

# Kingston District Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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# Kingston District Council

## General Purpose Financial Statements for the year ended 30 June 2018

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# Kingston District Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Certification of Financial Statements

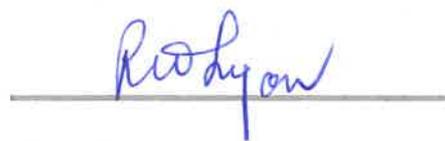
**We have been authorised by the Council to certify the financial statements in their final form.**

**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 2018 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.



ANDREW MACDONALD  
CHIEF EXECUTIVE OFFICER



REG LYON  
MAYOR

Date: 19 October 2018.

# Kingston District Council

## Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Income</b>			
Rates Revenues	2a	4,346	4,233
Statutory Charges	2b	62	78
User Charges	2c	655	162
Grants, Subsidies and Contributions	2g	1,416	1,948
Investment Income	2d	48	37
Reimbursements	2e	154	423
Other Income	2f	63	87
<b>Total Income</b>		<b>6,744</b>	<b>6,968</b>
<b>Expenses</b>			
Employee Costs	3a	1,697	1,566
Materials, Contracts & Other Expenses	3b	3,005	3,233
Depreciation, Amortisation & Impairment	3c	1,895	1,889
Finance Costs	3d	37	32
<b>Total Expenses</b>		<b>6,634</b>	<b>6,720</b>
<b>Operating Surplus / (Deficit)</b>		<b>110</b>	<b>248</b>
Asset Disposal & Fair Value Adjustments	4	(409)	(161)
Amounts Received Specifically for New or Upgraded Assets	2g	2,271	40
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>1,972</b>	<b>127</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	-	23,473
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>23,473</b>
<b>Total Comprehensive Income</b>		<b>1,972</b>	<b>23,600</b>

<sup>1</sup> Transferred to Statement of Changes in Equity

# Kingston District Council

## Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	2,925	3,079
Trade & Other Receivables	3b	1,243	258
Inventories	5c	29	63
<b>Total Current Assets</b>		<b>4,197</b>	<b>3,400</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	3,836	2,898
Infrastructure, Property, Plant & Equipment	7a	83,671	84,798
Other Non-Current Assets	6b	3,709	122
<b>Total Non-Current Assets</b>		<b>91,216</b>	<b>87,818</b>
<b>TOTAL ASSETS</b>		<b>95,413</b>	<b>91,218</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	494	533
Borrowings	3c	377	80
Provisions	8c	292	300
<b>Total Current Liabilities</b>		<b>1,163</b>	<b>913</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	5,066	3,080
Provisions	8c	83	96
<b>Total Non-Current Liabilities</b>		<b>5,149</b>	<b>3,176</b>
<b>TOTAL LIABILITIES</b>		<b>6,312</b>	<b>4,089</b>
<b>Net Assets</b>		<b>89,101</b>	<b>87,129</b>
<b>EQUITY</b>			
Accumulated Surplus		26,454	24,683
Asset Revaluation Reserves	2a	60,897	60,897
Other Reserves	3b	1,750	1,549
<b>Total Council Equity</b>		<b>89,101</b>	<b>87,129</b>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# Kingston District Council

## Statement of Changes in Equity for the year ended 30 June 2018

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2018</b>					
<b>Balance at the end of previous reporting period</b>		24,683	60,897	1,549	<b>87,129</b>
<b>a. Net Surplus / (Deficit) for Year</b>		1,972	-	-	<b>1,972</b>
<b>Total Comprehensive Income</b>		<b>1,972</b>	<b>-</b>	<b>-</b>	<b>1,972</b>
<b>b. Transfers between Reserves</b>		(201)	-	201	-
<b>Balance at the end of period</b>		<b>26,454</b>	<b>60,897</b>	<b>1,750</b>	<b>89,101</b>
<b>2017</b>					
<b>Balance at the end of previous reporting period</b>		24,717	37,424	1,388	<b>63,529</b>
<b>a. Net Surplus / (Deficit) for Year</b>		127	-	-	<b>127</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	23,473	-	<b>23,473</b>
<b>Other Comprehensive Income</b>		-	23,473	-	<b>23,473</b>
<b>Total Comprehensive Income</b>		<b>127</b>	<b>23,473</b>	<b>-</b>	<b>23,600</b>
<b>c. Transfers between Reserves</b>		(161)	-	161	-
<b>Balance at the end of period</b>		<b>24,683</b>	<b>60,897</b>	<b>1,549</b>	<b>87,129</b>

