

# Kingston District Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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# Kingston District Council

## General Purpose Financial Statements for the year ended 30 June 2023

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## Kingston District Council

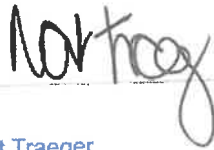
### General Purpose Financial Statements for the year ended 30 June 2023

#### Certification of Financial Statements

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

**In our opinion:**

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



Nat Traeger  
Chief Executive Officer

24 October 2023



Jeff Pope  
Mayor

24 October 2023

## Kingston District Council

Statement of Comprehensive Income  
for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
<b>Income</b>			
Rates	2a	6,149	5,632
Statutory charges	2b	180	146
User charges	2c	944	752
Grants, subsidies and contributions - operating	2g	1,497	2,401
Investment income	2d	156	50
Reimbursements	2e	214	149
Other income	2f	67	40
<b>Total income</b>		<b>9,207</b>	<b>9,170</b>
<b>Expenses</b>			
Employee costs	3a	2,387	2,300
Materials, contracts and other expenses	3b	3,702	3,595
Depreciation, amortisation and impairment	3c	2,954	2,582
Finance costs	3d	107	85
<b>Total expenses</b>		<b>9,150</b>	<b>8,562</b>
<b>Operating surplus / (deficit)</b>		<b>57</b>	<b>608</b>
Asset disposal and fair value adjustments	4	48	(1,144)
Amounts received specifically for new or upgraded assets	2g	649	614
<b>Net surplus / (deficit)</b>		<b>754</b>	<b>78</b>
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in revaluation surplus - I,PP&E	9a	—	6,844
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<b>—</b>	<b>6,844</b>
<b>Total other comprehensive income</b>		<b>—</b>	<b>6,844</b>
<b>Total comprehensive income</b>		<b>754</b>	<b>6,922</b>

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

## Kingston District Council

## Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	6,176	6,122
Trade and other receivables	5b	3,062	272
Inventories	5c	113	95
<b>Total current assets</b>		<b>9,351</b>	<b>6,489</b>
<b>Non-current assets</b>			
Trade and other receivables	6a	2	2,853
Other non-current assets	6b	353	227
Infrastructure, property, plant and equipment	7	139,861	140,012
<b>Total non-current assets</b>		<b>140,216</b>	<b>143,092</b>
<b>TOTAL ASSETS</b>		<b>149,567</b>	<b>149,581</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	1,104	1,290
Borrowings	8b	2,848	1,077
Provisions	8c	320	327
<b>Total current liabilities</b>		<b>4,272</b>	<b>2,694</b>
<b>Non-current liabilities</b>			
Borrowings	8b	952	3,302
Provisions	8c	133	129
<b>Total non-current liabilities</b>		<b>1,085</b>	<b>3,431</b>
<b>TOTAL LIABILITIES</b>		<b>5,357</b>	<b>6,125</b>
<b>Net assets</b>		<b>144,210</b>	<b>143,456</b>
<b>EQUITY</b>			
Accumulated surplus		25,313	24,703
Asset revaluation reserves	9a	115,857	115,857
Other reserves	9b	3,040	2,896
<b>Total council equity</b>		<b>144,210</b>	<b>143,456</b>
<b>Total equity</b>		<b>144,210</b>	<b>143,456</b>

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

## Kingston District Council

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance at the end of previous reporting period		24,703	115,857	2,896	143,456
Net surplus / (deficit) for year		754	–	–	754
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	–	–	–	–
<b>Other comprehensive income</b>		–	–	–	–
<b>Total comprehensive income</b>		<b>754</b>	<b>–</b>	<b>–</b>	<b>754</b>
Transfers between reserves		(144)	–	144	–
<b>Balance at the end of period</b>		<b>25,313</b>	<b>115,857</b>	<b>3,040</b>	<b>144,210</b>
<b>2022</b>					
Balance at the end of previous reporting period		26,229	109,013	1,292	136,534
Net surplus / (deficit) for year		78	–	–	78
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	–	6,844	–	6,844
<b>Other comprehensive income</b>		–	<b>6,844</b>	–	<b>6,844</b>
<b>Total comprehensive income</b>		<b>78</b>	<b>6,844</b>	<b>–</b>	<b>6,922</b>
Transfers between reserves		(1,604)	–	1,604	–
<b>Balance at the end of period</b>		<b>24,703</b>	<b>115,857</b>	<b>2,896</b>	<b>143,456</b>

