

# District Council of Yankalilla

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### Certification of Financial Statements

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



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Nathan Cunningham  
Chief Executive Officer

16 January 2024



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Darryl Houston  
Mayor

16 January 2024

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	12,825	12,071
Statutory charges	2b	367	357
User charges	2c	1,010	1,279
Grants, subsidies and contributions - operating	2g	1,544	1,034
Investment income	2d	56	91
Reimbursements	2e	91	124
Other income	2f	149	87
Net gain - equity accounted council businesses	19(a)	-	508
<b>Total income</b>		<u>16,042</u>	<u>15,551</u>
<b>Expenses</b>			
Employee costs	3a	6,560	5,855
Materials, contracts and other expenses	3b	7,520	5,569
Depreciation, amortisation and impairment	3c	3,805	3,120
Finance costs	3d	647	231
Net loss - equity accounted council businesses	19(a)	47	11
<b>Total expenses</b>		<u>18,579</u>	<u>14,786</u>
<b>Operating surplus / (deficit)</b>		<u>(2,537)</u>	<u>765</u>
Physical resources received free of charge	2h	10	217
Asset disposal and fair value adjustments	4	(347)	(142)
Amounts received specifically for new or upgraded assets	2g	5,516	2,179
<b>Net surplus / (deficit)</b>		<u>2,642</u>	<u>3,019</u>
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in revaluation surplus - I,PP&E	9	13,470	3,651
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<u>13,470</u>	<u>3,651</u>
<b>Total other comprehensive income</b>		<u>13,470</u>	<u>3,651</u>
<b>Total comprehensive income</b>		<u>16,112</u>	<u>6,670</u>

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

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	165	2,181
Trade and other receivables	5b	2,138	2,381
<b>Total current assets</b>		<u>2,303</u>	<u>4,562</u>
<b>Non-current assets</b>			
Trade and other receivables	6a	44	57
Equity accounted investments in council businesses	6b	–	12
Infrastructure, property, plant and equipment	7	133,677	112,136
<b>Total non-current assets</b>		<u>133,721</u>	<u>112,205</u>
<b>TOTAL ASSETS</b>		<u>136,024</u>	<u>116,767</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	1,686	3,886
Borrowings	8b	2,523	3,292
Provisions	8c	1,136	1,012
<b>Total current liabilities</b>		<u>5,345</u>	<u>8,190</u>
<b>Non-current liabilities</b>			
Borrowings	8b	10,552	4,658
Provisions	8c	123	74
Liability - equity accounted council businesses	8d	885	838
<b>Total non-current liabilities</b>		<u>11,560</u>	<u>5,570</u>
<b>TOTAL LIABILITIES</b>		<u>16,905</u>	<u>13,760</u>
<b>Net assets</b>		<u>119,119</u>	<u>103,007</u>
<b>EQUITY</b>			
Accumulated surplus		31,521	28,879
Asset revaluation reserves	9	87,598	74,128
<b>Total council equity</b>		<u>119,119</u>	<u>103,007</u>
<b>Total equity</b>		<u>119,119</u>	<u>103,007</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 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
<b>2023</b>				
Balance at the end of previous reporting period		28,879	74,128	103,007
Net surplus / (deficit) for year		2,642	–	2,642
<b>Other comprehensive income</b>				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	13,470	13,470
<b>Other comprehensive income</b>		–	13,470	13,470
<b>Total comprehensive income</b>		<b>2,642</b>	<b>13,470</b>	<b>16,112</b>
Transfers between reserves		–	–	–
<b>Balance at the end of period</b>		<b>31,521</b>	<b>87,598</b>	<b>119,119</b>
<b>2022</b>				
Balance at the end of previous reporting period		25,860	70,477	96,337
Net surplus / (deficit) for year		3,019	–	3,019
<b>Other comprehensive income</b>				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	3,651	3,651
<b>Other comprehensive income</b>		–	3,651	3,651
<b>Total comprehensive income</b>		<b>3,019</b>	<b>3,651</b>	<b>6,670</b>
Transfers between reserves		–	–	–
<b>Balance at the end of period</b>		<b>28,879</b>	<b>74,128</b>	<b>103,007</b>

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

## Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		12,834	11,968
Statutory charges		367	357
User charges		1,276	1,348
Grants, subsidies and contributions		1,365	826
Investment receipts		56	91
Reimbursements		91	124
Other receipts		342	64
<u>Payments</u>			
Payments to employees		(6,353)	(5,832)
Operating result from discontinued operations		12	–
Payments for materials, contracts and other expenses		(8,714)	(5,428)
Finance payments		(647)	(231)
<b>Net cash provided by (or used in) operating activities</b>	11b	629	3,287
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		4,431	2,179
Sale of replaced assets		122	292
Repayments of loans by community groups		12	12
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,300)	(2,841)
Expenditure on new/upgraded assets		(9,035)	(5,534)
<b>Net cash provided (or used in) investing activities</b>		(7,770)	(5,892)
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		6,065	2,599
<u>Payments</u>			
Repayments of Borrowings		(907)	–
Repayment of Finance Lease Liabilities		(33)	(59)
Repayment of bonds and deposits		–	(3)
<b>Net cash provided by (or used in) financing activities</b>		5,125	2,537
<b>Net increase (decrease) in cash held</b>		(2,016)	(68)
plus: cash & cash equivalents at beginning of period		2,181	2,249
<b>Cash and cash equivalents held at end of period</b>	11a	165	2,181

Additional information:

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

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

### Contents of the Notes accompanying the General Purpose Financial Statements

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 1. Summary of Significant Accounting Policies

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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 January 2024.

