

District Council of Yankalilla

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



General Purpose Financial Statements

for the year ended 30 June 2022

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General Purpose Financial Statements

for the year ended 30 June 2022

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 2022 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.



Nathan Cunningham
Chief Executive Officer

01 November 2022



Simon Rothwell
Mayor

01 November 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	12,071	11,527
Statutory Charges	2b	357	359
User Charges	2c	1,279	1,369
Grants, Subsidies and Contributions	2g	1,034	956
Investment Income	2d	91	67
Reimbursements	2e	124	65
Other income	2f	87	125
Net Gain - Equity Accounted Council Businesses	19(a)	508	-
Total Income		<u>15,551</u>	<u>14,468</u>
Expenses			
Employee costs	3a	5,855	5,538
Materials, Contracts and Other Expenses	3b	5,569	6,668
Depreciation, Amortisation and Impairment	3c	3,120	3,080
Finance Costs	3d	231	260
Net loss - Equity Accounted Council Businesses	19(a)	11	154
Total Expenses		<u>14,786</u>	<u>15,700</u>
Operating Surplus / (Deficit)		<u>765</u>	<u>(1,232)</u>
Physical Resources Received Free of Charge	2h	217	-
Asset Disposal & Fair Value Adjustments	4	(142)	(222)
Amounts Received Specifically for New or Upgraded Assets	2g	2,179	597
Net Surplus / (Deficit)		<u>3,019</u>	<u>(857)</u>
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9	3,651	2,742
Total Amounts which will not be reclassified subsequently to operating result		<u>3,651</u>	<u>2,742</u>
Total Other Comprehensive Income		<u>3,651</u>	<u>2,742</u>
Total Comprehensive Income		<u>6,670</u>	<u>1,885</u>

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

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	2,181	2,249
Trade & Other Receivables	5b	2,381	2,135
Total current assets		<u>4,562</u>	<u>4,384</u>
Non-current assets			
Financial Assets	6a	57	69
Equity Accounted Investments in Council Businesses	6b	12	23
Infrastructure, Property, Plant & Equipment	7a(i)	112,136	103,447
Total non-current assets		<u>112,205</u>	<u>103,539</u>
TOTAL ASSETS		<u>116,767</u>	<u>107,923</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,350	4,208
Borrowings	8b	3,292	2,822
Provisions	8c	1,211	1,708
Total Current Liabilities		<u>8,853</u>	<u>8,738</u>
Non-Current Liabilities			
Borrowings	8b	4,658	2,588
Provisions	8c	249	260
Total Non-Current Liabilities		<u>4,907</u>	<u>2,848</u>
TOTAL LIABILITIES		<u>13,760</u>	<u>11,586</u>
Net Assets		<u>103,007</u>	<u>96,337</u>
EQUITY			
Accumulated surplus		28,879	25,860
Asset revaluation reserves	9	74,128	70,477
Total Council Equity		<u>103,007</u>	<u>96,337</u>
Total Equity		<u>103,007</u>	<u>96,337</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 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2022				
Balance at the end of previous reporting period		25,860	70,477	96,337
Net Surplus / (Deficit) for Year		3,019	–	3,019
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	3,651	3,651
Share of OCI - Equity Accounted Council Businesses		–	–	–
Other Equity Adjustments - Equity Accounted Council Businesses	19	–	–	–
Net Assets Transferred - Council Restructure		–	–	–
Other comprehensive income		–	3,651	3,651
Total comprehensive income		3,019	3,651	6,670
Transfers between Reserves		–	–	–
Balance at the end of period		28,879	74,128	103,007
2021				
Balance at the end of previous reporting period		26,717	67,735	94,452
Net Surplus / (Deficit) for Year		(857)	–	(857)
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	2,742	2,742
Share of OCI - Equity Accounted Council Businesses		–	–	–
Other Equity Adjustments - Equity Accounted Council Businesses	19	–	–	–
Net Assets Transferred - Council Restructure		–	–	–
Other comprehensive income		–	2,742	2,742
Total comprehensive income		(857)	2,742	1,885
Transfers between Reserves		–	–	–
Balance at the end of period		25,860	70,477	96,337