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

## Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		6,003	5,667
Statutory charges		180	146
User charges		944	827
Grants, Subsidies and Contributions (operating purpose)		1,497	2,431
Investment receipts		156	50
Reimbursements		214	155
Other receipts		319	170
<u>Payments</u>			
Finance payments		(87)	(87)
Payments to employees		(2,373)	(2,135)
Payments for materials, contracts and other expenses		(4,054)	(4,082)
<b>Net cash provided by (or used in) operating activities</b>	10b	<u>2,799</u>	<u>3,142</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		649	614
Sale of replaced assets		330	61
Sale of surplus assets		–	8
Repayments of loans by community groups		66	330
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,189)	(1,229)
Expenditure on new/upgraded assets		(2,022)	(1,231)
<b>Net cash provided (or used in) investing activities</b>		<u>(2,166)</u>	<u>(1,447)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		–	421
Proceeds from bonds and deposits		–	100
<u>Payments</u>			
Repayments of Borrowings		(579)	(363)
<b>Net cash provided by (or used in) financing activities</b>		<u>(579)</u>	<u>158</u>
<b>Net increase (decrease) in cash held</b>		<b>54</b>	<b>1,853</b>
plus: cash & cash equivalents at beginning of period		6,122	4,269
<b>Cash and cash equivalents held at end of period</b>	10a	<u>6,176</u>	<u>6,122</u>

Additional information:

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

## Kingston District Council

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

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

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# Kingston District Council

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

### Note 1. Summary of Significant Accounting Policies

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

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

#### (1) Basis of preparation

##### 1.1 Compliance with Australian Accounting Standards

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

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

##### 1.2 Critical accounting estimates

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

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

##### 1.3 Rounding

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

##### 1.4 Estimates and assumptions

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

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is not expected further financial impacts will flow into the 2023/24 financial year. Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

#### (2) The local government reporting entity

Kingston District Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 29 Holland Street, Kingston SA. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### (3) Income recognition

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

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

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

## Kingston District Council

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$785,677	\$787,233	+ \$1,556
2019/20	\$762,423	\$772,717	+ \$10,294
2020/21	\$698,005	\$733,745	+ \$35,740
2021/22	\$1,174,293	\$975,007	- \$199,286
2022/23	\$782,816	\$749,479	-\$33,337

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 14 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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

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

##### 5.1 Initial recognition

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

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

##### 5.2 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

# Kingston District Council

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

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

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
Information Technology	\$10,000
Signage	\$5,000

#### 5.3 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.

#### 5.4 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
Dredge Hull & Structure	50 years
Dredge mechanical	20 years
Support vessel hull & structure	30 years
Support vessel mechanical	10 years

#### *Building*

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

# Kingston District Council

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

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

#### *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
Inflatable Pillow	40 years

#### *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
Access Stairs	50 years
Faun Trackway	30 years

#### *Sewer Pump Station & Treatment Plant*

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

#### *Sewer Mains*

Mains	80 years
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#### *Kerbs*

Spoon Drain	80 years
Barrier Kerb (water table & kerb)	80 years
Edge Kerb (rollover kerb only)	80 years

#### *Pathways*

Surface	100 years
Gravel	10 years
Sealed	20 years
Hotmix	30 years
Concrete	80 years
Paving	50 years

#### *Roadways*

Formation	1000 years
Unsealed Pavement Base	20 years
Unsealed Pavement Sub Base	40 years

continued on next page ...

