

Kingston District Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

Contents	Page
1. Council Certificate	3
2. Principal Financial Statements:	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
3. Notes to and forming part of the Principal Financial Statements	8
4. Independent Auditor's Report – Financial Statements	45
5. Independent Auditor's Report – Internal Controls	47
6. Certificates of Audit Independence	
Council Certificate of Audit Independence	49
Audit Certificate of Audit Independence	50

General Purpose Financial Statements

for the year ended 30 June 2020

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 2020 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.



Nat Traeger
Chief Executive Officer

20 October 2020



Kay Rasheed
Mayor

20 October 2020

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	4,874	4,686
Statutory Charges	2b	84	78
User Charges	2c	618	683
Grants, Subsidies and Contributions	2g	1,599	1,238
Investment Income	2d	53	66
Reimbursements	2e	266	237
Other income	2f	39	52
Total Income		7,533	7,040
Expenses			
Employee costs	3a	2,004	2,063
Materials, Contracts and Other Expenses	3b	3,741	3,370
Depreciation, Amortisation and Impairment	3c	2,077	1,990
Finance Costs	3d	98	121
Total Expenses		7,920	7,544
Operating Surplus / (Deficit)		(387)	(504)
Physical Resources Received Free of Charge	2i	472	–
Asset Disposal & Fair Value Adjustments	4	(119)	(500)
Amounts Received Specifically for New or Upgraded Assets	2g	284	497
Net Surplus / (Deficit)		250	(507)
Total Comprehensive Income		250	(507)

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	3,437	2,637
Trade & Other Receivables	5b	792	915
Inventories	5c	62	98
Total current assets		4,291	3,650
Non-current assets			
Financial Assets	6a	3,172	3,504
Other Non-Current Assets	6b	848	314
Infrastructure, Property, Plant & Equipment	7a	86,013	87,004
Total non-current assets		90,033	90,822
TOTAL ASSETS		94,324	94,472
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	415	423
Borrowings	8b	382	378
Provisions	8c	319	324
Total Current Liabilities		1,116	1,125
Non-Current Liabilities			
Borrowings	8b	4,306	4,688
Provisions	8c	58	65
Total Non-Current Liabilities		4,364	4,753
TOTAL LIABILITIES		5,480	5,878
Net Assets		88,844	88,594
EQUITY			
Accumulated surplus		26,713	26,562
Asset revaluation reserves	9a	60,897	60,897
Other reserves	9b	1,234	1,135
Total Equity		88,844	88,594

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 2020

\$ '000	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2020				
Balance at the end of previous reporting period	26,562	60,897	1,135	88,594
Net Surplus / (Deficit) for Year	250	–	–	250
Total comprehensive income	250	–	–	250
Transfers between Reserves	(99)	–	99	–
Balance at the end of period	26,713	60,897	1,234	88,844
2019				
Balance at the end of previous reporting period	26,454	60,897	1,750	89,101
Net Surplus / (Deficit) for Year	(507)	–	–	(507)
Total comprehensive income	(507)	–	–	(507)
Transfers between Reserves	615	–	(615)	–
Balance at the end of period	26,562	60,897	1,135	88,594

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 2020

\$ '000	Notes	2020	2019
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		4,873	4,655
Statutory Charges		84	78
User Charges		679	751
Grants, Subsidies and Contributions (operating purpose)		1,641	1,247
Investment Receipts		53	66
Reimbursements		307	297
Other Receipts		515	662
<u>Payments</u>			
Payments to Employees		(2,010)	(2,057)
Payments for Materials, Contracts & Other Expenses		(4,199)	(3,884)
Finance Payments		(114)	(128)
Net cash provided by (or used in) Operating Activities	11b	1,829	1,687
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		284	497
Sale of Replaced Assets		93	145
Sale of Surplus Assets		163	–
Repayments of Loans by Community Groups		332	333
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,222)	(1,352)
Expenditure on New/Upgraded Assets		(301)	(1,221)
Net cash provided (or used in) investing activities		(651)	(1,598)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Borrowings		(378)	(377)
Net Cash provided by (or used in) Financing Activities		(378)	(377)
Net Increase (Decrease) in Cash Held		800	(288)
plus: Cash & Cash Equivalents at beginning of period		2,637	2,925
Cash and cash equivalents held at end of period	11a	3,437	2,637

Additional Information:

