplus Assets		82	23
Repayments of Loans by Community Groups		13	14
Distributions Received from Equity Accounted Council Businesses		154	31
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,272)	(2,200)
Expenditure on New/Upgraded Assets		(1,702)	(610)
Loans Made to Community Groups		(30)	–
Capital contributed to Equity Accounted Council Businesses		(154)	(32)
Net cash provided (or used in) investing activities		(799)	(2,600)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		–	836
Proceeds from Bonds & Deposits		3	–
<u>Payments</u>			
Repayments of Borrowings		(696)	(1,369)
Repayment of Finance Lease Liabilities		(61)	(43)
Net Cash provided by (or used in) Financing Activities		(754)	(576)
Net Increase (Decrease) in Cash Held		2,132	(736)
plus: Cash & Cash Equivalents at beginning of period		(1,625)	(889)
Cash and cash equivalents held at end of period	11a	507	(1,625)

Additional Information:

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

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

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District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

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* dated 16 November 2021.

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.

One estimate that has a material effect on these financial statements relates to Councils subsidiary Fleurieu Regional Waste Authority Regional Subsidiary (FRWA). There is significant uncertainty in the estimation of the provision taken by FRWA in which Council has a 15% stake. This provision is for remediation costs of \$9,877,286 (refer to Note 3 Expenses, Note 8c Provisions and Note 19 Equity), which is the best estimate of the costs that may be incurred by FRWA in relation to the coordination and removal of asbestos containing material from identified properties. The key estimates and assumptions used to determine the provision for remediation costs include the number of properties requiring remediation, the quantity of waste to dispose, consultant costs to manage the remediation process and contractor costs for site remediation.

The majority of the remediation work is expected to be carried out in financial year 2021/22 which will crystallise the costs and give clarity to the calculation of the quantum of any provision that is required at the end of the year.

1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Councils response to the pandemic, economic consequences of the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The single most significant example is the increase in patronage at Council owned Jetty Caravan Park Normanville. Income from the Caravan Park grew 32% compared to the prior year with the surplus generated by the operation increasing by 65%.

1.4 Rounding

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

(2) The Local Government Reporting Entity

District Council of Yankalilla is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 1 Charles Street, Yankalilla. 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.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(3) Income Recognition

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

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

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$574,444	\$386,009	\$188,435
2019/20	\$323,777	\$410,693	(\$86,916)
2020/21	\$419,236	\$364,799	\$54,437

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.

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 13.

(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.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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.

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 listed below. 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.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	3 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 65 years
Unsealed Roads	10 to 25 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years

continued on next page ...

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	20 to 50 years

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if 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.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(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 initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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 0.38% (2020, 0.4%)

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Weighted avg. settlement period 4.8 years (2020, 3.51 years)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(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.

12.1 Council as a lessee

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

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office Equipment	3 to 4 years
Software	3 years

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) Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(12) 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.

(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 the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	11,425	11,184
Less: Mandatory Rebates	(55)	(55)
Less: Discretionary Rebates, Remissions & Write Offs	(206)	(184)
Total General Rates	11,164	10,945
Other Rates (Including Service Charges)		
Regional Landscape Levy (formerly NRM Levy)	197	197
Wirrina Water Service	85	79
Total Other Rates (Including Service Charges)	282	276
Other Charges		
Penalties for Late Payment	81	87
Legal & Other Costs Recovered	-	1
Total Other Charges	81	88
Total Rates	11,527	11,309
(b) Statutory Charges		
Development Act Fees	81	47
Town Planning Fees	79	54
Health & Septic Tank Inspection Fees	80	43
Animal Registration Fees & Fines	79	70
Parking Fines/Expiation Fees	36	22
Other Licences, Fees & Fines	4	1
Total Statutory Charges	359	237
(c) User Charges		
Cemetery/Crematoria Fees	13	14
Hall & Equipment Hire	2	2
Sundry	13	15
Caravan Park Hire Fees	1,273	973
Block Clearing Fees	(1)	5
Search Fees	39	24
CHSP Contributions	22	20
Water Consumption	8	-
Total User Charges	1,369	1,053