# Kingston District Council

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

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

Sealed Pavement & Sub Base	250 years
Sealed Pavement Base	100 years
Surface	20 to 30 years
Protuberances	60 years
<i>Car Parks</i>	
Pavement Base	100 years
Pavement Sub Base	250 years
Surface	30 years
<i>Bridges &amp; Major Culverts</i>	
Structure	80 years
Surface	50 years
Rails	50 years
<i>Information Technology</i>	
Server	5 to 8 years
<i>Signage</i>	
Memorial and signs	15 years

#### 5.5 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.

#### 5.6 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.

### (6) Payables

#### 6.1 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.

#### 6.2 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.

### (7) 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".

# Kingston District Council

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

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

#### (8) Employee benefits

##### 8.1 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 **-1.238%** (2022, -1.238%)

Weighted avg. settlement period 1 years (2022, 1 years)

##### 8.2 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 16.

#### (9) 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.

#### (10) New accounting standards and UIG interpretations

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

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

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

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

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

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

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

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

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

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

# Kingston District Council

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

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

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

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

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

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

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

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

#### (11) 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.

#### (12) Disclaimer

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

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

## Note 2. Income

	2023 \$ '000	2022 \$ '000
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	4,959	4,674
Less: mandatory rebates	(27)	(27)
Less: discretionary rebates, remissions and write-offs	(26)	(219)
<b>Total general rates</b>	<b>4,906</b>	<b>4,428</b>
<b>Other rates (including service charges)</b>		
Community wastewater management systems	523	497
Landscape Board Levy (Previously NRM Levy)	249	243
Waste collection	455	442
<b>Total other rates (including service charges)</b>	<b>1,227</b>	<b>1,182</b>
<b>Other charges</b>		
Legal and other costs recovered	3	10
Penalties for late payment	13	12
<b>Total other charges</b>	<b>16</b>	<b>22</b>
<b>Total rates</b>	<b>6,149</b>	<b>5,632</b>
<b>(b) Statutory charges</b>		
Animal registration fees and fines	30	28
Development Act fees	122	82
Health and septic tank inspection fees	17	14
Parking fines / expiation fees	1	6
Other	10	16
<b>Total statutory charges</b>	<b>180</b>	<b>146</b>
<b>(c) User charges</b>		
Aero Fees	1	1
Boat Ramp Fees	28	29
Cemetery/crematoria fees	34	21
Hall and equipment hire	8	5
Hire Fees	12	3
Kingston Foreshore Caravan Park	712	624
RV Park	82	-
Property lease	28	25
Sangarb Dump Fees	28	29
Sundry	11	7
Truck Wash Income	-	8
<b>Total user charges</b>	<b>944</b>	<b>752</b>



## Kingston District Council

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

## Note 2. Income (continued)

	2023 \$ '000	2022 \$ '000
<b>(d) Investment income</b>		
Interest on Investments		
- Loans to community groups	-	34
- Local Government Finance Authority	156	16
<b>Total investment income</b>	<b>156</b>	<b>50</b>
<b>(e) Reimbursements</b>		
Diesel Fuel Rebate	19	31
Joint undertakings	138	60
Private works	22	1
Resource Sharing Agreements	29	54
Other	6	3
<b>Total reimbursements</b>	<b>214</b>	<b>149</b>
<b>(f) Other income</b>		
Insurance and other recoupments - infrastructure, property, plant and equipment	1	-
Rebates received	56	35
Sundry	1	1
Waste Transfer Station	8	-
Community Events	1	4
<b>Total other income</b>	<b>67</b>	<b>40</b>
<b>(g) Grants, subsidies and contributions</b>		
Amounts received specifically for new or upgraded assets	649	614
<b>Total</b>	<b>649</b>	<b>614</b>
<b>Other grants, subsidies and contributions</b>		
Individually significant item - additional Grants Commission payment (refer below)	573	573
Other grants, subsidies and contributions	284	475
Roads to Recovery	258	258
Sundry	2	-
Untied - Financial Assistance Grant	85	325
Local Roads Community Infrastructure	165	770
Coast Protection Board	130	-
<b>Total other grants, subsidies and contributions</b>	<b>1,497</b>	<b>2,401</b>
<b>Total grants, subsidies and contributions</b>	<b>2,146</b>	<b>3,015</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
State Government	1,034	1,264
Other	1,112	1,751
<b>Total</b>	<b>2,146</b>	<b>3,015</b>

continued on next page ...