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

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2020

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	9
2	Income	17
3	Expenses	20
4	Asset Disposal & Fair Value Adjustments	21
5	Current Assets	22
6	Non-Current Assets	23
7	Infrastructure, Property, Plant & Equipment	24
8	Liabilities	28
9	Reserves	29
10	Assets Subject to Restrictions	30
11	Reconciliation to Statement of Cash Flows	31
12a	Functions	32
12b	Components of Functions	33
13	Financial Instruments	34
14	Capital Expenditure and Investment Property Commitments	37
15	Financial Indicators	38
16	Uniform Presentation of Finances	41
17	Superannuation	42
18	Interests in Other Entities	42
19	Non-Current Assets Held for Sale & Discontinued Operations	42
20	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	43
21	Events after the Balance Sheet Date	43
22	Related Party Transactions	44

Notes to the Financial Statements

for the year ended 30 June 2020

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 20 October 2020

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

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

(2) The Local Government Reporting Entity

Kingston District Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 29 Holland Street, Kingston SA. 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.

(3) Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2017/18	\$1,207,314	\$782,722	+ \$424,592
2018/19	\$785,677	\$363,769	+ \$421,908

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

2019/20	\$762,425	\$348,125	+ \$414,300
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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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

Notes to the Financial Statements

for the year ended 30 June 2020

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.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Plant, Furniture & Equipment	\$10,000
Buildings	\$10,000
Park Furniture & Ancillary	\$10,000
Civil Infrastructure	\$10,000
Recreational	\$10,000
Stormwater Drainage	\$10,000
Marine Structures	\$10,000
Sewer Mains	\$10,000
Kerbs	\$10,000
Pathways	\$10,000
Roadways	\$10,000
Car Parks	\$10,000
Bridges & Major Culverts	\$10,000
Sewer Pump Station & Treatment Plant	\$10,000

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	5 to 8 years
Other Plant & Equipment	5 to 15 years

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Dredge Hull & Structure	50 years
Dredge mechanical	20 years
Support vessel hull & structure	30 years
Support vessel mechanical	10 years

Building

Structure	80 to 100 years
Sub- Structure	80,85 to 100 years
Roof	65 years
Fitout & Fittings	15 to 20 years
Floor coverings	10 to 20 years
Electrical Services	20 years
Mechanical Services	30 years
Security Services	40 years
Transport Services	20 years

Park Furniture & Ancillary

Bins	10 to 15 years
Benches	15 years
Picnic Sets	30 years
BBQ	20 years

Civil Infrastructure

Structures	40 to 80 years
Lighting	40 years
Miscellaneous Assets	25 to 40 years

Recreational

Play Equipment	25 years
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Stormwater Drainage

Sump Bores	80 years
Pipes	100 years
Pits	80 years
Weir Boards	70 years

Marine Structures

(Piers) Pontoons	30 years
Boat Ramps	60 years
Sea Walls	250 years
Pathways	100 years
Groynes	100 years

Sewer Pump Station & Treatment Plant

Pumps	15 to 20 years
Pipework	50 years
Valves	25 years
Fittings	5 to 80 years
Structure	20 to 80 years
Lagoons	100 years
Irrigation	15 to 80 years

Sewer Mains

Mains	80 years
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Kerbs

Item	80 years
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

<i>Pathways</i>	
Surface	100 years
<i>Roadways</i>	
Formation	1000 years
Unsealed Pavement	20 years
Sealed Pavement & Sub Base	250 years
Sealed Pavement Base	100 years
Surface	20 to 30 years
<i>Car Parks</i>	
Pavement	100 years
Surface	20 years
<i>Bridges & Major Culverts</i>	
Structure	80 years
Surface	50 years
Rails	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".

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(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 1.024% (2019, 1.035%)

Weighted avg. settlement period 1 years (2019, 1 years)

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. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

(10) Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

(11) Leases

Accounting policy applicable from 01 July 2019

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.

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

ii) Lease Liabilities

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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.

(12) 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 18.

(13) 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.

(14) New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Kingston District Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. At 30 June 2020, Council has no grants to which this treatment will need to be applied.

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2020, Council has no leases to which this treatment will need to be applied."

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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 Councils

Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Effective for NFP annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

(15) 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.