# Kingston District Council

## Statement of Cash Flows for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Cash Flows from Operating Activities</b>			
<b><u>Receipts</u></b>			
Rates Receipts		4,333	4,204
Statutory Charges		62	78
User Charges		725	162
Grants, Subsidies and Contributions (operating purpose)		962	1,948
Investment Receipts		48	37
Reimbursements		180	423
Other Receipts		423	407
<b><u>Payments</u></b>			
Payments to Employees		(1,717)	(1,605)
Payments for Materials, Contracts & Other Expenses		(3,678)	(3,394)
Finance Payments		(28)	(37)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>1,310</b>	<b>2,223</b>
<b>Cash Flows from Investing Activities</b>			
<b><u>Receipts</u></b>			
Amounts Received Specifically for New/Upgraded Assets		2,271	40
Sale of Replaced Assets		51	45
Repayments of Loans by Community Groups		328	24
<b><u>Payments</u></b>			
Expenditure on Renewal/Replacement of Assets		(797)	(853)
Expenditure on New/Upgraded Assets		(4,018)	(454)
Loans Made to Community Groups		(1,582)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(3,747)</b>	<b>(1,198)</b>
<b>Cash Flows from Financing Activities</b>			
<b><u>Receipts</u></b>			
Proceeds from Borrowings		2,363	-
<b><u>Payments</u></b>			
Repayments of Borrowings		(80)	(170)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>2,283</b>	<b>(170)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(154)</b>	<b>855</b>
plus: Cash & Cash Equivalents at beginning of period	11	3,079	2,224
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>2,925</b>	<b>3,079</b>

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n/a - not applicable

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### 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.

AASB 2016-4 Recoverable Amount of Non Cash-Generating Specialised Assets of Not-for-Profit Entities has been adopted early in the preparation of these financial reports.

This Standard removes the requirement for impairment testing of non-cash generating specialised assets that are carried at fair value. The early adoption of this Standard has not resulted in any changes to any amounts disclosed in these reports.

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

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

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

#### 1.4 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

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

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2014/15	\$1,212,385	\$796,532	+\$415,853
2015/16	\$373,984	\$789,837	-\$415,853
2016/17	\$1,205,360	\$781,896	+\$423,464
2017/18	\$1,207,314	\$782,722	+\$424,592

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.

**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. 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.

**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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

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

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

*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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

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

<i>Sewer Pump Station &amp; Treatment Plant</i>	
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
 <i>Sewer Mains</i>	
Mains	80 years
 <i>Kerbs</i>	
Item	80 years
 <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 &amp; 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"

## 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	1.5% (2017, 1.50%)
Weighted avg. settlement period	1 years (2017, 1 year)

#### 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 18.

### 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

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

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

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

### 12 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. As there is no profit component, such works are treated as 100% completed. 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 and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 13 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,

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

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

are accounted for in accordance with AASB 128 and set out in detail in Note 19.

**14 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.

**15 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.

This year Council has applied AASB 124 Related Party Disclosures. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

**Effective for annual reporting periods beginning on or after 1 January 2017**

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

**Effective for annual reporting periods beginning on or after 13 February 2017**

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

**Effective for annual reporting periods beginning on or after 13 December 2017**

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

**Effective for annual reporting periods beginning on or after 1 January 2018**

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

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

- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* AASB 1057 *Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

**Effective for annual reporting periods beginning on or after 1 January 2019**

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

**16 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.

**17 Disclaimer**

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

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 2. Income

\$ '000	Notes	2018	2017
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		3,503	3,250
Less: Mandatory Rebates		(27)	(21)
Less: Discretionary Rebates, Remissions & Write Offs		(20)	(19)
<b>Total General Rates</b>		<b>3,456</b>	<b>3,210</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		228	246
Waste Collection		270	396
Community Wastewater Management Systems		376	368
<b>Total Other Rates</b>		<b>874</b>	<b>1,010</b>
<b>Other Charges</b>			
Penalties for Late Payment		10	8
Legal & Other Costs Recovered		6	5
<b>Total Other Charges</b>		<b>16</b>	<b>13</b>
<b>Total Rates Revenues</b>		<b>4,346</b>	<b>4,233</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		14	14
Town Planning Fees		22	22
Health & Septic Tank Inspection Fees		1	19
Animal Registration Fees & Fines		19	16
Other Registration Fees		-	1
Other		6	6
<b>Total Statutory Charges</b>		<b>62</b>	<b>78</b>
<b>(c). User Charges</b>			
Cemetery/Crematoria Fees		26	19
Kingston Foreshore Caravan Park		543	-
Hall & Equipment Hire		6	4
Property Lease		11	11
Sales - General		2	2
Sundry		4	4
Sangarb Dump Fees		14	15
Boat Ramp Fees		19	30
Aero Fees		7	8
Caravan Fees		4	54
Hire Fees		7	7
Truck Wash Income		12	8
<b>Total User Charges</b>		<b>655</b>	<b>162</b>