**Kingston District Council****Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2023**Note 2. Income (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>(ii) Individually significant items</b>		
Grant Commission (Financial Assistance Grant) recognised as income	573	573

## Kingston District Council

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

## Note 3. Expenses

	Notes	2023 \$ '000	2022 \$ '000
<b>(a) Employee costs</b>			
Employee leave expense		318	416
Less: capitalised and distributed costs		(128)	(122)
Salaries and wages		1,897	1,762
Superannuation - defined benefit plan contributions	16	22	23
Superannuation - defined contribution plan contributions	16	184	168
Other employee related costs		37	16
Workers' compensation insurance		57	37
<b>Total operating employee costs</b>		<b>2,387</b>	<b>2,300</b>
Total number of employees (full time equivalent at end of reporting period)		21	20
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration		19	19
- Auditing the financial reports		126	98
Elected members' expenses		22	1
Election expenses			
<b>Subtotal - prescribed expenses</b>		<b>167</b>	<b>118</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		1,868	1,760
Contributions		111	122
Energy		137	113
Fringe Benefit Tax		40	39
Fuel		158	188
Insurance		223	181
Joint Undertakings		98	60
Legal expenses		111	52
Levies - other		15	15
Levies Paid to Government - Landscape Board Levy (Previously NRM Levy)		246	240
Maintenance		74	91
Other		-	4
Parts, accessories and consumables		151	124
Professional services		173	167
Sundry		87	244
Other		7	38
Water		36	39
<b>Subtotal - Other material, contracts and expenses</b>		<b>3,535</b>	<b>3,477</b>
<b>Total materials, contracts and other expenses</b>		<b>3,702</b>	<b>3,595</b>

## Kingston District Council

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

## Note 3. Expenses (continued)

	2023 \$ '000	2022 \$ '000
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
<b>Buildings &amp; Other Structures</b>		
- Aviation	6	4
- Furniture	11	9
- Marine Structures (Buildings)	1	1
- Structure	7	12
- Recreational	3	6
- Miscellaneous	44	36
- Buildings	586	291
- Open Space	18	28
<b>Infrastructure</b>		
- Transport Infrastructure	1,543	1,518
- Stormwater drainage	22	15
CWMS	172	132
Marine	189	189
Plant and equipment	335	327
Office Equipment	17	13
<b>Subtotal</b>	<b>2,954</b>	<b>2,582</b>
<b>Total depreciation, amortisation and impairment</b>	<b>2,954</b>	<b>2,582</b>

**(d) Finance costs**

Interest on Borrowings	102	71
Other	5	14
<b>Total finance costs</b>	<b>107</b>	<b>85</b>

## Note 4. Asset disposal and fair value adjustments

	2023 \$ '000	2022 \$ '000
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	330	61
Less: carrying amount of assets sold	(282)	(1,211)
<b>Gain (loss) on disposal</b>	<b>48</b>	<b>(1,150)</b>
<b>(ii) Assets surplus to requirements</b>		
Proceeds from disposal	-	8
Less: carrying amount of assets sold	-	(2)
<b>Gain (loss) on disposal</b>	<b>-</b>	<b>6</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>48</b>	<b>(1,144)</b>

## Kingston District Council

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

## Note 5. Current assets

	2023 \$ '000	2022 \$ '000
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	321	258
Deposits at call	5,754	5,764
Short term deposits and bills, etc.	101	100
<b>Total cash and cash equivalent assets</b>	<b>6,176</b>	<b>6,122</b>

**(b) Trade and other receivables**

Rates - general and other	164	91
Accrued revenues	19	34
Debtors - general	63	55
GST recoupment	-	7
Prepayments	27	81
Loans to community organisations	2,789	4
<b>Subtotal</b>	<b>3,062</b>	<b>272</b>
<b>Total trade and other receivables</b>	<b>3,062</b>	<b>272</b>

**(c) Inventories**

Stores and materials	109	90
Trading stock	4	5
<b>Total inventories</b>	<b>113</b>	<b>95</b>

## Note 6. Non-current assets

	2023 \$ '000	2022 \$ '000
<b>(a) Trade and other receivables</b>		
<b>Receivables</b>		
Loans to Community Organisations and Other External Organisations	2	2,853
<b>Subtotal</b>	<b>2</b>	<b>2,853</b>
<b>Total receivables</b>	<b>2</b>	<b>2,853</b>
<b>Total financial assets</b>	<b>2</b>	<b>2,853</b>