(16) Disclaimer

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income

\$ '000	2020	2019
(a) Rates		
General Rates		
General Rates	3,904	3,738
Less: Mandatory Rebates	(29)	(29)
Less: Discretionary Rebates, Remissions & Write Offs	(22)	(27)
Total General Rates	3,853	3,682
Other Rates (Including Service Charges)		
Community Wastewater Management Systems	409	402
Landscape Board Levy (Previously NRM Levy)	235	228
Waste Collection	360	352
Total Other Rates (Including Service Charges)	1,004	982
Other Charges		
Legal & Other Costs Recovered	6	10
Penalties for Late Payment	11	12
Total Other Charges	17	22
Total Rates	4,874	4,686
(b) Statutory Charges		
Animal Registration Fees & Fines	26	21
Development Act Fees	13	19
Health & Septic Tank Inspection Fees	12	7
Other Registration Fees	1	1
Town Planning Fees	26	24
Other	6	6
Total Statutory Charges	84	78
(c) User Charges		
Aero Fees	1	7
Boat Ramp Fees	18	28
Cemetery/Crematoria Fees	26	21
Hall & Equipment Hire	5	7
Hire Fees	4	4
Kingston Foreshore Caravan Park	504	573
Property Lease	16	11
Sales - General	2	2
Sangarb Dump Fees	18	11
Sundry	6	4
Truck Wash Income	18	15
Total User Charges	618	683

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$ '000	2020	2019
(d) Investment Income		
Interest on Investments		
- Loans to Community Groups	35	36
- Local Government Finance Authority	18	30
<u>Total Investment Income</u>	<u>53</u>	<u>66</u>
(e) Reimbursements		
Diesel Fuel Rebate	46	53
Joint Undertakings	100	100
Private Works	64	36
Resource Sharing Agreements	31	29
Other	25	19
<u>Total Reimbursements</u>	<u>266</u>	<u>237</u>
(f) Other income		
Rebates Received	30	33
Risk Services Award	-	9
Sundry	9	4
Waste Transfer Station	-	6
<u>Total Other income</u>	<u>39</u>	<u>52</u>
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	284	497
Total Amounts Received Specifically for New or Upgraded Assets	<u>284</u>	<u>497</u>
Individually Significant Item - Additional Grants Commission Payment (refer below)	414	677
Other Grants, Subsidies and Contributions	544	196
Roads to Recovery	258	-
Sundry	1	1
Untied - Financial Assistance Grant	348	364
Donations - Bushfire	34	-
Total Other Grants, Subsidies and Contributions	<u>1,599</u>	<u>1,238</u>
<u>Total Grants, Subsidies, Contributions</u>	<u>1,883</u>	<u>1,735</u>
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
State Government	961	1,666
Other	922	69
Total	<u>1,883</u>	<u>1,735</u>
(ii) Individually Significant Items		
Grant Commission (FAG) Grant Recognised as Income	414	422
Other	-	255

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

Supplementary Local Roads- received 2 years in advance

\$ '000	2020	2019
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(h) Conditions over Grants & Contributions

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

Unexpended at the close of the previous reporting period	334	–
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Other	(334)	–
Subtotal	(334)	–
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Other -Main Street Upgrade	–	334
Subtotal	–	334
Unexpended at the close of this reporting period	–	334
Net increase (decrease) in assets subject to conditions in the current reporting period	(334)	334

(i) Physical Resources Received Free of Charge

Roads, Bridges & Footpaths	472	–
Total Physical Resources Received Free of Charge	472	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses

\$ '000	Notes	2020	2019
(a) Employee costs			
Employee Leave Expense		174	244
Less: Capitalised and Distributed Costs		(33)	(54)
Salaries and Wages		1,636	1,647
Superannuation - Defined Benefit Plan Contributions	17	22	25
Superannuation - Defined Contribution Plan Contributions	17	140	138
Other		20	17
Workers' Compensation Insurance		45	46
<u>Total Operating Employee Costs</u>		<u>2,004</u>	<u>2,063</u>
Total Number of Employees (full time equivalent at end of reporting period)		22	21
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		21	17
Elected Members' Expenses		109	112
Election Expenses		1	12
<u>Subtotal - Prescribed Expenses</u>		<u>131</u>	<u>141</u>
(ii) Other Materials, Contracts and Expenses			
Contractors		1,862	1,699
Contributions		95	89
Energy		130	134
Fringe Benefit Tax		34	36
Fuel		178	204
Insurance		162	150
Joint Undertakings		100	100
Legal Expenses		47	16
Levies - Other		15	14
Levies Paid to Government - Landscape Board Levy (Previously NRM Levy)		230	226
Maintenance		89	75
Other		2	16
Parts, Accessories & Consumables		86	81
Professional Services		207	66
Sundry		310	274
Other		13	-
Water		50	49
<u>Subtotal - Other Material, Contracts & Expenses</u>		<u>3,610</u>	<u>3,229</u>
<u>Total Materials, Contracts and Other Expenses</u>		<u>3,741</u>	<u>3,370</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses (continued)