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(d) Investment Income		
Interest on Investments		
- Banks & Other	–	2
- Loans to Community Groups	5	5
Investment Property Rental Income	62	93
Total Investment Income	67	100
(e) Reimbursements		
Workcover	14	64
Other	51	42
Total Reimbursements	65	106
(f) Other income		
Rebates Received	28	33
Sundry	46	58
Visitor Information Centre	51	35
Total Other income	125	126
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	597	–
Total Amounts Received Specifically for New or Upgraded Assets	597	–
Other Grants, Subsidies and Contributions		
- Untied - Financial Assistance Grant	419	324
- Roads to Recovery	163	163
- Home and Community Care Grant	174	150
- Library and Communications	17	17
- Sundry	183	148
Total Other Grants, Subsidies and Contributions	956	802
Total Grants, Subsidies, Contributions	1,553	802
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	337	321
State Government	1,144	476
Other	72	5
Total	1,553	802

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
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(h) Conditions over Grants & Contributions

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

Unexpended at the close of the previous reporting period	–	(15)
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	–	–
SA Power Networks	–	15
Subtotal	–	15
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	–	–
Other	–	–
Subtotal	–	–
Unexpended at the close of this reporting period	–	–
Net increase (decrease) in assets subject to conditions in the current reporting period	–	15

(i) Physical Resources Received Free of Charge

Roads, Bridges & Footpaths	–	263
Stormwater Drainage	–	161
Buildings	–	310
Total Physical Resources Received Free of Charge	–	734

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		4,793	4,945
Employee Leave Expense		327	278
Superannuation - Defined Contribution Plan Contributions	18	453	457
Workers' Compensation Insurance		155	154
Other Employee Related Costs		68	92
Less: Capitalised and Distributed Costs		(304)	(294)
Total Operating Employee Costs		5,492	5,632
Total Number of Employees (full time equivalent at end of reporting period)		56	56
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		21	20
- Other Auditors		9	6
Bad and Doubtful Debts		3	(7)
Elected Members' Expenses		141	137
Election Expenses		-	15
Service Contracts		-	-
Insurance		160	199
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		-	3
Lease Expense - Low Value Assets / Short Term Leases		-	21
Lease Expense - Variable Payments		-	-
Subtotal - Prescribed Expenses		334	394
(ii) Other Materials, Contracts and Expenses			
Contractors		2,350	2,287
Maintenance		835	832
Legal Expenses		120	187
Levies Paid to Government - Landscape Levy (formerly NRM Levy)		196	196
Levies - Other		13	9
Parts, Accessories & Consumables		225	246
Sundry		124	106
Utilities		333	306
IT and Communications		334	290
Administration		220	249
Registrations, Subscriptions and Memberships		116	146
Hire Fees		303	266
Grants and Contributions		94	85
Vehicles		34	23
Visitor Information Centre		73	54
Wirrina Service Payments to SA Water		92	82
Net Loss - Equity Accounted Council Businesses	8c	1,346	-
Less: Capitalised and Distributed Costs		(453)	(425)
Subtotal - Other Material, Contracts & Expenses		6,355	4,939
Total Materials, Contracts and Other Expenses		6,689	5,333

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings & Other Structures	287	231
Infrastructure		
- Stormwater Drainage	186	185
- Transport Infrastructure	1,937	1,936
Right-of-use Assets	63	46
Plant & Equipment	214	278
Furniture & Fittings	112	134
Recreation	165	165
Fleet Plant	116	135
Subtotal	3,080	3,110
(ii) Impairment		
Transport Infrastructure	-	43
Subtotal	-	43
Total Depreciation, Amortisation and Impairment	3,080	3,153
(d) Finance Costs		
Interest on Loans	256	313
Bank Charges	25	20
Interest on Leases	4	3
Total Finance Costs	285	336

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	154	174
Less: Carrying Amount of Assets Sold	(448)	(479)
Gain (Loss) on Disposal	(294)	(305)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	82	23
Less: Carrying Amount of Assets Sold	(10)	(252)
Gain (Loss) on Disposal	72	(229)
Net Gain (Loss) on Disposal or Revaluation of Assets	(222)	(534)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	149	39
LGFA Other Investments	2,100	–
Total Cash & Cash Equivalent Assets	2,249	39
(b) Trade & Other Receivables		
Rates - General & Other	1,370	1,517
Council Rates Postponement Scheme	9	13
Debtors - General	447	234
GST Recoupment	137	90
Prepayments	93	41
Loans to Community Organisations	42	13
Debtors - Wirrina Water Consumption	40	81
Subtotal	2,138	1,989
Less: Allowance for Doubtful Debts	(3)	–
Total Trade & Other Receivables	2,135	1,989