**(b) Other non-current assets**

<b>Other</b>		
Capital work in progress	353	227
<b>Total other</b>	<b>353</b>	<b>227</b>

## Kingston District Council

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

## Note 6. Non-current assets (continued)

	2023	2022
	\$ '000	\$ '000
<u>Total other non-current assets</u>	<u>353</u>	<u>227</u>



## Kingston District Council

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

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

#### Valuation of Infrastructure, Property, Plant & Equipment

##### Valuation of assets

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

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

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

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

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

##### 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.

Land is 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 & Other Structures asset group is shown above as being based on fair value hierarchy level 3 valuation inputs. There is no known market for the asset classes within this asset group. These assets are valued at depreciated current replacement cost. This method involves:

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

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

##### Other information

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

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

##### Highest and best use

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



## Kingston District Council

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

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

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

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

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

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

#### Transition to AASB 13 - Fair Value Measurement

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

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

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

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

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

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

#### Land & Land Improvements

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

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

Land, including bulk earthworks with an assessed unlimited useful life, was valued at the current replacement cost as at 30 June 2022 using Valuer General Assessment by Assetic Australia Pty Ltd. Additions are recognised at cost.

#### Buildings & Other Structures

Buildings and other structures asset group has been broken down into more detailed asset classes (Aviation, Furniture, Marine Structures, Structure, Recreational, Miscellaneous, Buildings, and Open Space). Structure, Recreational, Miscellaneous, and Buildings were revalued as at 30 June 2022 by AssetVal.

#### Infrastructure

##### *Transportation Infrastructure Assets*

Transport Infrastructure Assets were revalued as at 30 June 2021 by Assetic Australia Pty Ltd.

##### *Marine & Civil Structures Assets*

Marine & Civil Structure Assets were revalued as at 30 June 2021 by Assetic Australia Pty Ltd.

## Kingston District Council

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

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

*Stormwater Drainage Assets*

Stormwater Drainage Assets were revalued as at 30 June 2022 by AssetVal.

*Community Wastewater Management System Assets*

Community Wastewater Management System Assets were revalued as at 30 June 2022 by AssetVal.

**Plant & Equipment**

These assets are recognised on the cost basis.

**Office Equipment**

These assets are recognised on the cost basis.

## Note 8. Liabilities

	2023 Current \$ '000	2023 Non Current \$ '000	2022 Current \$ '000	2022 Non Current \$ '000
<b>(a) Trade and other payables</b>				
Goods and services	487	–	675	–
Payments received in advance	310	–	146	–
Accrued expenses - employee entitlements	68	–	46	–
Accrued expenses - finance costs	55	–	35	–
Accrued expenses - other	84	–	288	–
Deposits, retentions and bonds	100	–	100	–
<b>Total trade and other payables</b>	<b>1,104</b>	<b>–</b>	<b>1,290</b>	<b>–</b>
<b>(b) Borrowings</b>				
Borrowings	2,848	622	1,077	2,881
Cash Advance Debenture	–	330	–	421
<b>Total Borrowings</b>	<b>2,848</b>	<b>952</b>	<b>1,077</b>	<b>3,302</b>
All interest bearing liabilities are secured over the future revenues of the Council				
<b>(c) Provisions</b>				
Employee entitlements (including oncosts)	320	133	327	129
<b>Total provisions</b>	<b>320</b>	<b>133</b>	<b>327</b>	<b>129</b>

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

### Note 9. Reserves

	as at 30/06/22				as at 30/06/23
	Opening Balance \$ '000	Increments (Decrements) \$ '000	Transfers \$ '000	Impairments \$ '000	Closing Balance \$ '000
<b>(a) Asset revaluation reserve</b>					
Land	9,253	–	–	–	9,253
Buildings and other structures	12,988	–	–	–	12,988
Infrastructure	56,656	–	–	–	56,656
- Stormwater drainage	326	–	–	–	326
- CWMS	4,173	–	–	–	4,173
- Marine	1,867	–	–	–	1,867
Plant and equipment	356	–	–	–	356
Furniture and 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>115,857</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>115,857</b>
Comparatives	109,013	6,844	–	–	115,857

	as at 30/06/22				as at 30/06/23
	Opening Balance \$ '000	Tfrs to Reserve \$ '000	Tfrs from Reserve \$ '000	Other Movements \$ '000	Closing Balance \$ '000
<b>(b) Other reserves</b>					
Open Space Reserve	6	–	–	–	6
Kingston CWMS	2,474	116	–	–	2,590
Cape Jaffa Maintenance Reserve	416	28	–	–	444
<b>Total other reserves</b>	<b>2,896</b>	<b>144</b>	<b>–</b>	<b>–</b>	<b>3,040</b>
Comparatives	1,292	175	–	1,429	2,896