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 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		11,968	11,862
Statutory Charges		357	359
User Charges		1,348	1,586
Grants, Subsidies and Contributions		826	1,381
Investment Receipts		91	67
Reimbursements		124	70
Other Receipts		64	128
<u>Payments</u>			
Finance Payments		(231)	(285)
Payments to Employees		(5,832)	(5,523)
Payments for Materials, Contracts & Other Expenses		(5,428)	(5,960)
Net cash provided by (or used in) Operating Activities	11b	3,287	3,685
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,179	2,956
Sale of Replaced Assets		292	154
Sale of Surplus Assets		–	82
Repayments of Loans by Community Groups		12	13
Distributions Received from Equity Accounted Council Businesses		–	154
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,841)	(2,272)
Expenditure on New/Upgraded Assets		(5,534)	(1,702)
Loans Made to Community Groups		–	(30)
Capital contributed to Equity Accounted Council Businesses		–	(154)
Net cash provided (or used in) investing activities		(5,892)	(799)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		1,979	–
Proceeds from Bonds & Deposits		–	3
<u>Payments</u>			
Repayments of Borrowings		–	(696)
Repayment of Finance Lease Liabilities		(59)	(61)
Repayment of Bonds & Deposits		(3)	–
Net Cash provided by (or used in) Financing Activities		1,917	(754)
Net Increase (Decrease) in Cash Held		(688)	2,132
plus: Cash & Cash Equivalents at beginning of period		507	(1,625)
Cash and cash equivalents held at end of period	11a	(181)	507

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 2022

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 01 November 2022.

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.

In Particular, Council's subsidiary Fleurieu Regional Waste Authority Regional Subsidiary (FRWA) reports significant uncertainty in the estimation of provision taken by FRWA in which Council has a 10% stake. This provision is for remediation costs of \$4,977,505 has been recognised at 30 June 2022 (2021: \$9,877,286) in FRWA financial Statements. As a result, FRWA's current liabilities exceed its current assets at 30 June 2022 by \$5,693,813 (2021: \$11,045,711) and it has a net deficiency of \$8,383,260 (2021: \$8,973,627) (refer to Note 19 Equity). Remediation works commenced in July 2021 and have continued during the financial year ended 30 June 2022. The Board estimate that the majority of the remediation costs will be incurred, and remediation works completed, within the next 12 months. The key estimates and assumptions used to determine the provision for remediation costs include the number of properties requiring remediation, the quantity of waste to dispose, consultant costs to manage the remediation process and contractor costs for site remediation.

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 2021/22 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 2022

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
2019/20	\$323,777	\$410,693	(\$86,916)
2020/21	\$419,236	\$364,799	\$54,437
2021/22	\$506,750	\$461,812	\$44,938

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 2022

Note 1. Summary of Significant Accounting Policies (continued)

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

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

Building & Other Structures

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

Infrastructure

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

continued on next page ...

District Council of Yankalilla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

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

6.6 Borrowing Costs

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

(7) Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

(9) Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 3.52% (2021, 0.38%)

District Council of Yankalilla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

Weighted avg. settlement period 3.5 years (2021, 4.8 years)

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

9.2 Superannuation

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

(10) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

12.1 Council as a lessee

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

i) Right-of-Use-Assets

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

Office Equipment	3 to 4 years
Software	3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(11) Equity Accounted Council Businesses

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(12) GST Implications

In accordance with UIG Abstract 1031 "*Accounting for the Goods & Services Tax*"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(13) Comparative Figures

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

(14) Disclaimer

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

District Council of Yankalilla

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	11,851	11,425
Less: Mandatory Rebates	(50)	(55)
Less: Discretionary Rebates, Remissions & Write Offs	(122)	(206)
Total General Rates	11,679	11,164
Other Rates (Including Service Charges)		
Regional Landscape Levy (formerly NRM Levy)	199	197
Wirrina Water Service	103	85
Total Other Rates (Including Service Charges)	302	282
Other Charges		
Penalties for Late Payment	87	81
Legal & Other Costs Recovered	3	-
Total Other Charges	90	81
Total Rates	12,071	11,527
(b) Statutory Charges		
Development Act Fees	163	81
Town Planning Fees	2	79
Health & Septic Tank Inspection Fees	69	80
Animal Registration Fees & Fines	97	79
Parking Fines/Expiation Fees	22	36
Other Licences, Fees & Fines	4	4
Total Statutory Charges	357	359
(c) User Charges		
Cemetery/Crematoria Fees	7	13
Hall & Equipment Hire	1	2
Sundry	16	13
Caravan Park Hire Fees	1,194	1,273
Block Clearing Fees	5	(1)
Search Fees	29	39
CHSP Contributions	20	22
Water Consumption	7	8
Total User Charges	1,279	1,369