##### 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.

##### 1.3 Rounding

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

##### 1.4 Estimates and assumptions

The COVID-19 pandemic has impacted the 2022/23 financial statements. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Council's costs have been impacted by the shortage of labour and materials, particularly for big projects. Council expects the pressure on costs will continue in the foreseeable future.

#### (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 and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (3) Income recognition

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
2020/21	\$419,236	\$364,799	\$54,437
2021/22	\$506,750	\$461,812	\$44,938
2022/23	690,528	503,881	186,647

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 and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (6) Infrastructure, property, plant and equipment

###### 6.1 Initial recognition

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

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

###### 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.

Road Infrastructure	Useful Lives (years)
Spray Seal	17-20
Asphalt	17-25
Sheeted	8-20
Pavement	40-80
Kerbing	70
Footpath - Concrete	50
Footpath - Pavers	50
Footpath - Asphalt	20
Footpath - Spray Seal	20
Footpath - Gravel	15
Bridges	80
Plant, Furniture & Equipment	Useful Lives (years)
Office Equipment and Furniture	3-10
Fleet and Plant Equipment	2-10
Building & Other Structures	Useful Lives (years)
Buildings - Masonry	50-100
Buildings - Other Constructions	20 - 40

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

### Note 1. Summary of Significant Accounting Policies (continued)

Buildings - Water Supply Pumps & Meters	7-30
Stormwater	Useful Lives (years)
Stormwater - Pipes	80-100
Stormwater - Pits	80
Stormwater - Other	70
Recreation	Useful Lives (years)
Recreation Assets	15-50
Software	Useful Lives (years)
Software as a Service	3-5

#### 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 4.07% (2022, 3.52%)

Weighted avg. settlement period 3.80 years (2022, 3.5 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.

## District Council of Yankalilla

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 9.2 Superannuation

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

## District Council of Yankalilla

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### 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) New accounting standards and UIG interpretations

###### New accounting standards, amendments to existing standards and UIG Interpretations

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

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

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

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

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

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

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

###### **Standards issued by the AASB not yet effective**

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

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

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

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

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

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

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

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

##### (14) 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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**(15) Disclaimer**

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

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

### Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	12,540	11,851
Less: mandatory rebates	(49)	(50)
Less: discretionary rebates, remissions and write-offs	(117)	(122)
<b>Total general rates</b>	<b>12,374</b>	<b>11,679</b>
<b>Other rates (including service charges)</b>		
Regional Landscape Levy (formerly NRM Levy)	231	199
Wirrina Water Service	109	103
<b>Total other rates (including service charges)</b>	<b>340</b>	<b>302</b>
<b>Other charges</b>		
Penalties for late payment	96	87
Legal and other costs recovered	15	3
<b>Total other charges</b>	<b>111</b>	<b>90</b>
<b>Total rates</b>	<b>12,825</b>	<b>12,071</b>
<b>(b) Statutory charges</b>		
Development Act fees	166	163
Town planning fees	1	2
Health and septic tank inspection fees	42	69
Animal registration fees and fines	106	97
Parking Fines/Expiation Fees	50	22
Other licences, fees and fines	2	4
<b>Total statutory charges</b>	<b>367</b>	<b>357</b>
<b>(c) User charges</b>		
Cemetery/crematoria fees	7	7
Hall and equipment hire	–	1
Sundry	6	16
Caravan Park Hire Fees	941	1,194
Block Clearing Fees	7	5
Search Fees	21	29
CHSP Contributions	23	20
Water Consumption	5	7
<b>Total user charges</b>	<b>1,010</b>	<b>1,279</b>



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

### Note 2. Income (continued)

\$ '000	2023	2022
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	14	8
- Banks and other	-	1
- Loans to community groups	3	4
Investment property rental income	39	78
<b>Total investment income</b>	<b>56</b>	<b>91</b>
<b>(e) Reimbursements</b>		
Workcover	14	32
Other	77	92
<b>Total reimbursements</b>	<b>91</b>	<b>124</b>
<b>(f) Other income</b>		
Rebates received	19	30
Sundry	65	26
Visitor Information Centre	65	31
<b>Total other income</b>	<b>149</b>	<b>87</b>
<b>(g) Grants, subsidies and contributions</b>		
Amounts received specifically for new or upgraded assets	5,516	2,179
<b>Total</b>	<b>5,516</b>	<b>2,179</b>
<b>Other grants, subsidies and contributions</b>		
Other Grants, Subsidies and Contributions		
- Untied - Financial Assistance Grant	691	507
- Roads to Recovery	163	163
- Home and Community Care Grant	209	176
- Library and Communications	32	22
- Sundry	449	166
<b>Total other grants, subsidies and contributions</b>	<b>1,544</b>	<b>1,034</b>
<b>Total grants, subsidies and contributions</b>	<b>7,060</b>	<b>3,213</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	3,031	1,014
State Government	4,001	2,140
Other	28	59
<b>Total</b>	<b>7,060</b>	<b>3,213</b>