### Purposes of reserves

#### Asset revaluation reserves

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

#### Open Space Reserve

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

#### Kingston CWMS

Kingston CWMS is for future asset replacement and capital maintenance.

#### Cape Jaffa Maintenance Reserve

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

## Kingston District Council

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

## Note 10. Reconciliation to Statement of Cash Flows

	Notes	2023 \$ '000	2022 \$ '000
<b>(a) Reconciliation of cash</b>			
Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total cash and equivalent assets	5	6,176	6,122
<b>Balances per Statement of Cash Flows</b>		<b>6,176</b>	<b>6,122</b>
<b>(b) Reconciliation of change in net assets to cash from operating activities</b>			
<b>Net surplus/(deficit)</b>		754	78
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		2,954	2,582
Grants for capital acquisitions treated as investing activity		(649)	(614)
Net (gain)/loss on disposals		(48)	1,144
		<b>3,011</b>	<b>3,190</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(5)	(35)
Net (increase)/decrease in inventories		(18)	(21)
Net increase/(decrease) in trade and other payables		(186)	(144)
Net increase/(decrease) in unpaid employee benefits		(3)	152
<b>Net cash provided by (or used in) operations</b>		<b>2,799</b>	<b>3,142</b>
<b>(c) Financing arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank overdrafts		100	100
Corporate credit cards		24	24
LGFA cash advance debenture facility		932	779

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

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

### Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 11(b).

Functions/Activities	INCOME		EXPENSES		SURPLUS (DEFICIT)		OPERATING		GRANTS INCLUDED		TOTAL ASSETS HELD	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Business Undertakings	1,487	1,201	1,443	1,029	44	172	-	-	-	-	16,678	16,681
Administration	5,749	5,491	736	427	5,013	5,064	599	1,277	-	-	10,085	10,086
Community Services/ Amenities	57	42	324	420	(267)	(378)	-	-	-	-	17,284	17,284
Library	1	-	27	49	(26)	(49)	-	53	-	-	-	-
Economic Development	1	12	117	166	(116)	(154)	-	50	-	-	-	-
Environment	379	430	592	608	(213)	(178)	-	1	-	-	-	-
Health	21	18	23	22	(2)	(4)	-	-	-	-	1,306	1,306
Public Order & Safety	-	-	18	22	(18)	(22)	-	-	-	-	501	501
Recreation	29	62	1,165	1,547	(1,136)	(1,485)	130	68	-	-	23,047	23,049
Regulatory Services	199	183	282	292	(83)	(109)	-	-	-	-	-	-
Transport	789	1,357	3,597	3,292	(2,808)	(1,935)	768	952	-	-	80,666	80,674
Waste Management	495	374	826	687	(331)	(313)	-	-	-	-	-	-
<b>Total Functions/Activities</b>	<b>9,207</b>	<b>9,170</b>	<b>9,150</b>	<b>8,561</b>	<b>57</b>	<b>609</b>	<b>1,497</b>	<b>2,401</b>	<b>149,567</b>	<b>149,581</b>		

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

# Kingston District Council

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

### Note 11(b). Components of functions

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The activities relating to Council functions are as follows:

#### **ADMINISTRATION**

Governance, Administration, 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.