\$ '000	2020	2019
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings & Other Structures	387	387
Infrastructure	1,090	1,064
- CWMS	132	130
- Marine	140	120
Plant & Equipment	319	282
Office Equipment	9	7
Subtotal	2,077	1,990
Total Depreciation, Amortisation and Impairment	2,077	1,990
(d) Finance Costs		
Interest on Borrowings	91	114
Other	7	7
Total Finance Costs	98	121

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2020	2019
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	93	145
Less: Carrying Amount of Assets Sold	(91)	(645)
Gain (Loss) on Disposal	2	(500)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	163	-
Less: Carrying Amount of Assets Sold	(284)	-
Gain (Loss) on Disposal	(121)	-
Net Gain (Loss) on Disposal or Revaluation of Assets	(119)	(500)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Current Assets

\$ '000	2020	2019
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	98	342
Deposits at Call	3,339	2,295
<u>Total Cash & Cash Equivalent Assets</u>	<u>3,437</u>	<u>2,637</u>
(b) Trade & Other Receivables		
Rates - General & Other	151	150
Accrued Revenues	15	15
Debtors - General	254	412
Prepayments	40	6
Loans to Community Organisations	332	332
Subtotal	<u>792</u>	<u>915</u>
<u>Total Trade & Other Receivables</u>	<u>792</u>	<u>915</u>
(c) Inventories		
Stores & Materials	54	91
Trading Stock	8	7
<u>Total Inventories</u>	<u>62</u>	<u>98</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Non-Current Assets

\$ '000	2020	2019
(a) Financial Assets		
Receivables		
Loans to Community Organisations and Other External Organisations	3,172	3,504
Subtotal	3,172	3,504
Total Receivables	3,172	3,504
Total Financial Assets	3,172	3,504
(b) Other Non-Current Assets		
Other		
Capital Works-in-Progress	848	314
Total Other	848	314
Total Other Non-Current Assets	848	314

Notes to the Financial Statements

for the year ended 30 June 2020

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

(a) Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/06/19			Asset movements during the reporting period				as at 30/06/20				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land	2	–	9,324	–	9,324	–	–	(220)	–	–	9,104	–	9,104
Buildings & Other Structures	3	16,262	547	(6,300)	10,509	34	80	–	(387)	16,262	661	(6,687)	10,236
Infrastructure	3	45,752	1,214	(8,675)	38,291	–	1,080	–	(1,090)	45,752	2,294	(9,765)	38,281
- CWMS		8,131	130	(1,841)	6,420	10	–	–	(132)	8,131	140	(1,973)	6,298
- Marine		17,724	1,449	(1,846)	17,327	–	–	–	(140)	17,724	1,449	(1,986)	17,187
Plant & Equipment		2,850	3,856	(1,589)	5,117	257	–	(155)	(319)	2,500	4,113	(1,713)	4,900
Office Equipment		37	–	(21)	16	–	–	–	(9)	37	–	(30)	7
Total Infrastructure, Property, Plant & Equipment		90,756	16,520	(20,272)	87,004	301	1,160	(375)	(2,077)	90,406	17,761	(22,154)	86,013
Comparatives		91,899	10,553	(18,781)	83,671	4,660	1,308	(645)	(1,990)	90,756	16,520	(20,272)	87,004

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

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

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

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Buildings previously classified as level 3 have been reclassified as level 2 as the latest revaluation has used unobservable inputs, such as estimates of quantities of materials and labour, residual values and useful lives, in determining the valuation..

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 addition 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.

Notes to the Financial Statements

for the year ended 30 June 2020

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

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

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.

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Land & Land Improvements

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

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

Land 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 & Other Structures

Buildings and other structures were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Infrastructure

Transportation Assets

Transport Assets were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Civil Assets

Civil Assets were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Stormwater Drainage

Stormwater Assets were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Notes to the Financial Statements

for the year ended 30 June 2020

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

Community Wastewater Management System Infrastructure

Community Wastewater Management System Assets were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Plant & Equipment

These assets are recognised on the cost basis.