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

### Note 2. Income (continued)

\$ '000	2023	2022
<b>(h) Physical resources received free of charge</b>		
Roads, bridges and footpaths	–	112
Stormwater drainage	–	105
Recreation	10	–
<b>Total physical resources received free of charge</b>	<b>10</b>	<b>217</b>

### Note 3. Expenses

\$ '000	Notes	2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		5,550	5,132
Employee leave expense		519	419
Superannuation	18	578	515
Workers' compensation insurance		170	167
Other employee related costs		145	154
Less: capitalised and distributed costs		(402)	(532)
<b>Total operating employee costs</b>		<b>6,560</b>	<b>5,855</b>
Total number of employees (full time equivalent at end of reporting period)		66	63

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

### Note 3. Expenses (continued)

\$ '000	Notes	2023	2022
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		24	21
- Other auditors		9	12
Bad and doubtful debts		(3)	7
Elected members' expenses		161	142
Insurance		209	174
Operating lease rentals - non-cancellable leases	17		
- Minimum lease payments		2	-
<b>Subtotal - prescribed expenses</b>		<b>402</b>	<b>356</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		3,112	2,401
Maintenance		731	646
Legal expenses		207	226
Levies Paid to Government - Landscape Levy (formerly NRM Levy)		230	198
Levies - other		15	13
Parts, accessories and consumables		509	316
Sundry		606	88
Utilities		327	329
IT and Communications		696	486
Administration		215	191
Registrations, Subscriptions and Memberships		179	154
Hire Fees		284	322
Grants and Contributions		190	96
Vehicles		57	40
Visitor Information Centre		80	55
Wirrina Service Payments to SA Water		115	108
Less: capitalised and distributed Costs		(435)	(456)
<b>Subtotal - Other material, contracts and expenses</b>		<b>7,118</b>	<b>5,213</b>
<b>Total materials, contracts and other expenses</b>		<b>7,520</b>	<b>5,569</b>
<b>(c) Depreciation, amortisation and impairment</b>			
<b>(i) Depreciation and amortisation</b>			
Buildings and other structures		396	290
Infrastructure			
- Bridges, footpaths, kerb and gutter		148	-
- Stormwater drainage		256	246
- Transport Infrastructure		2,369	1,948
Right-of-use assets		24	63
Plant and equipment		219	189
Furniture and fittings		116	115
Recreation		179	163
Fleet Plant		98	106
<b>Subtotal</b>		<b>3,805</b>	<b>3,120</b>
<b>Total depreciation, amortisation and impairment</b>		<b>3,805</b>	<b>3,120</b>

## District Council of Yankalilla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 3. Expenses (continued)

\$ '000	2023	2022
<b>(d) Finance costs</b>		
Interest on loans	645	227
Interest on Leases	2	4
<b>Total finance costs</b>	<b>647</b>	<b>231</b>

## Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	125	292
Less: carrying amount of assets sold	(436)	(434)
<b>Gain (loss) on disposal</b>	<b>(311)</b>	<b>(142)</b>
<b>(ii) Assets surplus to requirements</b>		
Less: carrying amount of assets sold	(36)	–
<b>Gain (loss) on disposal</b>	<b>(36)</b>	<b>–</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(347)</b>	<b>(142)</b>

## Note 5. Current assets

\$ '000	2023	2022
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	165	175
LGFA Other Investments	–	2,006
<b>Total cash and cash equivalent assets</b>	<b>165</b>	<b>2,181</b>
<b>(b) Trade and other receivables</b>		
Rates - general and other	1,283	1,293
Council rates postponement scheme	6	5
Accrued revenues	–	2
Debtors - general	701	566
GST recoupment	64	255
Prepayments	47	218
Loans to community organisations	43	42
Debtors - Wirrina Water Consumption	–	10
<b>Subtotal</b>	<b>2,144</b>	<b>2,391</b>
Less: provision for expected credit losses	(6)	(10)
<b>Total trade and other receivables</b>	<b>2,138</b>	<b>2,381</b>

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

Note 6. Non-current assets

\$ '000	2023	2022
<b>(a) Trade and other receivables</b>		
Loans to community organisations	44	57
<b><u>Total financial assets</u></b>	<b><u>44</u></b>	<b><u>57</u></b>
<b>(b) Equity accounted investments in council businesses</b>		
Southern & Hills Local Government Association	19	12
Fleurieu Regional Waste Authority	-	-
<b><u>Total equity accounted investments in Council businesses</u></b>	<b><u>-</u></b>	<b><u>12</u></b>