District Council of Yankalilla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	8	-
- Banks & Other	1	-
- Loans to Community Groups	4	5
Investment Property Rental Income	78	62
<u>Total Investment Income</u>	<u>91</u>	<u>67</u>
(e) Reimbursements		
Workcover	32	14
Other	92	51
<u>Total Reimbursements</u>	<u>124</u>	<u>65</u>
(f) Other income		
Rebates Received	30	28
Sundry	26	46
Visitor Information Centre	31	51
<u>Total Other income</u>	<u>87</u>	<u>125</u>
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	2,179	597
Total Amounts Received Specifically for New or Upgraded Assets	2,179	597
Other Grants, Subsidies and Contributions		
- Untied - Financial Assistance Grant	507	419
- Roads to Recovery	163	163
- Home and Community Care Grant	176	174
- Library and Communications	22	17
- Sundry	166	183
Total Other Grants, Subsidies and Contributions	1,034	956
<u>Total Grants, Subsidies, Contributions</u>	<u>3,213</u>	<u>1,553</u>
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	1,014	337
State Government	2,140	1,144
Other	59	72
Total	3,213	1,553

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(h) Physical Resources Received Free of Charge		
Roads, Bridges & Footpaths	112	–
Stormwater Drainage	105	–
<u>Total Physical Resources Received Free of Charge</u>	<u>217</u>	<u>–</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		5,132	4,666
Employee Leave Expense		419	454
Superannuation	18	515	453
Workers' Compensation Insurance		167	155
Other Employee Related Costs		154	114
Less: Capitalised and Distributed Costs		(532)	(304)
Total Operating Employee Costs		5,855	5,538
Total Number of Employees (full time equivalent at end of reporting period)		63	56
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		21	21
- Other Auditors		12	9
Bad and Doubtful Debts		7	3
Elected Members' Expenses		142	141
Insurance		174	160
Subtotal - Prescribed Expenses		356	334
(ii) Other Materials, Contracts and Expenses			
Contractors		2,401	2,350
Maintenance		646	835
Legal Expenses		226	120
Levies Paid to Government - Landscape Levy (formerly NRM Levy)		198	196
Levies - Other		13	13
Parts, Accessories & Consumables		316	225
Sundry		88	124
Utilities		329	333
IT and Communications		486	334
Administration		191	199
Registrations, Subscriptions and Memberships		154	116
Hire Fees		322	303
Grants and Contributions		96	94
Vehicles		40	34
Visitor Information Centre		55	73
Wirrina Service Payments to SA Water		108	92
Net Loss - Equity Accounted Council Businesses	8c	-	1,346
Less: Capitalised and Distributed Costs		(456)	(453)
Subtotal - Other Material, Contracts & Expenses		5,213	6,334
Total Materials, Contracts and Other Expenses		5,569	6,668

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings & Other Structures	290	287
Infrastructure		
- Stormwater Drainage	246	186
- Transport Infrastructure	1,948	1,937
Right-of-use Assets	63	63
Plant & Equipment	189	214
Furniture & Fittings	115	112
Recreation	163	165
Fleet Plant	106	116
Subtotal	3,120	3,080
Total Depreciation, Amortisation and Impairment	3,120	3,080
(d) Finance Costs		
Interest on Loans	227	256
Interest on Leases	4	4
Total Finance Costs	231	260

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	292	154
Less: Carrying Amount of Assets Sold	(434)	(448)
Gain (Loss) on Disposal	(142)	(294)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	-	82
Less: Carrying Amount of Assets Sold	-	(10)
Gain (Loss) on Disposal	-	72
Net Gain (Loss) on Disposal or Revaluation of Assets	(142)	(222)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	175	149
LGFA Other Investments	2,006	2,100
Total Cash & Cash Equivalent Assets	2,181	2,249
(b) Trade & Other Receivables		
Rates - General & Other	1,293	1,370
Council Rates Postponement Scheme	5	9
Accrued Revenues	2	-
Debtors - General	566	447
GST Recoupment	255	137
Prepayments	218	93
Loans to Community Organisations	42	42
Debtors - Worrina Water Consumption	10	40
Subtotal	2,391	2,138
Less: Allowance for Doubtful Debts	(10)	(3)
Total Trade & Other Receivables	2,381	2,135