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Non-Current Assets

\$ '000	2021	2020
(a) Financial Assets		
Receivables		
Loans to Community Organisations	69	81
Subtotal	69	81
Total Receivables	69	81
<u>Total Financial Assets</u>	<u>69</u>	<u>81</u>

\$ '000	Notes	2021	2020
(b) Equity Accounted Investments in Council Businesses			
Southern & Hills Local Government Association	19	23	46
Fleurieu Regional Waste Authority		-	131
<u>Total Equity Accounted Investments in Council Businesses</u>		<u>23</u>	<u>177</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment

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

	as at 30/06/20				Asset movements during the reporting period									as at 30/06/21				
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	WIP Transfers	Assets Newly Recognised	Revaluations to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																		
Capital Work in Progress		–	211	–	211	–	311	2	–	–	–	(211)	–	–	–	313	–	313
Land - Other	3	11,996	551	–	12,547	–	97	–	(1)	–	–	–	–	–	11,995	648	–	12,643
Buildings & Other Structures Infrastructure	3	10,975	1,045	(4,337)	7,683	–	–	111	(35)	(287)	–	–	2,742	15,654	111	(5,551)	10,214	
- Stormwater Drainage	3	14,809	2,048	(4,128)	12,729	–	141	10	(6)	(186)	–	22	–	14,796	2,222	(4,307)	12,711	
- Transport Infrastructure	3	93,102	8,688	(39,895)	61,895	–	1,124	1,689	(302)	(1,937)	–	176	–	91,659	11,668	(40,682)	62,645	
Right-of-Use Assets		–	98	–	98	–	52	–	–	(63)	–	–	–	–	87	–	87	
Plant & Equipment	3	–	3,827	(2,466)	1,361	–	16	276	–	(214)	–	–	–	–	3,887	(2,448)	1,439	
Furniture & Fittings	3	–	1,674	(1,251)	423	–	–	29	–	(112)	–	–	–	–	1,703	(1,363)	340	
Recreation	3	5,037	153	(2,472)	2,718	–	13	–	(9)	(165)	–	13	–	5,037	170	(2,637)	2,570	
Fleet Plant	3	–	898	(346)	552	–	–	154	(105)	(116)	–	–	–	–	889	(404)	485	
Total Infrastructure, Property, Plant & Equipment		135,919	19,193	(54,895)	100,217	–	1,754	2,271	(458)	(3,080)	–	–	–	2,742	139,141	21,698	(57,392)	103,447
Comparatives		129,486	23,723	(52,796)	100,413	144	610	2,201	(732)	(3,110)	(43)	–	734	–	135,919	19,193	(54,895)	100,217

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

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

There is 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.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

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

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliable 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 improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Recreation

Buildings were valued by Asset Valuation & Consulting Pty Ltd at written down current replacement cost during the reporting period commencing 1 July 2012 and pursuant to Council's election, are disclosed at fair value. A revaluation was scheduled during the 2019/20 year but was delayed due to COVID-19 restrictions as the valuer was unable to travel. This revaluation was completed in July 2020 and the asset values will be reflected in the 2020/21 financial statements.

Recreation was valued by Tonkin Consulting Pty Ltd at written down current replacement cost during the reporting period commencing 1 July 2018.

All acquisitions made after the respective dates of valuation will be recorded at cost.

Infrastructure

Transportation Assets include roads and bridges. Road assets were valued by Tonkin Consulting Pty Ltd at written down current replacement cost during the reporting period commencing 1 July 2016. Bridge assets were valued by Tonkin Consulting Pty Ltd at written down current replacement cost during the reporting period commencing 1 July 2018. Pursuant to Council's election Transport Assets are disclosed at fair value.

All acquisitions made after the respective dates of valuation will be recorded at cost.