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 2. Income (continued)

\$ '000	Notes	2018	2017
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		45	33
- Loans to Community Groups		3	4
<b>Total Investment Income</b>		<b>48</b>	<b>37</b>
<b>(e). Reimbursements</b>			
Roadworks		-	22
Private Works		7	24
Joint Undertakings		107	110
Diesel Fuel Rebate		19	12
Resource Sharing Agreements		16	22
Jetty Repairs		-	194
Other		5	39
<b>Total Reimbursements</b>		<b>154</b>	<b>423</b>
<b>(f). Other Income</b>			
Rebates Received		19	45
Sundry		22	20
Risk Services Award		15	22
Waste Transfer Station		7	-
<b>Total Other Income</b>		<b>63</b>	<b>87</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		2,271	40
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>		<b>2,271</b>	<b>40</b>
Other Grants, Subsidies and Contributions		127	50
Untied - Financial Assistance Grant		358	782
Roads to Recovery		305	649
Library and Communications		-	3
Sundry		202	41
Individually Significant Item - Additional Grants Commission Payment (refer below)		424	423
<b>Total Other Grants, Subsidies and Contributions</b>		<b>1,416</b>	<b>1,948</b>
<b>Total Grants, Subsidies, Contributions</b>		<b>3,687</b>	<b>1,988</b>

The functions to which these grants relate are shown in Note 12.

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 2. Income (continued)

\$ '000	Notes	2018	2017
<b>(g). Grants, Subsidies, Contributions (continued)</b>			
<b>(i) Sources of grants</b>			
Commonwealth Government		543	649
State Government		1,383	690
Other		1,761	649
<b>Total</b>		<b>3,687</b>	<b>1,988</b>
<b>(ii) Individually Significant Items</b>			
Grant Commission (FAG) Grant Recognised as Income		424	423

### Note 3. Expenses

#### (a). Employee Costs

Salaries and Wages		1,341	1,204
Employee Leave Expense		199	230
Superannuation - Defined Contribution Plan Contributions	16	126	111
Superannuation - Defined Benefit Plan Contributions	16	25	27
Workers' Compensation Insurance		47	69
Other		22	10
Less: Capitalised and Distributed Costs		(63)	(85)
<b>Total Operating Employee Costs</b>		<b>1,697</b>	<b>1,566</b>
Total Number of Employees (full time equivalent at end of reporting period)		21	21

#### (b). Materials, Contracts and Other Expenses

##### (i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		15	11
Elected Members' Expenses		106	93
Election Expenses		1	1
<b>Subtotal - Prescribed Expenses</b>		<b>122</b>	<b>105</b>

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
<b>(b). Materials, Contracts and Other Expenses (continued)</b>			
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		1,285	1,786
Energy		115	87
Maintenance		143	93
Legal Expenses		40	36
Levies Paid to Government - NRM levy		228	251
Levies - Other		35	14
Parts, Accessories & Consumables		115	83
Professional Services		141	194
Sundry		267	89
Joint Undertakings		106	107
Insurance		119	133
Fuel		84	75
Contributions		147	105
Water		32	18
Other		26	57
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>2,883</b>	<b>3,128</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>3,005</b>	<b>3,233</b>
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		379	522
Infrastructure		1,066	1,047
- CWMS		129	144
Plant & Equipment		196	150
Furniture & Fittings		-	13
Minor Plant & Equipment		-	9
Office Equipment		7	4
Marine Structures		118	-
<b>Subtotal</b>		<b>1,895</b>	<b>1,889</b>
<b>(ii) Impairment</b>			
Nil			
<b>Total Depreciation, Amortisation and Impairment</b>		<b>1,895</b>	<b>1,889</b>
<b>(d). Finance Costs</b>			
Interest on Borrowings		31	32
Other		6	-
<b>Total Finance Costs</b>		<b>37</b>	<b>32</b>

# Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

## Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2018	2017
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		51	45
Less: Carrying Amount of Assets Sold		(460)	(206)
<b>Gain (Loss) on Disposal</b>		<b>(409)</b>	<b>(161)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(409)</b>	<b>(161)</b>

## Note 5. Current Assets

### (a). Cash & Cash Equivalents

Cash on Hand at Bank	453	212
Deposits at Call	2,472	2,867
<b>Total Cash &amp; Cash Equivalents</b>	<b>2,925</b>	<b>3,079</b>