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 6. Non-Current Assets

\$ '000	2022	2021
(a) Financial Assets		
Receivables		
Loans to Community Organisations	57	69
Subtotal	57	69
Total Receivables	57	69
Total Financial Assets	57	69

\$ '000	Notes	2022	2021
(b) Equity Accounted Investments in Council Businesses			
Southern & Hills Local Government Association	19	12	23
Fleurieu Regional Waste Authority		-	-
Total Equity Accounted Investments in Council Businesses		12	23

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 7. Infrastructure, Property, Plant & Equipment

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

	Fair Value Level	as at 30/06/21				Asset movements during the reporting period							as at 30/06/22			
		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	Assets Newly Recognised	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress		–	313	–	313	–	–	–	–	3,248	–	–	–	3,963	–	3,963
Land - Other	3	11,995	648	–	12,643	–	–	–	–	–	–	–	11,995	648	–	12,643
Buildings & Other Structures	3	15,654	111	(5,551)	10,214	2,274	332	(147)	(290)	(2,435)	–	–	15,071	281	(5,405)	9,947
Infrastructure																
- Stormwater Drainage	3	14,796	2,222	(4,307)	12,711	557	58	(15)	(246)	(68)	105	3,651	21,520	655	(5,421)	16,754
- Transport Infrastructure	3	91,659	11,668	(40,682)	62,645	2,127	1,215	(122)	(1,948)	(299)	112	–	90,909	14,425	(42,004)	63,330
Right-of-Use Assets		–	87	–	87	–	–	–	(63)	–	–	–	–	87	(63)	24
Plant & Equipment	3	–	3,887	(2,448)	1,439	–	459	–	(189)	(122)	–	–	–	3,923	(2,336)	1,587
Furniture & Fittings	3	–	1,703	(1,363)	340	144	160	–	(115)	–	–	–	–	2,007	(1,478)	529
Recreation	3	5,037	170	(2,637)	2,570	401	332	(10)	(163)	(324)	–	–	4,926	578	(2,700)	2,804
Fleet Plant	3	–	889	(404)	485	31	283	(139)	(106)	–	–	–	–	948	(393)	555
Total Infrastructure, Property, Plant & Equipment		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
Comparatives		135,919	19,193	(54,895)	100,217	1,754	2,271	(458)	(3,080)	–	–	2,742	139,141	21,698	(57,392)	103,447

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

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

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

Highest and best use

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

District Council of Yankalilla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

Transition to AASB 13 - Fair Value Measurement

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

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. Additions are recognised at cost.

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

Buildings

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

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

Infrastructure - Stormwater

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period ending 30 June 2022 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 2022

Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(a) Trade and Other Payables				
Goods & Services	1,789	–	784	–
Payments Received in Advance	1,926	–	2,809	–
Accrued Expenses - Employee Entitlements	555	–	532	–
Accrued Expenses - Other	78	–	80	–
Deposits, Retentions & Bonds	–	–	3	–
Other	2	–	–	–
Total Trade and Other Payables	4,350	–	4,208	–

\$ '000	Notes	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(b) Borrowings					
Short Term Draw Down Facility		2,362	–	1,742	–
Loans		907	4,648	1,021	2,555
Lease Liabilities	17b	23	10	59	33
Total Borrowings		3,292	4,658	2,822	2,588

(c) Provisions

Employee Entitlements (including oncosts)	373	249	362	260
FRWA Liabilities Provision ¹	838	–	1,346	–
Total Provisions	1,211	249	1,708	260

(1) Included in the Provisions is an amount of \$838,326 which represents Council's equity stake of 10% in the negative net assets of its subsidiary Fleurieu Regional Waste Authority (FRWA). The balance sheet of FRWA is shown in note 19. FRWA has taken a provision of \$9,877,286 in 2020/21 (refer to Note 1.2 Accounting Policy, Note 3b Provisions, Note 19 Equity) in recognition of an obligation to remediate sites that have recycled road base material sourced from FRWA's Goolwa Waste and Recycling Depot that were contaminated with asbestos. After allowing for this provision and having a surplus in 21/22 FRWA negative net assets has reduced to \$8,383,286 at the closing of 21/22. Council's equity stake has reduced from 15% in 20/21 to 10% in 21/22. Under accounting standard AASB 128 the value of a subsidiary that has negative net assets is recorded at zero and the value of the net assets is recorded as a provision. The Charter of FRWA to which Council is a signatory requires that the constituent Councils to contribute additional funds when required to do so. Schedule two (31) (1) of the Local Government Act states, 'Liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent councils'.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 9. Reserves