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

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

	as at 30/06/22				Asset movements during the reporting period								as at 30/06/23				
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Assets Newly Recognised	Revaluation Increment to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	3,963	–	3,963	837	994	–	–	(3,963)	–	–	–	–	1,831	–	1,831
Land - other	3	11,995	648	–	12,643	6	–	–	–	–	–	–	–	11,995	654	–	12,649
Buildings and other structures	3	15,071	281	(5,405)	9,947	6,073	255	(84)	(396)	2,571	1	–	–	14,841	9,179	(5,653)	18,367
Infrastructure																	
- Bridges	3	–	–	–	–	50	–	(3)	(148)	–	4,756	–	–	11,697	998	(8,040)	4,655
- Stormwater drainage	3	21,520	655	(5,421)	16,754	180	–	–	(256)	77	–	–	–	21,520	912	(5,677)	16,755
- Transport Infrastructure	3	90,909	14,425	(42,004)	63,330	437	1,024	(177)	(2,369)	868	(4,758)	–	13,470	109,529	2,328	(40,032)	71,825
Right-of-use assets		–	87	(63)	24	–	–	–	(24)	–	–	–	–	–	87	(87)	–
Plant and equipment		–	3,923	(2,336)	1,587	28	505	(17)	(219)	122	–	–	–	–	4,301	(2,295)	2,006
Furniture and fittings		–	2,007	(1,478)	529	166	240	(35)	(116)	–	–	–	–	–	2,378	(1,594)	784
Recreation	3	4,926	578	(2,700)	2,804	1,257	85	(135)	(179)	325	1	10	–	4,638	2,254	(2,724)	4,168
Fleet Plant		–	948	(393)	555	–	203	(23)	(98)	–	–	–	–	–	1,071	(434)	637
<b>Total infrastructure, property, plant and equipment</b>		<b>144,421</b>	<b>27,515</b>	<b>(59,800)</b>	<b>112,136</b>	<b>9,034</b>	<b>3,306</b>	<b>(474)</b>	<b>(3,805)</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>13,470</b>	<b>174,220</b>	<b>25,993</b>	<b>(66,536)</b>	<b>133,677</b>
Comparatives		139,141	21,698	(57,392)	103,447	5,534	2,839	(433)	(3,120)	–	–	217	3,651	144,421	27,515	(59,800)	112,136

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

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#### Valuation of infrastructure, property, plant & equipment and 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 7(a) 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 and forming part of the Financial Statements

for the year ended 30 June 2023

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

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##### **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.

##### **Buildings**

Buildings were valued by APV Valuers & Asset Management at written down current replacement cost during the reporting period commencing 1 July 2020 and pursuant to Council's election, are disclosed at fair value.

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

##### **Recreation**

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 - Transport**

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 2022. 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.

##### **Infrastructure - Stormwater**

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period commencing 1 July 2021 and pursuant to Council's election are disclosed at fair value.

##### **Plant, Furniture & Equipment**

These assets are recognised on the cost basis.



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

### Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(a) Trade and other payables</b>				
Goods and services	561	–	1,789	–
Payments received in advance	802	–	1,926	–
Accrued expenses - employee entitlements	125	–	91	–
Accrued expenses - other	197	–	78	–
Other	1	–	2	–
<b><u>Total trade and other payables</u></b>	<b><u>1,686</u></b>	<b><u>–</u></b>	<b><u>3,886</u></b>	<b><u>–</u></b>

### (b) Borrowings

Short term draw down facility	1,562	6,865	2,362	–
Loans	961	3,687	907	4,648
Lease liabilities	–	–	23	10
<b><u>Total Borrowings</u></b>	<b><u>2,523</u></b>	<b><u>10,552</u></b>	<b><u>3,292</u></b>	<b><u>4,658</u></b>

### (c) Provisions

Employee entitlements (including oncosts)	1,136	123	1,012	74
<b><u>Total provisions</u></b>	<b><u>1,136</u></b>	<b><u>123</u></b>	<b><u>1,012</u></b>	<b><u>74</u></b>

\$ '000	Notes	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(d) Liability accounted investments in Council businesses</b>					
Fleurieu Regional Waste Authority	19	–	885	–	838
<b><u>Total liability accounted investments in Council businesses</u></b>		<b><u>–</u></b>	<b><u>885</u></b>	<b><u>–</u></b>	<b><u>838</u></b>

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

### Note 9. Reserves

\$ '000	<u>as at 30/06/22</u>	Increments (Decrements)	Transfers	Impairments	<u>as at 30/06/23</u>
	Opening Balance				Closing Balance
<b>Asset revaluation reserve</b>					
Land - other	8,313	-	-	-	8,313
Buildings and other structures	4,172	-	-	-	4,172
Infrastructure					
- Stormwater drainage	11,726	-	-	-	11,726
- Transport Infrastructure	47,822	13,470	-	-	61,292
Recreation	2,043	-	-	-	2,043
Other assets	52	-	-	-	52
<b>Total other assets</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>
<b>Total asset revaluation reserve</b>	<b>74,128</b>	<b>13,470</b>	<b>-</b>	<b>-</b>	<b>87,598</b>
Comparatives	70,477	3,651	-	-	74,128

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

### Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
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#### (a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	165	2,181
<b>Balances per Statement of Cash Flows</b>		<b>165</b>	<b>2,181</b>