Marine Structures

Marine Structure Assets were revalued as at 30 June 2017 by Assetic Australia Pty Ltd.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Liabilities

\$ '000	2020 Current	2020 Non Current	2019 Current	2019 Non Current
(a) Trade and Other Payables				
Goods & Services	295	–	318	–
Payments Received in Advance	22	–	18	–
Accrued Expenses - Employee Entitlements	26	–	15	–
Accrued Expenses - Finance Costs	44	–	60	–
Accrued Expenses - Other	28	–	12	–
<u>TOTAL Trade and Other Payables</u>	<u>415</u>	<u>–</u>	<u>423</u>	<u>–</u>

(b) Borrowings

Borrowings	382	4,306	378	4,688
<u>TOTAL Borrowings</u>	<u>382</u>	<u>4,306</u>	<u>378</u>	<u>4,688</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	319	58	324	65
<u>TOTAL Provisions</u>	<u>319</u>	<u>58</u>	<u>324</u>	<u>65</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves

\$ '000	as at 30/06/19				as at 30/06/20
	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	5,894	–	–	–	5,894
Buildings & Other Structures	12,542	–	–	–	12,542
Infrastructure	10,407	–	–	–	10,407
- CWMS	1,460	–	–	–	1,460
Plant & Equipment	356	–	–	–	356
Furniture & Fittings	1,777	–	–	–	1,777
Minor Plant & Equipment	3,783	–	–	–	3,783
Office Equipment	8,544	–	–	–	8,544
Marine Structures	16,134	–	–	–	16,134
Total Asset Revaluation Reserve	60,897	–	–	–	60,897
Comparatives	60,897	–	–	–	60,897

\$ '000	as at 30/06/19				as at 30/06/20
	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Open Space Reserve	–	6	–	–	6
Kingston CWMS	773	63	–	–	836
Cape Jaffa Maintenance Reserve	362	30	–	–	392
Total Other Reserves	1,135	99	–	–	1,234
Comparatives	1,750	19	(634)	–	1,135

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Open Space Reserve

Open Space Contributions received as required under the Development Act 1993.

Kingston CWMS

Kingston CWMS is for future asset replacement and capital maintenance.

Cape Jaffa Maintenance Reserve

Cape Jaffa Maintenance Reserve is for future maintenance activities associated with Cape Jaffa Anchorage.

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2020	2019
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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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	3,437	2,637
Balances per Statement of Cash Flows		3,437	2,637

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

Net Surplus/(Deficit)		250	(507)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		2,077	1,990
Non-Cash Asset Acquisitions		(472)	–
Grants for capital acquisitions treated as Investing Activity		(284)	(497)
Net (Gain) Loss on Disposals		119	500
		1,690	1,486
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		123	327
Net (Increase)/Decrease in Inventories		36	(69)
Net Increase/(Decrease) in Trade & Other Payables		(8)	(71)
Net Increase/(Decrease) in Unpaid Employee Benefits		(12)	14
Net Cash provided by (or used in) operations		1,829	1,687

(c) Financing Arrangements

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

Bank Overdrafts	100	100
Corporate Credit Cards	24	24
LGFA Cash Advance Debenture Facility	1,200	168

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12a. Functions

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

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions/Activities										
Business Undertakings	1,098	1,114	1,264	1,289	(166)	(175)	1	–	7,315	7,299
Administration	4,707	4,300	195	206	4,512	4,094	752	510	6,603	6,616
Community Services/ Amenities	68	54	223	274	(155)	(220)	34	–	11,316	11,339
Culture	1	1	43	50	(42)	(49)	–	–	–	–
Economic Development	18	1	93	69	(75)	(68)	17	–	–	–
Environment	481	298	611	344	(130)	(46)	246	69	–	–
Health	21	15	11	15	10	–	1	1	855	856
Public Order & Safety	–	–	89	27	(89)	(27)	–	–	328	329
Recreation	80	64	2,026	2,084	(1,946)	(2,020)	27	–	15,090	15,112
Regulatory Services	106	101	179	217	(73)	(116)	–	–	–	–
Transport	573	719	2,641	2,411	(2,068)	(1,692)	521	658	52,817	52,921
Waste Management	380	373	545	558	(165)	(185)	–	–	–	–
Total Functions/Activities	7,533	7,040	7,920	7,544	(387)	(504)	1,599	1,238	94,324	94,472

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12b. Components of Functions

The activities relating to Council functions are as follows:

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 and Special Rates.