\$ '000	as at 30/06/21	Increments (Decrements)	Transfers	Impairments	as at 30/06/22
	Opening Balance				Closing Balance
Asset Revaluation Reserve					
Land - Other	8,313	-	-	-	8,313
Buildings & Other Structures Infrastructure	4,172	-	-	-	4,172
- Stormwater Drainage	8,075	3,651	-	-	11,726
- Transport Infrastructure	47,822	-	-	-	47,822
Recreation	2,043	-	-	-	2,043
Other Assets	52	-	-	-	52
Total Asset Revaluation Reserve	70,477	3,651	-	-	74,128
Comparatives	67,735	2,742	-	-	70,477

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 2022

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
(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 & Equivalent Assets	5	2,181	2,249
Less: Short-Term Borrowings	8	(2,362)	(1,742)
Balances per Statement of Cash Flows		(181)	507

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

Net Surplus/(Deficit)		3,019	(857)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		3,120	3,080
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(497)	154
Non-Cash Asset Acquisitions		(217)	–
Grants for capital acquisitions treated as Investing Activity		(2,179)	(597)
Net (Gain) Loss on Disposals		142	222
		3,388	2,002
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(253)	(120)
Change in Allowances for Under-Recovery of Receivables		(7)	(3)
Net (Increase)/Decrease in Other Assets		14	6
Net Increase/(Decrease) in Trade & Other Payables		653	422
Net Increase/(Decrease) in Unpaid Employee Benefits		–	32
Net Increase/(Decrease) in Other Provisions		(508)	1,346
Net Cash provided by (or used in) operations		3,287	3,685

\$ '000	Notes	2022	2021
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2h	217	–
Amounts recognised in Income Statement		217	–
Total Non-Cash Financing and Investing Activities		217	–

(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	8,062

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 12(a). Functions

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

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	1,390	1,445	848	855	542	590	–	1	7,026	6,978
Community Services	276	287	1,101	821	(825)	(534)	183	214	233	3,227
Culture	32	26	326	288	(294)	(262)	23	18	417	458
Economic Development	59	51	541	487	(482)	(436)	24	–	–	864
Environment	820	341	1,789	1,617	(969)	(1,276)	110	135	18,596	14,252
Recreation	8	–	655	680	(647)	(680)	–	–	3,173	8,027
Regulatory Services	351	402	842	829	(491)	(427)	4	–	2,213	–
Transport & Communication	458	365	3,309	3,082	(2,851)	(2,717)	447	365	71,617	62,812
Plant Hire & Depot/Indirect	61	–	1,085	1,371	(1,024)	(1,371)	–	–	2,534	2,457
Unclassified Activities	–	–	–	1,500	–	(1,500)	–	–	–	552
Council Administration	12,096	11,551	4,290	4,170	7,806	7,381	243	223	10,958	8,296
Total Functions/Activities	15,551	14,468	14,786	15,700	765	(1,232)	1,034	956	116,767	107,923

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 2022

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

Business Undertakings

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

Community Services

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

Culture

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

Economic Development

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

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot

Plant Hire and Depot Costs.

Unclassified Activities

Infrastructural Management, Technical Service and Building Management.

Council Administration

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

District Council of Yankalilla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are at call with rates varying throughout the year.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.42% (2021: 0.43%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable semi annually; interest is charged at fixed & variable rates between 2.05% and 6.80% (2021: 1.30% and 6.87%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

\$ '000	Due in less than 1 year	Due between 1 year & 5 years	Due in more than 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets and Liabilities					
2022					
Financial Assets					
Cash & Cash Equivalents	2,181	–	–	2,181	2,181
Receivables	1,919	57	7	1,983	1,973
Total Financial Assets	4,100	57	7	4,164	4,154
Financial Liabilities					
Payables	2,424	–	–	2,424	2,424
Current Borrowings	3,570	–	–	3,570	3,269
Non-Current Borrowings	–	3,627	1,902	5,529	4,648
Leases	23	10	–	33	33
Total Financial Liabilities	6,017	3,637	1,902	11,556	10,374
2021					
Financial Assets					
Cash & Cash Equivalents	2,249	–	–	2,249	2,249
Receivables	1,903	61	18	1,982	1,977
Total Financial Assets	4,152	61	18	4,231	4,226
Financial Liabilities					
Payables	1,399	–	–	1,399	1,399
Current Borrowings	2,763	–	–	2,763	2,763
Non-Current Borrowings	–	2,607	313	2,920	2,555
Leases	64	27	–	91	93
Total Financial Liabilities	4,226	2,634	313	7,173	6,810