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

<b>Net surplus/(deficit)</b>		2,642	3,019
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		3,805	3,120
Equity movements in equity accounted investments (increase)/decrease		59	(497)
Non-cash asset acquisitions		(10)	(217)
Grants for capital acquisitions treated as investing activity		(5,516)	(2,179)
Net (gain)/loss on disposals		347	142
		<b>1,327</b>	<b>3,388</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		460	(253)
Change in allowances for under-recovery of receivables		–	(7)
Net (increase)/decrease in other assets		–	14
Net increase/(decrease) in trade and other payables		(1,331)	653
Net increase/(decrease) in other provisions		173	(508)
<b>Net cash provided by (or used in) operations</b>		<b>629</b>	<b>3,287</b>

#### (c) Non-cash financing and investing activities

##### Acquisition of assets by means of:

Physical resources received free of charge	2h	10	217
<b>Amounts recognised in income statement</b>		<b>10</b>	<b>217</b>
<b>Total non-cash financing and investing activities</b>		<b>10</b>	<b>217</b>

#### (d) Financing arrangements

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

Corporate credit cards	50	50
Cash advance facilities	12,062	12,062

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

## 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 AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions/Activities</b>										
Business Undertakings	1,118	1,390	2,083	848	(965)	542	–	–	25,327	7,026
Community Services	319	276	1,009	1,101	(690)	(825)	223	183	1,268	233
Culture	42	32	386	326	(344)	(294)	37	23	1,375	417
Economic Development	226	59	863	541	(637)	(482)	147	24	–	–
Environment	326	820	1,761	1,789	(1,435)	(969)	95	110	18,415	18,596
Recreation	169	8	801	655	(632)	(647)	167	–	4,812	3,173
Regulatory Services	385	351	1,066	842	(681)	(491)	5	4	–	2,213
Transport & Communication	528	458	4,393	3,309	(3,865)	(2,851)	528	447	70,790	71,617
Plant Hire & Depot/Indirect	20	61	1,677	1,085	(1,657)	(1,024)	–	–	2,616	2,534
Council Administration	12,909	12,096	4,540	4,290	8,369	7,806	342	243	11,421	10,958
<b>Total Functions/Activities</b>	<b>16,042</b>	<b>15,551</b>	<b>18,579</b>	<b>14,786</b>	<b>(2,537)</b>	<b>765</b>	<b>1,544</b>	<b>1,034</b>	<b>136,024</b>	<b>116,767</b>

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 12(b). Components of functions

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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 and depot**

Plant Hire and Depot Costs.

**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 and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 13. Financial instruments

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##### 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 and associated charges

###### Accounting Policy:

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

###### Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.48% (2022: 0.42%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

###### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables - fees and other charges

###### Accounting policy:

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

###### Terms and conditions:

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

###### Carrying amount:

Approximates fair value (after deduction of any allowance).

##### Receivables - other levels of government

###### Accounting policy:

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

###### Terms and conditions:

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

###### Carrying amount:

Approximates fair value.

##### 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.

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

Note 13. Financial instruments (continued)

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**Terms and conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying amount:**

Approximates fair value.

**Liabilities - interest bearing borrowings**

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable semi annually; interest is charged at fixed & variable rates between 2.05% and 6.80% (2022: 2.05% and 6.90%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - leases**

**Accounting policy:**

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## 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
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	166	–	–	166	165
Receivables	2,093	–	–	2,093	2,091
Other financial assets	–	40	8	48	44
<b>Total financial assets</b>	<b>2,259</b>	<b>40</b>	<b>8</b>	<b>2,307</b>	<b>2,300</b>
<b>Financial liabilities</b>					
Payables	758	–	–	758	758
Current borrowings	2,758	–	–	2,758	2,523
Non-current borrowings	–	9,676	1,521	11,197	10,552
Lease liabilities	–	–	–	–	–
<b>Total financial liabilities</b>	<b>3,516</b>	<b>9,676</b>	<b>1,521</b>	<b>14,713</b>	<b>13,833</b>
<b>Total financial assets and liabilities</b>	<b>5,775</b>	<b>9,716</b>	<b>1,529</b>	<b>17,020</b>	<b>16,133</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,181	–	–	2,181	2,181
Receivables	1,919	57	7	1,983	1,973
<b>Total financial assets</b>	<b>4,100</b>	<b>57</b>	<b>7</b>	<b>4,164</b>	<b>4,154</b>
<b>Financial liabilities</b>					
Payables	2,424	–	–	2,424	1,960
Current borrowings	3,570	–	–	3,570	3,269
Non-current borrowings	–	3,627	1,902	5,529	4,648
Lease liabilities	23	10	–	33	33
<b>Total financial liabilities</b>	<b>6,017</b>	<b>3,637</b>	<b>1,902</b>	<b>11,556</b>	<b>9,910</b>
<b>Total financial assets and liabilities</b>	<b>10,117</b>	<b>3,694</b>	<b>1,909</b>	<b>15,720</b>	<b>14,064</b>

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	5.73%	8,427	2.30%	2,362
Fixed interest rates	5.35%	4,648	5.43%	5,586
		<b>13,075</b>		<b>7,948</b>

**Net fair value**

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



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

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#### Risk exposures

**Credit Risk** represents the loss that would be recognised if counter parties 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.

#### Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. Future expected credit losses are calculated based on the actual average percentage credit losses for the previous five years applied to the average account closing balance. The actual ECL rate for Debtors - General account is 0.90%, which accounts for an expected loss of \$6,242, and the ECL rate for Debtors - Wirrina Water Consumption is 1.55% which accounts for an expected loss of \$89. Total expected loss of \$6,331.

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

Note 14. Capital expenditure and investment property commitments

\$ '000	2023	2022
<b>Capital commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Infrastructure	3,126	9,929
	<b>3,126</b>	<b>9,929</b>
<b>These expenditures are payable:</b>		
Not later than one year	3,126	9,929
	<b>3,126</b>	<b>9,929</b>

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

### Note 15. Financial indicators

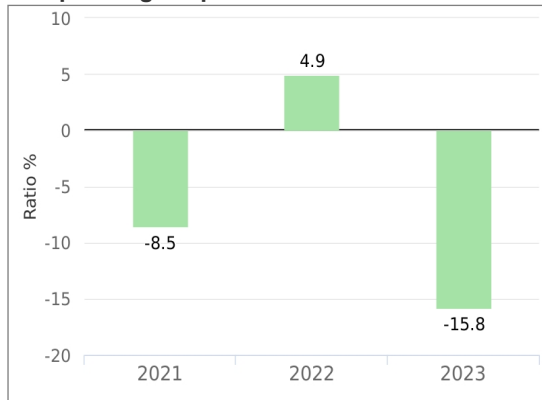
	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
<b>1. Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(15.8)%</b>	4.9%	(8.5)%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
<b>2. Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>85%</b>	53%	49%
<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>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(17.0)%</b>	4.9%	(8.5)%
<b>Adjustments to Ratios</b>			
<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>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>89%</b>	54%	49%
<b>3. Asset Renewal Funding Ratio</b>			
Asset renewals			
Infrastructure and Asset Management Plan required expenditure	<b>59%</b>	83%	82%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

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

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



**Purpose of operating surplus ratio**

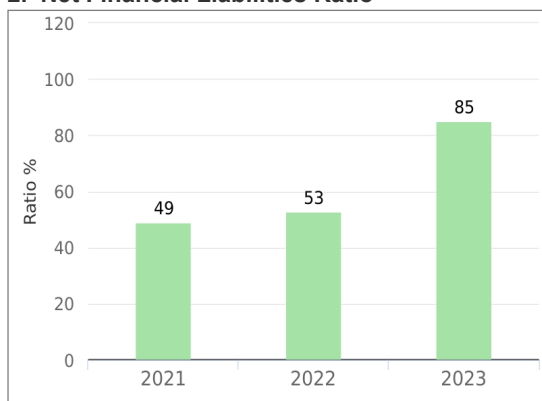
This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2022/23 result**

2022/23 ratio (15.8)%

Higher expenditure across depreciation (revaluation), employee costs, contracts materials & other. Lower Caravan Park income due to cabins project delays, partly offset by timing of Financial Assistance Grants.

2. Net Financial Liabilities Ratio



**Purpose of net financial liabilities ratio**

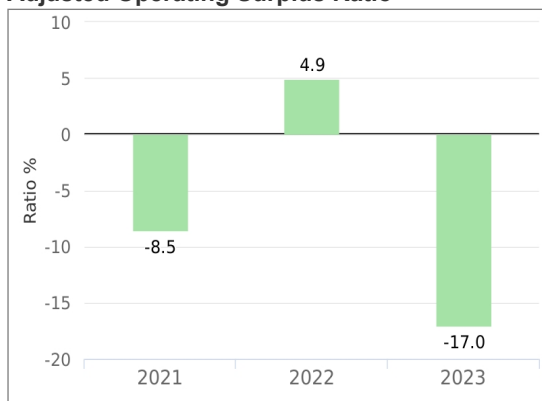
This indicator shows the significance of the net amount owed to others, compared to operating revenue

**Commentary on 2022/23 result**

2022/23 ratio 85%

Higher level of debt due to funding major capital projects.

Adjusted Operating Surplus Ratio



**Purpose of adjusted operating surplus ratio**

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

**Commentary on 2022/23 result**

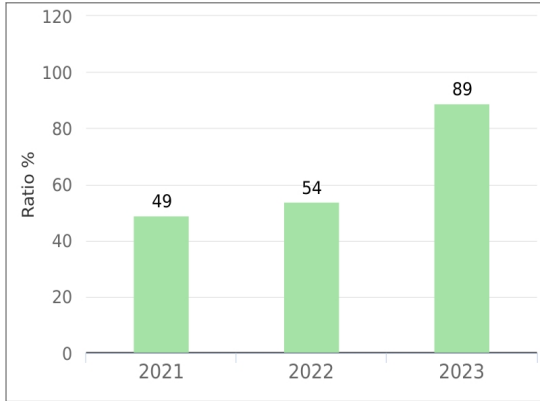
2022/23 ratio (17.0)%

The additional change in the operating surplus ratio is due to the receipt of approximately 90% of 2023-24 Financial Assistance Grants in 2022-23.