CULTURE

Library Services

PUBLIC ORDER & SAFETY

Supervision of various by-laws, fire prevention, CFS and animal control, emergency services

HEALTH

Food Control, operation of community health programs and health centre

COMMUNITY SERVICES/ AMENITIES

Maintenance of halls, Senior Citizens centre, Other community support, public toilets, maintenance of cemeteries

ENVIRONMENT

Street cleaning and lighting, Stormwater drainage

ECONOMIC DEVELOPMENT

Tourism, private works

REGULATORY SERVICES

Building Act requirements, dog control, health inspection, other regulatory services

BUSINESS UNDERTAKINGS

Effluent drainage, Land Development, Caravan parks, Truckwash

WASTE MANAGEMENT

Rubbish Collection Services, Green waste, Waste Transfer Station operation

TRANSPORT

Construction and maintenance of roads, bridges, footpaths, parking and signs, aerodromes, plant & depot operations

RECREATION

Parks and gardens, recreation and sporting venues, Foreshore/ Marine operations, museum, sport and recreation

Notes to the Financial Statements

for the year ended 30 June 2020

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 returning fixed interest rates between 0.25% and 2.2% (2019: 1.5%).

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 0.5292% (2019: 0.5500%). 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 the Financial Statements

for the year ended 30 June 2020

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 (varied terms); interest is charged at fixed and variable rates between 2.2% and 5.4% (2019: **3.35%** and **6.5%**).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 1.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
Cash & Equivalents	3,437	–	–	3,437	3,437
Receivables	750	–	3,173	3,923	3,924
Total Financial Assets	4,187	–	3,173	7,360	7,361
Financial Liabilities					
Payables	393	–	–	393	393
Current Borrowings	558	–	–	558	382
Non-Current Borrowings	–	4,344	293	4,637	4,306
Total Financial Liabilities	951	4,344	293	5,588	5,081
2019					
Cash & Equivalents	2,637	–	–	2,637	2,637
Receivables	909	–	3,504	4,413	4,413
Total Financial Assets	3,546	–	3,504	7,050	7,050
Financial Liabilities					
Payables	405	–	–	405	405
Current Borrowings	568	–	–	568	378
Non-Current Borrowings	–	5,420	371	5,791	4,688
Total Financial Liabilities	973	5,420	371	6,764	5,471

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

\$ '000	2020		2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	4.39%	1,842	4.34%	2,225
Fixed Interest Rates	2.20%	2,846	3.35%	2,841
		4,688		5,066

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 the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2020	2019
Other Expenditure Commitments		
Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Accounting Services	12	10
Asset Management Services	32	65
Audit Services	76	–
Caravan Park Management	339	440
Employee Remuneration Contracts	1,275	956
Lawn Mowing	610	90
Main Street upgrade contract	745	–
Recyclable Collection	100	86
Rubbish Collection	270	231
Waste Transfer Station	7	36
	3,466	1,914
These expenditures are payable:		
Not later than one year	1,959	951
Later than one year and not later than 5 years	1,507	963
	3,466	1,914

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior periods	
	2020	2020	2019	2018

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.

1. Operating Surplus Ratio

Operating Surplus	(387)	(5.1)%	(7.2)%	2.0%
Total Operating Income	7,533			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(1,921)	(26)%	(17)%	(25)%
Total Operating Income	7,298			

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.

Adjustments to Ratios

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.

Adjusted Operating Surplus Ratio

Operating Surplus	(801)	(11.3)%	(18.5)%	(5.0)%
Total Operating Income	7,119			

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	(1,921)	(27)%	(19)%	(25)%
Total Operating Income	7,119			

3. Asset Renewal Funding Ratio

Net Asset Renewals	1,129	71%	90%	57%
Infrastructure & Asset Management Plan required expenditure	1,598			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