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.30%	2,362	1.38%	1,742
Fixed Interest Rates	5.43%	5,586	6.26%	3,668
		7,948		5,410

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 2022

Note 13. Financial Instruments (continued)

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 four years applied to the average account closing balance. The actual ECL rate for Debtors - General account is 1.53%, which accounts for an expected loss of \$9,331, and the ECL rate for Debtors - Wirrina Water Consumption is 3.16% which accounts for an expected loss of \$321. Total expected loss of \$9,651.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	9,929	151
	<u>9,929</u>	<u>151</u>
These expenditures are payable:		
Not later than one year	9,929	151
	<u>9,929</u>	<u>151</u>
(b) Other Expenditure Commitments		
Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	–	20
Waste Management Services	891	1,022
Remuneration Contracts	1,552	138
	<u>2,443</u>	<u>1,180</u>
These expenditures are payable:		
Not later than one year	1,254	1,180
Later than one year and not later than 5 years	1,189	–
	<u>2,443</u>	<u>1,180</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators

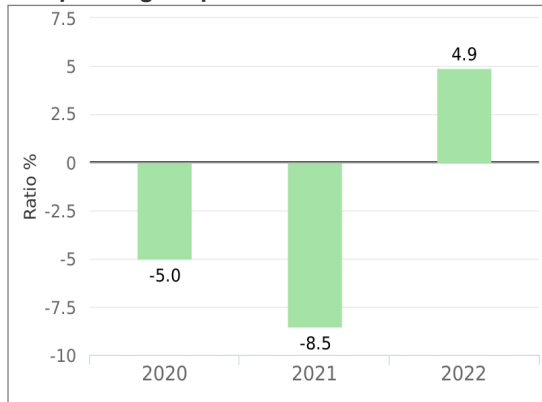
	Indicator 2022	Indicators 2021	Indicators 2020
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus	4.9%	(8.5)%	(5.0)%
Total Operating Income			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	59%	49%	43%
Total Operating Income			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus	4.9%	(8.5)%	(4.4)%
Total Operating Income			
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities	59%	49%	43%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Asset Renewals	83%	82%	79%
Infrastructure & Asset Management Plan required expenditure			
<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 2022

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

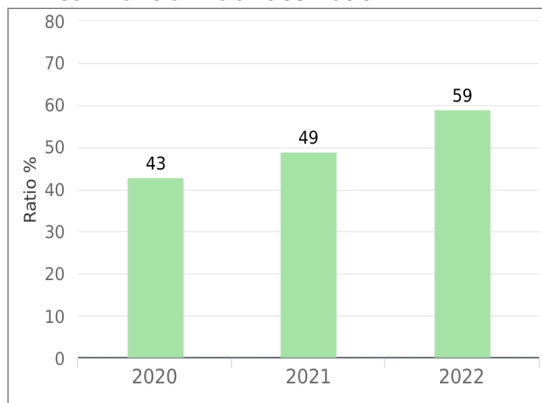
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio	4.9%
---------------	------

2021 was affected by losses from Council's equity stake in the Fleurieu Regional Waste Authority (FRWA). During 2022 Council reduced their equity stake resulting in a reduction in liability and increasing Council's surplus.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

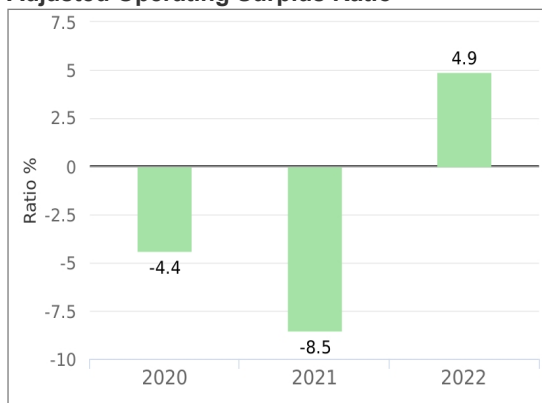
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2021/22 result

2021/22 ratio	59%
---------------	-----

Council has commenced work on some major multi-year capital projects which has increased the borrowings and consequently increased the NFL. The NFL is below Council's accepted target threshold of 100%.