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

Note 15. Financial indicators (continued)

**Adjusted Net Financial Liabilities Ratio**



**Purpose of adjusted net financial liabilities ratio**

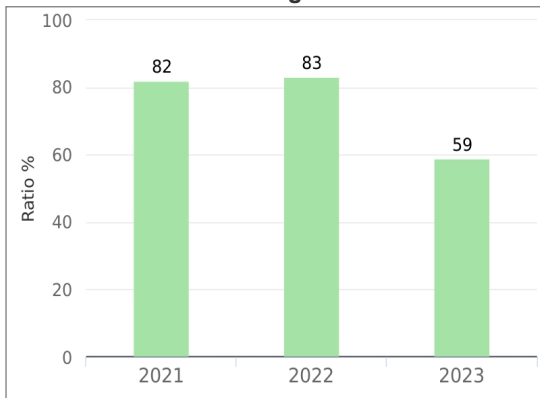
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

**Commentary on 2022/23 result**

2022/23 ratio 89%

Higher level of debt due to funding major capital projects and early receipt of approximately 90% of 2023-24 Financial Assistance Grants in 2022-23.

**3. Asset Renewal Funding Ratio**



**Purpose of asset renewal funding ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 59%

Renewal capital expenditure required per asset management plans, especially transport, much higher in 22/23 than rolling 10 year average, leading to one-off impact on ratio.

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

### Note 16. Uniform presentation of finances

\$ '000	2023	2022
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.		
<u>Income</u>		
Rates	12,825	12,071
Statutory charges	367	357
User charges	1,010	1,279
Grants, subsidies and contributions - operating	1,544	1,034
Investment income	56	91
Reimbursements	91	124
Other income	149	87
Net gain - equity accounted council businesses	-	508
<b>Total Income</b>	<b>16,042</b>	<b>15,551</b>
<u>Expenses</u>		
Employee costs	6,560	5,855
Materials, contracts and other expenses	7,520	5,569
Depreciation, amortisation and impairment	3,805	3,120
Finance costs	647	231
Net loss - equity accounted council businesses	47	11
<b>Total Expenses</b>	<b>18,579</b>	<b>14,786</b>
<b>Operating surplus / (deficit)</b>	<b>(2,537)</b>	<b>765</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>(2,537)</b>	<b>765</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(3,300)	(2,841)
Add back depreciation, amortisation and impairment	3,805	3,120
Add back proceeds from sale of replaced assets	122	292
	<b>627</b>	<b>571</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(9,035)	(5,534)
Add back amounts received specifically for new and upgraded assets	4,431	2,179
	<b>(4,604)</b>	<b>(3,355)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>(6,514)</b>	<b>(2,019)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## 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
<b>2023</b>			
Opening balance	6	18	24
Depreciation charge	(6)	(18)	(24)
<b>Balance at 30 June</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>2022</b>			
Opening balance	52	35	87
Depreciation charge	(46)	(17)	(63)
<b>Balance at 30 June</b>	<b>6</b>	<b>18</b>	<b>24</b>

## (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	2023	2022
Balance at 1 July	33	93
Accretion of interest	2	4
Payments	(35)	(64)
<b>Balance at 30 June</b>	<b>—</b>	<b>33</b>
<b>Classified as:</b>		
Current	—	23
Non-current	—	10

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

The Group had total cash outflows for leases of \$35k.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 17. Leases (continued)

\$ '000	2023	2022
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	23	63
Interest expense on lease liabilities	2	4
Expense relating to short term leases	11	5
Expense relating to leases of low-value assets	–	–
<b>Total amount recognised in profit or loss</b>	<b>36</b>	<b>72</b>

## (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.

**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	2023	2022
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	32	75
Later than one year and not later than 5 years	46	61
	<b>78</b>	<b>136</b>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 18. Superannuation

---

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

#### **Accumulation only members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) 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 and forming part of the Financial Statements

for the year ended 30 June 2023

## 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	
	2023	2022	2023	2022
Joint Ventures - (Gains) *	–	508	(932)	(826)
Joint Ventures - (Losses)	(47)	(11)	47	–
<b>Council's share of net income</b>				
Joint ventures	(47)	497	(885)	(826)
<b>Total Council's share of net income</b>	<b>(47)</b>	<b>497</b>	<b>(885)</b>	<b>(826)</b>

(\*) Included in the gains for 2021/22 was an amount of \$448,681.20 which represented Council's gain by reducing its equity stake from 15% to 10% in the negative net assets of its subsidiary Fleurieu Regional Waste Authority (FRWA) during that year.