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period ending 30 June 2015 and pursuant to Council's election are disclosed at fair value.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables				
Goods & Services	784	–	526	–
Payments Received in Advance	2,809	–	225	–
Accrued Expenses - Employee Entitlements	532	–	573	–
Accrued Expenses - Other	80	–	98	–
Deposits, Retentions & Bonds	3	–	–	–
Other	–	–	2	–
TOTAL Trade and Other Payables	4,208	–	1,424	–

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(b) Borrowings					
Short Term Draw Down Facility		1,742	–	1,664	–
Loans		1,021	2,555	696	3,576
Lease Liabilities	17b	59	33	43	58
TOTAL Borrowings		2,822	2,588	2,403	3,634

(c) Provisions

Employee Entitlements (including oncosts)	362	260	432	158
FRWA Liabilities Provision ¹	1,346	–	–	–
TOTAL Provisions	1,708	260	432	158

(1) Included in the Provisions is an amount of \$1,346,044 which represents Council's equity stake of 15% in the negative net assets of its subsidiary Fleurieu Regional Waste Authority (FRWA). The balance sheet of FRWA is shown in note 19. FRWA has taken a provision of \$9,877,286 in 2020/21 (refer to Note 1.2 Accounting Policy, Note 3b Provisions, Note 19 Equity) in recognition of an obligation to remediate sites that have recycled road base material sourced from FRWA's Goolwa Waste and Recycling Depot that were contaminated with asbestos. After allowing for this provision FRWA has negative net assets of \$8,973,627. Under accounting standard AASB 128 the value of a subsidiary that has negative net assets is recorded at zero and the value of the net assets is recorded as a provision. The Charter of FRWA to which Council is a signatory requires that the constituent Councils to contribute additional funds when required to do so. Schedule two (31) (1) of the Local Government Act states, 'Liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent councils'.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

\$ '000	as at 30/06/20		Transfers	Impairments	as at 30/06/21	
	Opening Balance	Increments (Decrements)			Closing Balance	
Asset Revaluation Reserve						
Land - Other	8,313	-	-	-	-	8,313
Buildings & Other Structures Infrastructure	1,430	2,742	-	-	-	4,172
- Stormwater Drainage	8,075	-	-	-	-	8,075
- Transport Infrastructure	47,822	-	-	-	-	47,822
Recreation	2,043	-	-	-	-	2,043
Other Assets	52	-	-	-	-	52
Total Asset Revaluation Reserve	67,735	2,742	-	-	-	70,477
Comparatives	67,735	-	-	-	-	67,735

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).

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
(a) Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	2,249	39
Less: Short-Term Borrowings	8	(1,742)	(1,664)
Balances per Statement of Cash Flows		507	(1,625)

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

Net Surplus/(Deficit)		(857)	(490)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		3,080	3,153
Equity Movements in Equity Accounted Investments (Increase)/Decrease		154	(31)
Non-Cash Asset Acquisitions		–	(734)
Grants for capital acquisitions treated as Investing Activity		(597)	–
Net (Gain) Loss on Disposals		222	534
		2,002	2,432
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(120)	724
Change in Allowances for Under-Recovery of Receivables		(3)	(88)
Net (Increase)/Decrease in Inventories		–	13
Net (Increase)/Decrease in Other Assets		6	–
Net Increase/(Decrease) in Trade & Other Payables		422	(683)
Net Increase/(Decrease) in Unpaid Employee Benefits		32	42
Net Increase/(Decrease) in Other Provisions		1,346	–
Net Cash provided by (or used in) operations		3,685	2,440

\$ '000	Notes	2021	2020
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2i	–	734
Amounts recognised in Income Statement		–	734
Total Non-Cash Financing and Investing Activities		–	734