### (b). Trade & Other Receivables

Rates - General & Other	119	106
Accrued Revenues	14	7
Debtors - General	463	93
GST Recoupment	303	-
Prepayments	11	35
Loans to Community Organisations	333	17
<b>Total Trade &amp; Other Receivables</b>	<b>1,243</b>	<b>258</b>

### (c). Inventories

Stores & Materials	21	63
Trading Stock	8	-
<b>Total Inventories</b>	<b>29</b>	<b>63</b>

# Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

## Note 6. Non-Current Assets

\$ '000	Notes	2018	2017
<b>(a). Financial Assets</b>			
<b>Receivables</b>			
Loans to Community Organisations and Other External Organisations		3,836	2,898
<b>Total Receivables</b>		<b>3,836</b>	<b>2,898</b>
<b>Total Financial Assets</b>		<b>3,836</b>	<b>2,898</b>
<b>(b). Other Non-Current Assets</b>			
Capital Works-in-Progress		3,709	122
<b>Total Other Non-Current Assets</b>		<b>3,709</b>	<b>122</b>

2017: In 2005/06 Council purchased some land on behalf of Cape Jaffa Developments. Council took out a loan for the Cost price of this land. The intention of this transaction was for Council to be an intermediary in this process by borrowing the funds and lending this to Cape Jaffa Developments. Over time as part of Councils rolling revaluation process this land has been revalued resulting in the asset in Councils balance sheet being significantly overvalued. As per the Agreements in place Council does not receive any proceeds from the Sale of the blocks at Cape Jaffa.

As a result of this it has been determined to restate the Financial Statements to correctly reflect the value receivable from Cape Jaffa Developments being the Loan that Council took out with the Local Government Finance Authority.

Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

Note 7a (i). Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/6/2017				Asset Movements during the Reporting Period							as at 30/6/2018		
		At Fair Value	At Cost	Acc. Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Acc. Dep'n	Carrying Value
						New / Upgrade	Renewals								
\$ '000															
Land	2	-	9,324	-	9,324	-	-	-	-	-	-	9,324	-	9,324	
Buildings & Other Structures	3	16,323	-	5,543	10,780	448	37	(31)	(379)	-	-	485	5,921	10,855	
Infrastructure	3	46,952	-	7,051	39,901	-	507	(317)	(1,066)	-	-	507	7,818	39,024	
- CWMS		8,181	-	1,602	6,579	-	25	(11)	(129)	-	-	25	1,723	6,464	
- Marine	3	17,786	-	1,652	16,134	-	63	(18)	(118)	-	-	63	1,725	16,061	
Plant & Equipment		3,462	-	1,412	2,050	16	133	(83)	(196)	-	-	149	1,580	1,920	
Office Equipment		37	-	7	30	-	-	-	(7)	-	-	-	14	23	
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>92,741</b>	<b>9,324</b>	<b>17,267</b>	<b>84,798</b>	<b>464</b>	<b>765</b>	<b>(460)</b>	<b>(1,895)</b>	<b>-</b>	<b>-</b>	<b>10,553</b>	<b>18,781</b>	<b>83,671</b>	
<b>Comparatives</b>		65,941	16,797	20,569	62,169	454	797	(206)	(1,889)	(4,884)	28,357	9,324	17,267	84,798	

Note 7a (ii). Investment Property

Nil

## Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$ '000

### 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.

**Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &  
Investment Property (continued)**

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\$ '000

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**Valuation of Assets (continued)**

**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.

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.

## Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

### Valuation of Assets (continued)

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

##### *Community Wastewater Management System Infrastructure*

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

### Plant, Furniture & Equipment

These assets are recognised on the cost basis.

### Marine Structures

New assets discovered via revaluation and asset management system upgrade process and reclassification of some buildings by the Valuer.

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 8. Liabilities

\$ '000	Notes	2018		2017	
		Current	Non Current	Current	Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		379	-	472	-
Payments Received in Advance		13	-	17	-
Accrued Expenses - Employee Entitlements		18	-	12	-
Accrued Expenses - Finance Costs		67	-	29	-
Accrued Expenses - Other		17	-	3	-
<b>Total Trade and Other Payables</b>		<b>494</b>	<b>-</b>	<b>533</b>	<b>-</b>

### (b). Borrowings

Borrowings	377	5,066	80	3,080
<b>Total Borrowings</b>	<b>377</b>	<b>5,066</b>	<b>80</b>	<b>3,080</b>

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

### (c). Provisions

Employee Entitlements (including oncosts)	292	83	300	96
<b>Total Provisions</b>	<b>292</b>	<b>83</b>	<b>300</b>	<b>96</b>

### Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
<b>(a). Asset Revaluation Reserve</b>					
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
<b>Total Asset Revaluation Reserve</b>	<b>60,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,897</b>
<b>Comparatives</b>	<b>37,424</b>	<b>23,473</b>	<b>-</b>	<b>-</b>	<b>60,897</b>

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 9. Reserves (continued)

\$ '000	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
<b>(b). Other Reserves</b>					
LSL & AL	158	-	-	-	158
IT & T	9	-	-	-	9
Roadwork Compensation	134	2	-	-	136
Old School Oval Upgrade	51	1	-	-	52
Rubble Reserve	119	2	-	-	121
Boat Haven / Ramp	44	-	-	-	44
Kingston Jetty	21	-	-	-	21
Kingston CWMS	749	11	-	-	760
Cape Jaffa Maintenance Reserve	172	184	-	-	356
Kingston Grazing Committee	92	1	-	-	93
<b>Total Other Reserves</b>	<b>1,549</b>	<b>201</b>	<b>-</b>	<b>-</b>	<b>1,750</b>
<b>Comparatives</b>	<b>1,388</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>1,549</b>

#### 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).

##### LSL & AL

LSL & AL Reserve is for future cash requirements upon staff leaving Council employment.

##### IT & T

IT & T Reserve is for future information technology and communications replacement on a rolling three year replacement program.

##### Roadwork Compensation

Roadwork Compensation is funds held by Council on transfer of DTEI roads to Council and are held for future asset replacement or urgent capital maintenance.

##### Old School Oval Upgrade

Old School Oval Upgrade is held for future oval upgrades.

##### Works in Progress Reserve

Works in Progress Reserve was funds held from incomplete works and projects from the current financial year and were to be spent in the following year. All incomplete projects will be rebudgeted in future years.

##### Boat Haven / Ramp

Boat Haven / Ramp Reserve is funds set aside for future capital maintenance of boat launching and retrieval infrastructure.

##### Kingston Jetty

Kingston Jetty Reserve is funds set aside for future capital maintenance of the Jetty that results from a storm event.

##### 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.

## Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

### Note 10. Assets Subject to Restrictions

\$ '000	Notes	2018	2017
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Council does not hold any assets subject to restrictions

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

#### (a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	2,925	3,079
<b>Balances per Statement of Cash Flows</b>		<b>2,925</b>	<b>3,079</b>

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

Net Surplus/(Deficit)		1,972	127
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,895	1,889
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,271)	(40)
Net (Gain) Loss on Disposals		409	161
		<b>2,005</b>	<b>2,137</b>
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(669)	(120)
Net (Increase)/Decrease in Inventories		34	35
Net Increase/(Decrease) in Trade & Other Payables		(39)	215
Net Increase/(Decrease) in Unpaid Employee Benefits		(21)	(44)
<b>Net Cash provided by (or used in) operations</b>		<b>1,310</b>	<b>2,223</b>

#### (c). Financing Arrangements

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

Bank Overdrafts	100	100
Corporate Credit Cards	16	16
LGFA Cash Advance Debenture Facility	304	304

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

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).												
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)				
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017			
\$ '000													
Business Undertakings	1,049	568	1,154	613	(105)	(45)	-	-	5,454	3,744	-	-	-
Community Services	38	30	252	203	(214)	(173)	-	-	-	-	-	-	-
Culture	1	5	48	51	(47)	(46)	-	3	-	-	-	-	-
Economic Development	1	51	147	63	(146)	(12)	-	50	-	-	-	-	-
Environment	299	256	406	489	(107)	(233)	69	-	-	-	-	-	-
Recreation	22	228	996	1,808	(974)	(1,580)	-	-	-	-	-	-	-
Regulatory Services	72	82	207	217	(135)	(135)	-	1	-	-	-	-	-
Plant Hire & Depot/Indirect	-	21	-	50	-	(29)	-	-	-	-	-	-	-
Administration	4,239	4,188	216	152	4,023	4,036	657	-	6,682	6,866	-	-	-
Public Order & Safety	-	-	25	27	(25)	(27)	-	-	332	332	-	-	-
Health	13	15	8	8	5	7	1	-	865	865	-	-	-
Economic Affairs	-	-	-	-	-	-	-	-	1,908	1,950	-	-	-
Housing & Community Amenities	-	-	-	-	-	-	-	-	9,544	9,263	-	-	-
Other Purposes NEC	-	-	-	-	-	-	-	-	13,362	12,963	-	-	-
Social Security & Welfare	-	-	-	-	-	-	-	-	1,908	2,192	-	-	-
Transport & Communication	718	1,108	2,638	2,478	(1,920)	(1,370)	689	1,894	40,087	38,400	-	-	-
Sport & Recreation	-	-	-	-	-	-	-	-	15,271	14,643	-	-	-
Waste Management	292	416	548	561	(256)	(145)	-	-	-	-	-	-	-
<b>Total Functions/Activities</b>	<b>6,744</b>	<b>6,968</b>	<b>6,645</b>	<b>6,720</b>	<b>99</b>	<b>248</b>	<b>1,416</b>	<b>1,948</b>	<b>95,413</b>	<b>91,218</b>			