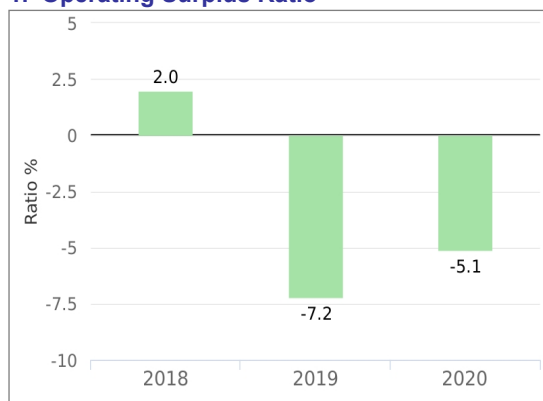
Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

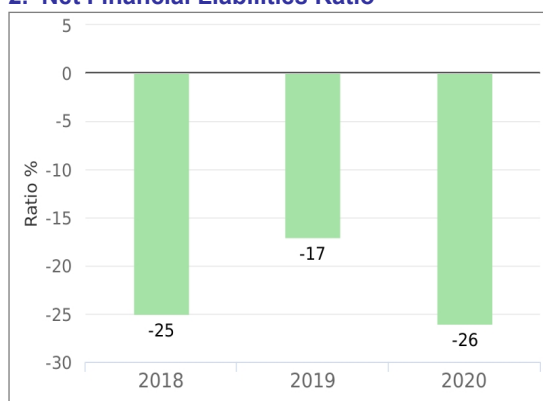
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2019/20 result

2019/20 ratio (5.1)%

2019/20 Council received Federal Assistance Grants in advance.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

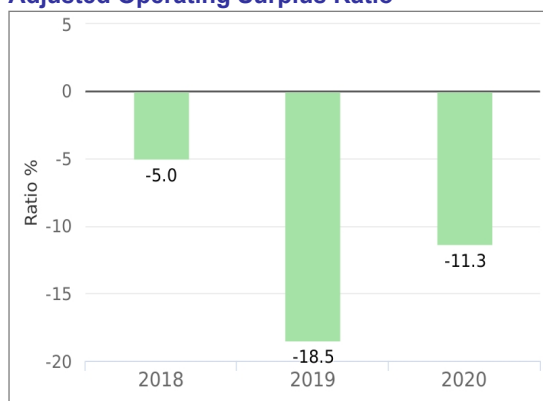
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2019/20 result

2019/20 ratio (26)%

2019/20 Council received Federal Assistance Grants in advance

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 2019/20 result

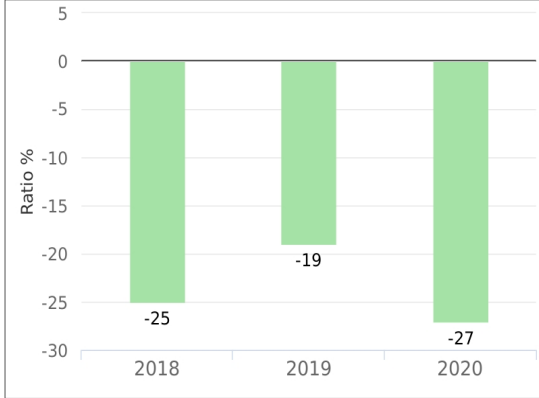
2019/20 ratio (11.3)%

This ratio removed the affect from the advance payment of the Federal Assistance Grant. The trend of operating deficit is included in the Long Term Financial Plan, with expectation to return to a balanced operating position in 2022.

Notes to the Financial Statements
for the year ended 30 June 2020

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

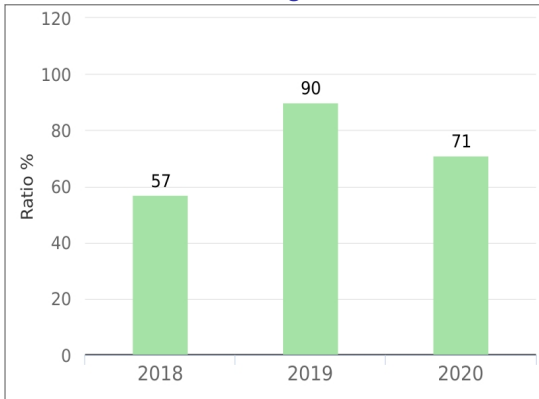
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2019/20 result

2019/20 ratio (27)%

This ratio removed the affect from the advance payment the Federal Assistance Grant. A negative Net Financial Liabilities Ratio shows, Council has more cash and financial assets in bank than is owed in borrowing.