(d) Financing Arrangements

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

Corporate Credit Cards	50	20
Cash Advance Facilities	8,062	6,500

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Business Undertakings	1,445	1,176	855	725	590	451	1	–	6,978	6,142
Community Services	287	234	821	944	(534)	(710)	214	178	3,227	2,180
Culture	26	26	288	302	(262)	(276)	18	17	458	458
Economic Development	51	52	487	408	(436)	(356)	–	13	864	535
Environment	341	300	1,617	1,584	(1,276)	(1,284)	135	103	14,252	14,178
Recreation	–	–	680	665	(680)	(665)	–	–	8,027	8,141
Regulatory Services	402	262	829	905	(427)	(643)	–	–	–	–
Transport & Communication	365	323	3,082	3,130	(2,717)	(2,807)	365	323	62,812	62,071
Plant Hire & Depot/Indirect	–	–	1,371	1,287	(1,371)	(1,287)	–	–	2,457	2,014
Unclassified Activities	–	31	1,500	–	(1,500)	31	–	–	552	530
Council Administration	11,551	11,360	4,170	4,504	7,381	6,856	223	168	8,296	6,254
Total Functions/Activities	14,468	13,764	15,700	14,454	(1,232)	(690)	956	802	107,923	102,503

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Gravel Pits/Quarries, Private Works, Property Portfolio.

COMMUNITY SERVICES

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Home Assistance Scheme, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

CULTURE

Static Library Service, Museums and Art Galleries, and Other Cultural Services.

ECONOMIC DEVELOPMENT

Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

ENVIRONMENT

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Outdoor and Other Recreation.

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Other Fire Protection, Parking Control, and Other Regulatory Services.

TRANSPORT

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

PLANT HIRE & DEPOT

Plant Hire and Depot Costs.

UNCLASSIFIED ACTIVITIES

Infrastructural Management, Technical Service and Building Management.

COUNCIL ADMINISTRATION

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose and Separate Rates.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are at call with rates varying throughout the year.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.43% (2020: 0.53%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

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.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable semi annually; interest is charged at fixed & variable rates between **1.30%** and **6.87%** (2020: **2.20%** and **6.87%**).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due in less than 1 year	Due between 1 year & 5 years	Due in more than 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	2,249	–	–	2,249	2,249
Receivables	1,903	61	18	1,982	1,974
Total Financial Assets	4,152	61	18	4,231	4,223
Financial Liabilities					
Payables	1,399	–	–	1,399	1,399
Current Borrowings	2,763	–	–	2,763	2,763
Non-Current Borrowings	–	2,607	313	2,920	2,555
Leases	64	27	–	91	93
Total Financial Liabilities	4,226	2,634	313	7,173	6,810
2020					
Cash & Cash Equivalents	39	–	–	39	39
Receivables	1,859	61	33	1,953	1,939
Total Financial Assets	1,898	61	33	1,992	1,978
Financial Liabilities					
Payables	1,199	–	–	1,199	1,199
Current Borrowings	2,360	–	–	2,360	2,360
Non-Current Borrowings	–	3,513	629	4,142	3,576
Leases	46	56	–	102	101
Total Financial Liabilities	3,605	3,569	629	7,803	7,236

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	1.38%	1,742	2.20%	1,664
Fixed Interest Rates	6.26%	3,668	6.21%	4,373
		5,410		6,037

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.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 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 the Financial Statements

for the year ended 30 June 2021

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	151	27
	<u>151</u>	<u>27</u>
These expenditures are payable:		
Not later than one year	151	27
	<u>151</u>	<u>27</u>
(b) Other Expenditure Commitments		
Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	20	19
Waste Management Services	1,022	928
Remuneration Contracts	138	135
	<u>1,180</u>	<u>1,082</u>
These expenditures are payable:		
Not later than one year	1,180	1,082
	<u>1,180</u>	<u>1,082</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

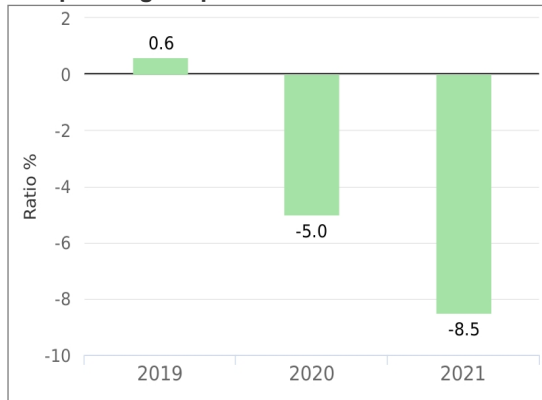
\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(8.5)%	(5.0)%	0.6%
<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	49%	43%	36%
<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>			
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 Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(8.5)%	(4.4)%	(0.6)%
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	49%	43%	36%
3. Asset Renewal Funding Ratio			
Net Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	82%	79%	83%
<i>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.</i>			