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

# Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

## Note 12b. Components of Functions

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\$ '000

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**The activities relating to Council functions are as follows:**

### **ADMINISTRATION & GOVERNANCE**

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.

### **PUBLIC ORDER & SAFETY**

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

### **HEALTH**

Food Control, operation of community health programs and health centre

### **COMMUNITY SUPPORT**

Maintenance of halls, Senior Citizens centre

### **PLANT HIRE & DEPOT**

Plant & Depot operations

### **ENVIRONMENT**

Street cleaning and lighting, Stormwater drainage

### **ECONOMIC DEVELOPMENT**

Land Development activities, caravan park operations, tourism

### **COMMUNITY AMENITIES**

Public toilets, maintenance of cemeteries

### **REGULATORY SERVICES**

Building Act requirements, dog control, health inspection

### **BUSINESS UNDERTAKINGS**

Effluent drainage, Land Development, Caravan parks, Truckwash

### **WASTE MANAGEMENT**

Rubbish Collection Services, Green waste, Waste Transfer Station operation

### **TRANSPORT & COMMUNICATION**

Construction and maintenance of roads, bridges, footpaths, parking and signs, aerodromes

### **RECREATION**

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

## Note 13. Financial Instruments

\$ '000

### Recognised Financial Instruments

#### Bank, Deposits at Call, Short Term Deposits

**Accounting Policy:**

Carried at lower of cost and net realisable value; Interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between 1.5% and 1.75% (2017: 1.50% and 1.75%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

#### Receivables

**Rates & Associated Charges**

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

**Accounting Policy:**

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 0.5625% (2017: 0.5833%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

#### Receivables

**Fees & Other Charges****Accounting Policy:**

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & Conditions:**

Unsecured, and do not bear interest. 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).

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 13. Financial Instruments (continued)

\$ '000

#### Recognised Financial Instruments

##### Receivables

##### Other Levels of Government

**Accounting Policy:**

Carried at nominal value.

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value.

##### Receivables

##### Retirement Home Contributions

**Accounting Policy:**

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & Conditions:**

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

##### Liabilities

##### Creditors and Accruals

**Accounting Policy:**

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

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

**Note 13. Financial Instruments** (continued)

\$ '000

**Recognised Financial Instruments**

**Liabilities**

**Retirement Home Contributions**

**Accounting Policy:**

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

**Terms & Conditions:**

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

**Carrying Amount:**

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

**Liabilities**

**Interest Bearing Borrowings**

**Accounting Policy:**

Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.5% and 6.5% (2017: 3.5% and 6.5%).

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Finance Leases**

**Accounting Policy:**

Accounted for in accordance with AASB 117.

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2018</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	2,925	-	-	2,925	2,925
Receivables	810	-	3,836	4,646	4,646
<b>Total Financial Assets</b>	<b>3,735</b>	<b>-</b>	<b>3,836</b>	<b>7,571</b>	<b>7,571</b>
<b><u>Financial Liabilities</u></b>					
Payables	476	-	-	476	476
Current Borrowings	379	-	-	379	377
Non-Current Borrowings	-	1,683	3,979	5,662	5,066
<b>Total Financial Liabilities</b>	<b>855</b>	<b>1,683</b>	<b>3,979</b>	<b>6,517</b>	<b>5,919</b>
<b>2017</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	3,079	-	-	3,079	3,079
Receivables	100	-	2,915	3,015	3,015
<b>Total Financial Assets</b>	<b>3,179</b>	<b>-</b>	<b>2,915</b>	<b>6,094</b>	<b>6,094</b>
<b><u>Financial Liabilities</u></b>					
Payables	521	-	-	521	521
Current Borrowings	60	20	-	80	80
Non-Current Borrowings	-	231	2,849	3,080	3,080
<b>Total Financial Liabilities</b>	<b>581</b>	<b>251</b>	<b>2,849</b>	<b>3,681</b>	<b>3,681</b>