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 2021/22 result

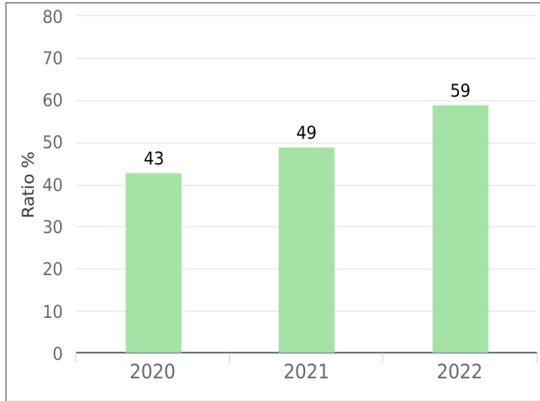
2021/22 ratio	4.9%
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There is no material change in this indicator due to the timing of Financial Assistance Grants.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

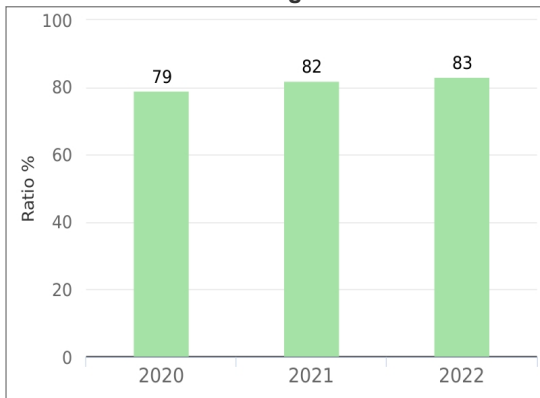
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 59%

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

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2021/22 result

2021/22 ratio 83%

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 16. Uniform Presentation of Finances

\$ '000	2022	2021
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	15,551	14,468
less Expenses	(14,786)	(15,700)
Operating Surplus / (Deficit)	765	(1,232)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(2,841)	(2,272)
add back Depreciation, Amortisation and Impairment	3,120	3,080
add back Proceeds from Sale of Replaced Assets	292	154
	571	962
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,534)	(1,702)
add back Amounts Received Specifically for New and Upgraded Assets	2,179	2,956
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	–	82
	(3,355)	1,336
Net Lending / (Borrowing) for Financial Year	(2,019)	1,066

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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
2022			
Opening balance	52	35	87
Depreciation charge	(46)	(17)	(63)
Balance at 30 June	6	18	24
2021			
Opening balance	98	–	98
Additions to right-of-use assets	–	52	52
Depreciation charge	(46)	(17)	(63)
Balance at 30 June	52	35	87

(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	2022	2021
Balance at 1 July	93	101
Additions	–	52
Accretion of interest	4	4
Payments	(64)	(64)
Balance at 30 June	33	93
Classified as:		
Current	23	62
Non Current	10	31

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 17. Leases (continued)

\$ '000	2022	2021
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	63	63
Interest expense on lease liabilities	4	4
Expense relating to short term leases	5	3
Expense relating to leases of low-value assets	–	–
Total amount recognised in profit or loss	72	70

(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	2022	2021
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	75	52
Later than one year and not later than 5 years	61	156
Later than 5 years	–	18
	136	226

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.0% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(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 2022

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	
	2022	2021	2022	2021
Joint Ventures - (Gains) *	508	–	12	23
Joint Ventures - (Losses)	(11)	(154)	–	–
Council's Share of Net Income				
Joint Ventures	497	(154)	12	23
Total Council's Share of Net Income	497	(154)	12	23

(*) Included in the gains for the year is an amount of \$448,681.20 which represents 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). By reducing its equity stake Council is now liable for a smaller portion of the FRWA negative net assets of \$8,383,286 at the closing of 21/22. Under accounting standard AASB 128 the value of a subsidiary that has negative net assets is recorded at zero and the value of the net assets is recorded as a provision. The Charter of FRWA to which Council is a signatory requires that the constituent Councils to contribute additional funds when required to do so. Schedule two (31) (1) of the Local Government Act states, 'Liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent councils'.