Notes to the Financial Statements
for the year ended 30 June 2021

Note 15. 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

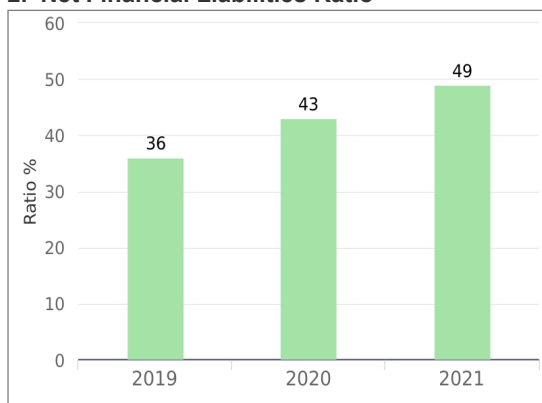
Commentary on 2020/21 result

2020/21 ratio (8.5)%

Normal operations of Council returned a 1.7% surplus for 2020/21 before the effect of the losses from Council's equity stake in the Fleurieu Regional Waste Authority (FRWA) is taken into account. Council had an equity stake of 15% in FRWA which has recorded a loss of \$9,861,184 for 2020/21. The loss in Council's books is \$1,479,178.

Details of this loss and the accounting for it are covered in notes 1.2, 3b, 8c, 19 and 21 in these Financial Statements.

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

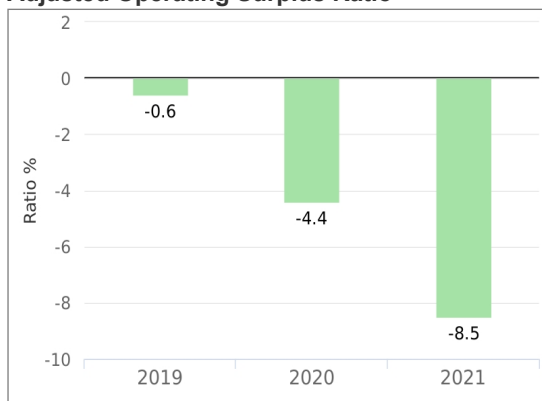
Commentary on 2020/21 result

2020/21 ratio 49%

The Net Financial Liabilities include a provision of \$1,346,044 being 15% (Council's equity stake) of the (negative) Equity value of FRWA. Excluding this provision the Net Financial Liabilities Ratio (NFL) would be 40%.

The NFL is below the recommended threshold of 100%. Council is currently paying less in interest payments in 2020/21 than in anytime in over 15 years.

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 2020/21 result

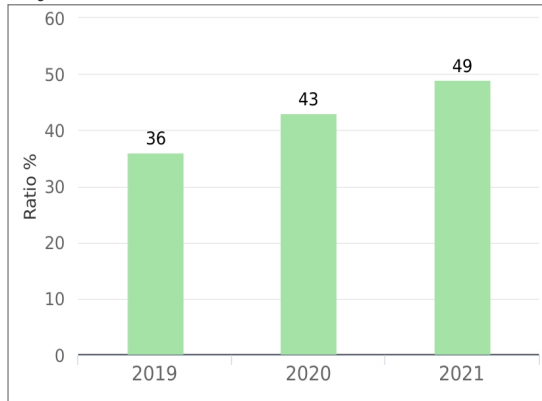
2020/21 ratio (8.5)%

There is no material change in this indicator due to the timing of Financial Assistance Grants.

Notes to the Financial Statements
for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

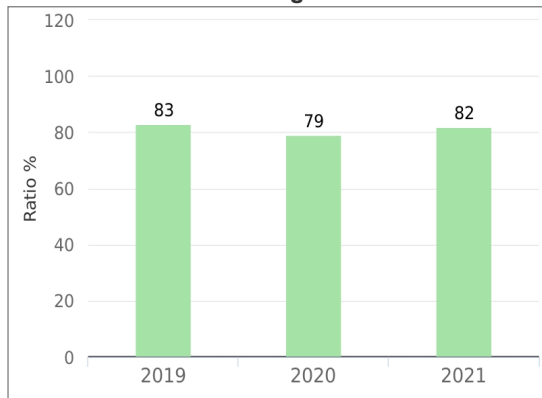
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio	49%
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There is no material change in this indicator due to the timing of Financial Assistance Grants.