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

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	4.32%	2,596	5.37%	314
Fixed Interest Rates	3.75%	2,847	3.75%	2,846
		<b>5,443</b>		<b>3,160</b>

#### Net Fair Value

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

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 13. Financial Instruments (continued)

\$ '000

#### Risk Exposures

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

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

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury 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. Commitments for Expenditure

\$ '000

	Notes	2018	2017
<b>Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		18	34
Recyclable Collection		172	257
Rubbish Collection		462	693
Lawn Mowing		110	220
Waste Transfer Station		64	-
Employee Remuneration Contracts		1,476	2,003
Other Maintenance Contracts		20	20
Cleaning Services		-	59
Accounting Services		10	25
Caravan Park Management		110	213
		<b>2,442</b>	<b>3,524</b>
<b>These expenditures are payable:</b>			
Not later than one year		1,121	1,161
Later than one year and not later than 5 years		1,321	2,363
Later than 5 years		-	-
		<b>2,442</b>	<b>3,524</b>

# Kingston District Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2018

### Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	2018	2018	2017	2016

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	110			
Total Operating Income	6,744	2%	4%	(2%)

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

#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	(1,692)			
Total Operating Income	6,744	(25%)	(31%)	(22%)

*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.*

<b>Adjusted Operating Surplus Ratio</b>		(5%)	(3%)	(2%)
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<b>Adjusted Net Financial Liabilities Ratio</b>		(25%)	(31%)	(22%)
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#### 3. Asset Sustainability Ratio

Net Asset Renewals	746			
Infrastructure & Asset Management Plan required expenditure	1,317	57%	57%	93%

*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.*

Note 15. Financial Indicators - Graphs (continued)

<p><b>1. Operating Surplus Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>-2%</td> </tr> <tr> <td>2017</td> <td>4%</td> </tr> <tr> <td>2018</td> <td>2%</td> </tr> </tbody> </table>	Year	Ratio %	2016	-2%	2017	4%	2018	2%	<p><b>Purpose of Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue varies from operating expenditure</p>	<p><b>Commentary on 2017/18 Result</b></p> <p><b>2017/18 Ratio 2%</b></p> <p>2017/18 Council received Federal Assistance Grants in advance.</p>
Year	Ratio %									
2016	-2%									
2017	4%									
2018	2%									
<p><b>2. Net Financial Liabilities Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>-22%</td> </tr> <tr> <td>2017</td> <td>-31%</td> </tr> <tr> <td>2018</td> <td>-25%</td> </tr> </tbody> </table>	Year	Ratio %	2016	-22%	2017	-31%	2018	-25%	<p><b>Purpose of Net Financial Liabilities Ratio</b></p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p><b>Commentary on 2017/18 Result</b></p> <p><b>2017/18 Ratio -25%</b></p> <p>2017/18 Council received Federal Government Grants in advance.</p>
Year	Ratio %									
2016	-22%									
2017	-31%									
2018	-25%									
<p><b>Adjusted Operating Surplus Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>-2%</td> </tr> <tr> <td>2017</td> <td>-3%</td> </tr> <tr> <td>2018</td> <td>-5%</td> </tr> </tbody> </table>	Year	Ratio %	2016	-2%	2017	-3%	2018	-5%	<p><b>Purpose of Adjusted Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p><b>Commentary on 2017/18 Result</b></p> <p><b>2017/18 Ratio -5%</b></p> <p>This ratio removed the affect from the advance payment of Federal Assistance Grants. The trend of operating deficit is included in the Long Term Financial Plan, with expectation to return to a balanced operating position in 2022.</p>
Year	Ratio %									
2016	-2%									
2017	-3%									
2018	-5%									
<p><b>Adjusted Net Financial Liabilities Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>-22%</td> </tr> <tr> <td>2017</td> <td>-31%</td> </tr> <tr> <td>2018</td> <td>-25%</td> </tr> </tbody> </table>	Year	Ratio %	2016	-22%	2017	-31%	2018	-25%	<p><b>Purpose of Adjusted Net Financial Liabilities Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p><b>Commentary on 2017/18 Result</b></p> <p><b>2017/18 Ratio -25%</b></p> <p>This ratio removed the affect from the advance payment of Federal Assistance Grants. A negative Net Financial Liabilities ratio shows council has more cash and financial assets in bank than is owed in borrowing.</p>
Year	Ratio %									
2016	-22%									
2017	-31%									
2018	-25%									
<p><b>3. Asset Sustainability Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>93%</td> </tr> <tr> <td>2017</td> <td>57%</td> </tr> <tr> <td>2018</td> <td>57%</td> </tr> </tbody> </table>	Year	Ratio %	2016	93%	2017	57%	2018	57%	<p><b>Purpose of Asset Sustainability Ratio</b></p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p><b>Commentary on 2017/18 Result</b></p> <p><b>2017/18 Ratio 57%</b></p> <p>Significant storm damage and sand management issues has resulted in renewal work diverted. Council will be adopting a new asset management plan and this ratio will change in the future.</p>
Year	Ratio %									
2016	93%									
2017	57%									
2018	57%									

## Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

### Note 16. Uniform Presentation of Finances

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\$ '000	2018	2017
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

Income	6,744	6,968
<i>less</i> Expenses	(6,634)	(6,720)
<b>Operating Surplus / (Deficit)</b>	<b>110</b>	<b>248</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(797)	(853)
<i>add back</i> Depreciation, Amortisation and Impairment	1,895	1,889
<i>add back</i> Proceeds from Sale of Replaced Assets	51	45
<b>Subtotal</b>	<b>1,149</b>	<b>1,081</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(4,018)	(454)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	2,271	40
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>(1,747)</b>	<b>(414)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(488)</b>	<b>915</b>

### Note 17. Operating Leases

Council does not have any Operating Leases

## Note 18. Superannuation

\$ '000

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 2017/18; 9.50% in 2016/17). 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 2016/17) 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 2017. 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 19. Interests in Other Entities

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\$ '000

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

## Note 20. Non-Current Assets Held for Sale & Discontinued Operations

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

## Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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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 \$2,200,000 (2017: \$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 MATTERS

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

## Kingston District Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

### Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, 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.

Accordingly, the "authorised for issue" date is 16/10/18.

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

### Note 23. Related Party Transactions

\$ '000 2018 2017

#### 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:

##### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	465	346
Post-Employment Benefits	82	43
Long-Term Benefits	-	6
<b>Total</b>	<b>547</b>	<b>395</b>

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	2
Private Works	-	1
<b>Total</b>	<b>1</b>	<b>3</b>

## Kingston District Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2018

#### Note 23. Related Party Transactions (continued)

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\$ '000

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Key Management Personnel or close family members (including related parties) lodged a total of 1 planning and building applications during the year. Total fees for these applications (all of which are payable on lodgement) amounted to \$130.50.

Key Management Personnel or close family members (including related parties) received Discretionary rate rebate 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 \$10,186.35

Key Management Personnel or close family members (including related parties) received Community Assistance Grants for six Community Groups that they are a member of. Total of these Grants amounted to \$5,550.

Key Management Personnel or close family members (including related parties) received a Loan (with a maturity date of May 2022) for a Community Groups that they are a member of. Total of this loan amounted to \$24,000.

Close Family Members of Key Management Personnel (including related parties) work for a lawn mowing contractor whom is contracted for a three year term, concluding 30 June 2019. Total payments to the contractor amounted to \$31,382.16.

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 \$21,658.30

Key Management Personnel or close family members (including related parties) operates a lawn mowing business who is contracted until 30 June 2019. This contract was awarded through a competitive tender process. Total payments amounted to \$94,618.32.

A close family member of Key Management Personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Governmet Act 1999.

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renae Nicholson CA  
Tim Muhlhausler CA  
Aaron Coonan CA  
Luke Williams CA, CPA  
Daniel Moon CA



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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

### To the members of the Kingston District Council

#### Opinion

We have audited the accompanying financial report of the Kingston District Council (the Council), which comprises the statement of financial position as at 30 June 2018, 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 2018, 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* (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.

## **Auditor's Responsibility for the Audit of the Financial Report**

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

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

## **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**



**Tim Muhlhausler** CA Registered Company Auditor  
Partner

23 October 2018

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
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## INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

### 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 (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 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 2017 to 30 June 2018.

#### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

#### The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

#### Our Independence and Quality Control

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

**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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

**Limitations of Controls**

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

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

**Limitation of Use**

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

23 October 2018

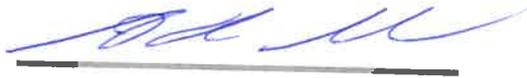
## Kingston District Council

### General Purpose Financial Statements for the year ended 30 June 2018

#### 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 2018, the Council's Auditor, GALPINS has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



ANDREW MACDONALD  
CHIEF EXECUTIVE OFFICER



DES MURRAY  
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 16/10/2018

## Kingston District Council

### General Purpose Financial Statements

for the year ended 30 June 2018

### Statement by Auditor

I confirm that, for the audit of the financial statements of Kingston District Council for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



TIM MUHLHAUSLER  
GALPINS

Dated this 23<sup>rd</sup> day of October 2018.