**((a)i) Joint ventures, associates and joint operations****(a) Carrying amounts**

\$ '000	Principal Activity	2023	2022
Southern & Hills Local Government Association	Undertakes a regional coordinating, representational, advocating and marketing role on behalf of its member councils.	–	12
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.	(885)	(838)
<b>Total carrying amounts - joint ventures and associates</b>		<b>(885)</b>	<b>(826)</b>

***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.

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

Note 19. Interests in other entities (continued)

(b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2023	2022	2023	2022	2023	2022
Southern & Hills Local Government Association	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
Fleurieu Regional Waste Authority	10.00%	10.00%	10.00%	10.00%	25.00%	25.00%

(c) Movement in investment in joint venture or associate

\$ '000	Southern & Hills Local Government Association		Fleurieu Regional Waste Authority	
	2023	2022	2023	2022
Opening Balance	12	23	(838)	(1,346)
Share in Operating Result	(12)	(11)	(47)	508
<b>Council's equity share in the joint venture or associate</b>	<b>–</b>	<b>12</b>	<b>(885)</b>	<b>(838)</b>

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

Note 19. Interests in other entities (continued)

(d) Summarised financial information of the equity accounted business

\$ '000	Southern & Hills Local Government Association		Fleurieu Regional Waste Authority	
	2023	2022	2023	2022
<b>Statement of Financial Position</b>				
Cash and Cash Equivalents	155	218	1,378	2,589
Other Current Assets	9	–	223	330
Non-Current Assets	–	–	4,268	4,536
<b>Total assets</b>	<b>164</b>	<b>218</b>	<b>5,869</b>	<b>7,455</b>
Current Trade and Other Payables	10	5	2,628	2,614
Current Financial Liabilities	27	82	1,339	599
Current Provisions	18	36	3,494	5,646
Non-Current Financial Liabilities	–	–	7,220	7,179
Non-Current Provisions	–	–	37	46
<b>Total liabilities</b>	<b>55</b>	<b>123</b>	<b>14,718</b>	<b>16,084</b>
<b>Net Assets</b>	<b>109</b>	<b>95</b>	<b>(8,849)</b>	<b>(8,629)</b>
<b>Statement of Comprehensive Income</b>				
Other Income	242	158	3,306	3,274
Contributions from Constituent Councils	133	129	7,798	7,132
Interest Income	7	1	2	–
<b>Total income</b>	<b>382</b>	<b>288</b>	<b>11,106</b>	<b>10,406</b>
Employee Costs	157	151	3,542	3,082
Materials, Contracts & Other Expenses	206	218	6,813	5,847
Depreciation, Amortisation and Impairment	–	–	889	812
Finance Costs	6	5	320	75
<b>Total expenses</b>	<b>369</b>	<b>374</b>	<b>11,564</b>	<b>9,816</b>
<b>Operating Result</b>	<b>13</b>	<b>(86)</b>	<b>(458)</b>	<b>590</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 20. Contingencies and assets/liabilities not recognised in the balance sheet

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

#### 1. Land under roads

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

At reporting date, Council controlled 1,026 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.

Council currently has one legal claim against it that may be of a material nature. The cost and likelihood of the potential liability cannot be reliably determined at this time and has not been recognised with these financial statements.

### Note 21. Events after the balance sheet date

---

Events that occur after the reporting date of 30 June 2023, 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.

## District Council of Yankalilla

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### 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, 20 persons were paid the following total compensation:

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	819	815
Post-employment benefits	64	65
<b>Total</b>	<b>883</b>	<b>880</b>

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

A Key Management Personnel owns two businesses from which various goods were purchased during 2022/23, amounting to \$26,789.58 (2021/22 \$17,600.64).

A Key Management Personnel is Chair of a community group from which various services were purchased during 2022/23, amounting to \$13,543.00 (2021/22 \$825.00).

A Key Management Personnel is a member of a community group from which various services were purchased during 2022/23, amounting to \$1,089.00 (2021/22 Nil).



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## Independent Auditor's Report – Financial Statements

To the members of District Council of Yankalilla

### Opinion

We have audited the accompanying financial report of District Council of Yankalilla (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of District Council of Yankalilla.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *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 Council 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 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

Without modifying our opinion, we draw attention to Note 20 (3) of the financial report which describes the existence of a legal claim against the Council that may be of a material nature. The potential financial impact cannot be reliably determined as at reporting date.

### Council's responsibility for the financial report

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

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

**Auditor's responsibility 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 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.

As part of an audit of the financial report in accordance with 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 of the financial report 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 Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA, Registered Company Auditor  
Director

17 January 2024





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## Independent Auditor's Report - Internal Controls

To the members of District Council of Yankalilla

### Opinion

We have audited the compliance of District Council of Yankalilla (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with law.

In our opinion, District Council of Yankalilla 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 law for the period 1 July 2022 to 30 June 2023.

### Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### The Council's responsibility for 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, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

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**Auditor's 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, 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 Information* and ASAE 3150 *Assurance Engagements 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

**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 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.

**Limitation of 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 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.

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA, Registered Company Auditor  
Director

17 January 2024

## General Purpose Financial Statements

for the year ended 30 June 2023

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### 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 2023, the Council's Auditor, Galpins 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*.



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Nathan Cunningham  
Chief Executive Officer



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Christine Hahn  
Audit & Risk Committee Chair

Date: 16 January 2024



## DISTRICT COUNCIL OF YANKALILLA

### GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2023

#### Statement by Auditor

I confirm that, for the audit of the financial statements of District Council of Yankalilla for the year ended 30 June 2023, I have maintained my independence 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), 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) Regulation 2011*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'T Muhl'.

**Tim Muhlhausler** CA, Registered Company Auditor

Director

17 January 2024

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