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 2020/21 result

2020/21 ratio	82%
---------------	-----

Council's Asset Management Plans are fully funded to ensure that assets are maintained appropriately. Where necessary assets may be upgraded as a part of this process if it is deemed necessary to lift the service level being offered by those assets.

Where such upgrades occur the expenditure is excluded from the calculation of this ratio as the ratio is specifically for expenditure that maintains assets and service level at a constant.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	14,468	13,764
less Expenses	(15,700)	(14,454)
Operating Surplus / (Deficit)	(1,232)	(690)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(2,272)	(2,200)
add back Depreciation, Amortisation and Impairment	3,080	3,153
add back Proceeds from Sale of Replaced Assets	154	174
	<u>962</u>	<u>1,127</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,702)	(610)
add back Amounts Received Specifically for New and Upgraded Assets	2,956	-
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	82	23
	<u>1,336</u>	<u>(587)</u>
Net Lending / (Borrowing) for Financial Year	<u>1,066</u>	<u>(150)</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Office Equipment

Office Equipment leases accounted for as Right-of-use assets include server rental for 3 years and photocopier rental for 4 years.

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

\$ '000	Office Equipment	Software	Total
2021			
Opening balance	98	–	98
Additions to right-of-use assets	–	52	52
Depreciation charge	(46)	(17)	(63)
Balance at 30 June	52	35	87
2020			
Opening balance	144	–	144
Depreciation charge	(46)	–	(46)
Balance at 30 June	98	–	98

(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:

\$ '000	2021	2020
Balance at 1 July	101	144
Additions	52	–
Accretion of interest	4	3
Payments	(64)	(46)
Balance at 30 June	93	101
Classified as:		
Current	62	43
Non Current	31	58

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

The Group had total cash outflows for leases of \$64k.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

\$ '000	2021	2020
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	63	46
Interest expense on lease liabilities	4	3
Expense relating to short term leases	3	20
Expense relating to leases of low-value assets	–	–
Total amount recognised in profit or loss	70	69

(ii) Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

\$ '000	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	52	66
Later than one year and not later than 5 years	156	169
Later than 5 years	18	54
	226	289

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). 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 2019/20) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. 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.

District Council of Yankalilla

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
Council's Share of Net Income				
Joint Ventures	(154)	31	23	177
Total Council's Share of Net Income	(154)	31	23	177

((a)i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Southern & Hills Local Government Association	Undertakes a regional coordinating, representational, advocating and marketing role on behalf of its member councils.	23	46
Fleurieu Regional Waste Authority	An authority formed by the member councils of the Fleurieu Peninsula in South Australia in order to manage their waste and recycling.	–	131
Total Carrying Amounts - Joint Ventures & Associates		23	177

Southern & Hills Local Government Association

In conjunction with District Council of Yankalilla, other Constituent Councils are Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council, Mount Barker District Council and City of Victor Harbor.

Fleurieu Regional Waste Authority

In conjunction with District Council of Yankalilla, other Constituent Councils are Alexandrina Council, Kangaroo Island Council and City of Victor Harbor.

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Southern & Hills Local Government Association	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
Fleurieu Regional Waste Authority	15.00%	15.00%	15.00%	15.00%	25.00%	25.00%

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Southern & Hills Local Government Association		Fleurieu Regional Waste Authority	
	2021	2020	2021	2020
Opening Balance	46	29	131	117
Share in Operating Result	(23)	17	(131)	14
Council's Equity Share in the Joint Venture or Associate ¹	23	46	–	131

(1) The disclosure above shows Council's share in of the Net Assets of the Fleurieu Regional Waste Authority (FRWA) as being zero, while its equity stake is 15% and FRWA's net assets are -\$8,973,627. Accounting standard AASB 128 requires that after the interest in an equity accounted subsidiary is reduced to zero, further losses are provided for by recognising a liability for the value of its legal obligations. This accounting reflects the context in which these financial statements are prepared. The Charter of FRWA to which Council is a signatory requires that the constituent Councils to contribute additional funds when required to do so. Schedule two (31) (1) of the Local Government Act states, 'Liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent councils'. The resulting liability of \$1,346,044 is shown in the Provisions and detailed in note 8c.