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 2019/20 result

2019/20 ratio 71%

Significant bushfire, Covid-19 restrictions and ongoing coastal management issues has resulted in renewal work delayed.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Uniform Presentation of Finances

\$ '000	2020	2019
<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	7,533	7,040
less Expenses	(7,920)	(7,544)
Operating Surplus / (Deficit)	(387)	(504)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(1,222)	(1,352)
add back Depreciation, Amortisation and Impairment	2,077	1,990
add back Proceeds from Sale of Replaced Assets	93	145
	948	783
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(301)	(1,221)
add back Amounts Received Specifically for New and Upgraded Assets	284	497
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	163	–
	146	(724)
Net Lending / (Borrowing) for Financial Year	707	(445)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/20; 9.50% in 2018/19). 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 2018/19) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Note 18. Interests in Other Entities

Council has no interest in any Equity Accounted Businesses such as Joint Ventures, Associates & Joint Operations.

Note 19. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

1. LAND UNDER ROADS

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to **\$2,281,146** (2019:\$2,200,000) at reporting date.

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

4. GUARANTEE OVER ASSET

Council has security over assets to value of \$826,892 at reporting date.

5. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of Nil appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2020, 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.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Notes to the Financial Statements

for the year ended 30 June 2020

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, 12 persons were paid the following total compensation:

\$ '000	2020	2019
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	565	518
Post-Employment Benefits	46	43
Total	611	561

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

Receipts from Key Management Personnel comprise:

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

Planning and Building Application Fees	1	-
Total	1	-

Key Management Personnel or close family members (including related parties) received Discretionary rate rebates during the year, for a Community Group that they are a member of. In accordance with the Local Government Act 1999, these person's declared conflicts of interest and took no part in the assessment or approval process for this rebate. Total rebates amounted to \$7,878.

Key Management Personnel or close family members (including related parties) received Community Assistance Grants for five (5) Community Groups that they are a member of. Total of these Grants amounted to \$10,300. One (1) Community Group refunded the Community Assistance Grant as unable to acquit the funds. The refund of \$300 was received by 30 June 2020.

Close family members of Key Management Personnel (including related parties) own a retail business from which various supplies were purchased as required on a 30-day account. Total purchases amounted to \$57,000.

Three (3) close family members of Key Management Personnel are employed by Council in accordance with the terms of the Awards, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

A close family member of Key Management Personnel (including related parties) works for the Department of Education from which a Memorandum of Agreement (MOA) between State and Local Government exists. This MOA established the financial contribution from council for 2019-20 financial year. In addition to the MOA, council contributed towards the costs of providing staff weekend work and resources for early childhood activities. Total contribution amounted to \$38,914.

Two (2) Key Management Personnel or close family members (including related parties) engaged Council for private works. Total fees for this private works amounted to \$9,599 and was paid by 30 June 2020.

Key Management Personnel or close family members (including related parties) lodged a total of one (1) planning & building applications during the year. Total fees for this application (all of which are payable of lodgement) amounted to \$1,263.

INDEPENDENT AUDITOR'S REPORT

To the members of the Kingston District Council

Opinion

We have audited the accompanying financial report of the Kingston District Council, which comprises the statement of financial position as at 30 June 2020, 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 the Kingston District Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, 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.

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.



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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

Luke Williams CA, CPA, Registered Company Auditor
Partner

23 / 10 / 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of the Kingston District Council

Independent Assurance report on the Internal Controls of the Kingston District Council

Opinion

We have audited the compliance of the Kingston District 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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the Kingston District 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 law for the period 1 July 2019 to 30 June 2020.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3100 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 the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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 which it was prepared

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Luke Williams CA, CPA, Registered Company Auditor
Partner

23 / 10 / 2020

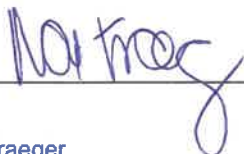
General Purpose Financial Statements

for the year ended 30 June 2020

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Kingston District Council for the year ended 30 June 2020, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants 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*.



Nat Traeger
Chief Executive Officer



Kay Rasheed
Presiding Member, Audit & Risk Committee

Date: 13 October 2020

General Purpose Financial Statements
for the year ended 30 June 2020

Statement by Auditor

I confirm that, for the audit of the financial statements of Kingston District Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants (including Independence Standards) Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Luke Williams

**Galpins Accountants, Auditors & Business
Consultants**

Date: 20 October 2020