((a)i) Joint Ventures, Associates and Joint Operations**(a) Carrying Amounts**

\$ '000	Principal Activity	2022	2021
Southern & Hills Local Government Association	Undertakes a regional coordinating, representational, advocating and marketing role on behalf of its member councils.	12	23
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.	–	–
Total Carrying Amounts - Joint Ventures & Associates		12	23

Southern & Hills Local Government Association

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

Fleurieu Regional Waste Authority

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

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 19. Interests in Other Entities (continued)

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021
Southern & Hills Local Government Association	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
Fleurieu Regional Waste Authority	10.00%	15.00%	10.00%	15.00%	10.00%	25.00%

District Council of Yankalilla

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Southern & Hills Local Government Association		Fleurieu Regional Waste Authority	
	2022	2021	2022	2021
Opening Balance	23	46	–	131
Share in Operating Result	(11)	(23)	–	(131)
Council's Equity Share in the Joint Venture or Associate ¹	12	23	–	–

(1) Included in the Provisions is an amount of \$838,326 which represents Council's equity stake of 10% in the negative net assets of its subsidiary Fleurieu Regional Waste Authority (FRWA). The balance sheet of FRWA is shown in note 19. FRWA has taken a provision of \$9,877,286 in 2020/21 (refer to Note 1.2 Accounting Policy, Note 3b Provisions, Note 19 Equity) in recognition of an obligation to remediate sites that have recycled road base material sourced from FRWA's Goolwa Waste and Recycling Depot that were contaminated with asbestos. After allowing for this provision and having a surplus in 21/22 FRWA negative net assets has reduced to \$8,383,286 at the closing of 21/22. Council's equity stake has reduced from 15% in 20/21 to 10% in 21/22. Under accounting standard AASB 128 the value of a subsidiary that has negative net assets is recorded at zero and the value of the net assets is recorded as a provision. The Charter of FRWA to which Council is a signatory requires that the constituent Councils to contribute additional funds when required to do so. Schedule two (31) (1) of the Local Government Act states, 'Liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent councils'.

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

Cash and Cash Equivalents	218	202	2,589	1,385
Other Current Assets	–	–	576	987
Non-Current Assets	–	–	4,536	4,327
Total Assets	218	202	7,701	6,699
Current Trade and Other Payables	5	(3)	2,614	2,271
Current Financial Liabilities	82	–	599	811
Current Provisions	36	23	5,646	10,336
Non-Current Financial Liabilities	–	–	7,179	2,191
Non-Current Provisions	–	–	46	64
Total Liabilities	123	20	16,084	15,673
Net Assets	95	182	(8,383)	(8,974)

Statement of Comprehensive Income

Other Income	158	82	3,274	2,950
Contributions from Constituent Councils	129	91	7,132	6,271
Interest Income	1	1	–	–
Total Income	288	174	10,406	9,221
Employee Costs	151	137	3,082	3,085
Materials, Contracts & Other Expenses	218	219	5,847	15,239
Depreciation, Amortisation and Impairment	–	–	812	659
Finance Costs	5	4	75	100
Total Expenses	374	360	9,816	19,083
Operating Result	(86)	(186)	590	(9,862)

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

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

1. Land under roads

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

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

2. Potential insurance losses

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

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

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

3. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no outstanding appeals against planning decisions made prior to reporting date.

Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 22. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999 . In all, 13 persons were paid the following total compensation:

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	880	821
Total	880	821

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

Other Related Parties

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

Fleurieu Regional Waste Authority	1,236	929
LG Professionals	17	10
Regional Development Australia	–	27
Fleurieu Peninsula Tourism	–	26
Second Valley Progress Association	1	1
Fleurieu Coast Event & Party Hire	1	1
Normanville Mitre 10	16	23
Total	1,271	1,017

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

Opinion

We have audited the accompanying financial report of the District Council of Yankalilla, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the District Council of Yankalilla as of 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

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

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

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

In preparing the financial report, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 3rd day of November 2022

Bentleys SA Audit Partnership

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

Opinion

We have audited the compliance of the District Council of Yankalilla (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2021 to 30 June 2022.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on internal controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Independence

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

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 3rd day of November 2022

General Purpose Financial Statements

for the year ended 30 June 2022

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 2022, the Council's Auditor, Bentleys has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Nathan Cunningham
Chief Executive Officer



Christine Hahn
Audit Committee Chair

Date: 01 November 2022

Bentleys SA Audit Partnership

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Certification of Auditor Independence

I confirm that, for the audit of the financial statements of District Council of Yankalilla for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Bentleys SA Audit Partnership



David Papa
Partner

Dated at Adelaide this 30th day of September 2022.