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

Cash and Cash Equivalents	202	376	1,385	1,983
Other Current Assets	–	10	987	587
Non-Current Assets	–	–	4,327	4,155
Total Assets	202	386	6,699	6,725
Current Trade and Other Payables	(3)	15	2,271	2,279
Current Financial Liabilities	–	–	811	461
Current Provisions	23	4	10,336	562
Non-Current Financial Liabilities	–	–	2,191	2,459
Non-Current Provisions	–	–	64	89
Total Liabilities	20	19	15,673	5,850
Net Assets	182	367	(8,974)	875

Statement of Comprehensive Income

Other Income	82	478	9,222	9,345
Contributions from Constituent Councils	91	82	–	–
Interest Income	1	2	–	–
Total Income	174	562	9,222	9,345
Employee Costs	–	–	3,085	3,115
Materials, Contracts & Other Expenses	356	418	15,239	5,357
Depreciation, Amortisation and Impairment	–	–	659	706
Finance Costs	4	4	100	115
Total Expenses	360	422	19,083	9,293
Operating Result	(186)	140	(9,861)	52

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled **1,026** km of road reserves of average width **19** metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL EXPENSES

Council 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 no outstanding appeals against planning decisions made prior to reporting date.

Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

The Fleurieu Regional Waste Authority (FRWA) Charter sets the Equitable Interest of the Constituent Councils in FRWA. The Charter which was in effect at the date of the balance sheet set the District Council of Yankalilla's Equitable Interest at 15%.

On the 19 August 2021 a new FRWA Charter came into force. This updated Charter sets the District Council of Yankalilla's Equitable Interest at 10%. Future contributions and provisions will reflect this lower level. As such the District Council of Yankalilla may record a material decrease in its provision resulting from its interest in FRWA in the 2021/22 financial year.

District Council of Yankalilla

Notes to the Financial Statements for the year ended 30 June 2021

Note 22. 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, 13 persons were paid the following total compensation:

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	821	849
Total	821	849

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Other Related Parties

Payments to other parties that are deemed to be related to Council.

Fleurieu Regional Waste Authority	929	1,003
Dog and Cat Management Board	–	11
LG Professionals	10	–
Regional Development Australia	27	–
Fleurieu Peninsula Tourism	26	–
Second Valley Progress Association	1	6
Fleurieu Coast Event & Party Hire	1	–
Normanville Mitre 10	23	19
Total	1,017	1,039

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF YANKALILLA

Opinion

We have audited the accompanying financial report of the District Council of Yankalilla, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the District Council of Yankalilla as of 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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.

Emphasis of Matter – Building Valuation

We draw attention to Note 1.2 of the financial report, which explains that there is significant uncertainty in the estimation of the provision taken by FRWA. The provision is the best estimate of costs that may be incurred by FRWA in relation to the coordination and removal of asbestos containing materials from identified properties, however there may be properties yet identified to be identified and accounted for. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 an 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 18th day of November 2021

Bentleys SA Audit Partnership

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INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE DISTRICT COUNCIL OF YANKALILLA

Opinion

We have audited the compliance of the District Council of Yankalilla (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation 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 2020 to 30 June 2021 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2020 to 30 June 2021.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to 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 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.

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* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to 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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal 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 internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 18th day of November 2021

General Purpose Financial Statements
for the year ended 30 June 2021

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Yankalilla for the year ended 30 June 2021, the Council's Auditor, Bentleys 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*.



Nigel Morris
Chief Executive Officer



Christine Hahn
Audit Committee Chair

Date: 16 November 2021

Bentleys SA Audit Partnership

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Certification of Auditor Independence

I confirm that, for the audit of the financial statements of District Council of Yankalilla for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Bentleys SA Audit Partnership



David Papa
Partner

Dated at Adelaide this 30th day of September 2021.