#### **LIBRARY**

Library Services

#### **PUBLIC ORDER & SAFETY**

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

#### **HEALTH**

Food Control, operation of community health programs and health centre

#### **COMMUNITY SERVICES/ AMENITIES**

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

#### **Environment**

Street cleaning and lighting, Stormwater drainage

#### **Economic development**

Tourism, private works

#### **Regulatory services**

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

#### **Business undertakings**

Effluent drainage, Land Development, Caravan parks, Truckwash

#### **WASTE MANAGEMENT**

Rubbish Collection Services, Green waste, Waste Transfer Station operation

#### **Transport**

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

#### **Recreation**

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

# Kingston District Council

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

### Note 12. Financial instruments

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#### Recognised financial instruments

##### Bank, deposits at call, short term deposits

###### Accounting Policy:

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

###### Terms & Conditions:

Deposits are returning fixed interest rate between 1.05% and 4.30%.

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - rates and associated charges

###### Accounting Policy:

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

###### Terms & Conditions:

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

###### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables - fees and other charges

###### Accounting policy:

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

###### Terms and conditions:

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

###### Carrying amount:

Approximates fair value (after deduction of any allowance).

##### Receivables - other levels of government

###### Accounting policy:

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

###### Terms and conditions:

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

###### Carrying amount:

Approximates fair value.

##### Liabilities - creditors and accruals

###### Accounting policy:

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

## Kingston District Council

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

## Note 12. Financial instruments (continued)

**Terms and conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying amount:**

Approximates fair value.

**Liabilities - interest bearing borrowings****Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable (varied terms); interest is charged at fixed and variable rates between 1.05% and 6.05%.

**Carrying Amount:**

Approximates fair value.

	Due < 1 year \$ '000	Due > 1 year and ≤ 5 years \$ '000	Due > 5 years \$ '000	Total Contractual Cash Flows \$ '000	Carrying Values \$ '000
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,176	–	–	6,176	6,176
Receivables	3,046	–	–	3,046	3,037
<b>Total financial assets</b>	<b>9,222</b>	<b>–</b>	<b>–</b>	<b>9,222</b>	<b>9,213</b>
<b>Financial liabilities</b>					
Payables	726	–	–	726	726
Current borrowings	2,881	–	–	2,881	2,848
Non-current borrowings	–	312	887	1,199	952
<b>Total financial liabilities</b>	<b>3,607</b>	<b>312</b>	<b>887</b>	<b>4,806</b>	<b>4,526</b>
<b>Total financial assets and liabilities</b>	<b>12,829</b>	<b>312</b>	<b>887</b>	<b>14,028</b>	<b>13,739</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,122	–	–	6,122	6,122
Receivables	198	–	2,846	3,044	3,044
<b>Total financial assets</b>	<b>6,320</b>	<b>–</b>	<b>2,846</b>	<b>9,166</b>	<b>9,166</b>
<b>Financial liabilities</b>					
Payables	1,044	–	–	1,044	1,144
Current borrowings	610	–	–	610	1,077
Non-current borrowings	–	506	3,738	4,244	3,302
<b>Total financial liabilities</b>	<b>1,654</b>	<b>506</b>	<b>3,738</b>	<b>5,898</b>	<b>5,523</b>
<b>Total financial assets and liabilities</b>	<b>7,974</b>	<b>506</b>	<b>6,584</b>	<b>15,064</b>	<b>14,689</b>

continued on next page ...



## Kingston District Council

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

## Note 12. Financial instruments (continued)

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

	2023		2022	
	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000
Other variable rates	4.93%	684	4.60%	1,080
Fixed interest rates	6.05%	3,116	2.80%	3,299
		<b>3,800</b>		<b>4,379</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 2023

## Note 12. Financial instruments (continued)

## Risk exposures

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

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

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

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

## Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

## Note 13. Capital expenditure and investment property commitments

	2023 \$ '000	2022 \$ '000
<b>Other expenditure commitments</b>		
<b>Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>		
Audit Services	19	38
Caravan Park Management	–	119
Employee Remuneration Contracts	1,135	1,535
Lawn Mowing	360	481
IT Services	62	94
Recyclable Collection	448	597
Rubbish Collection	1,194	1,592
Resource Sharing	11	22
Desludging	126	151
Construction Waste	–	42
	<b>3,355</b>	<b>4,671</b>
<b>These expenditures are payable:</b>		
Not later than one year	1,100	1,268
Later than one year and not later than 5 years	2,255	3,403
	<b>3,355</b>	<b>4,671</b>

## Kingston District Council

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

## Note 14. Financial indicators

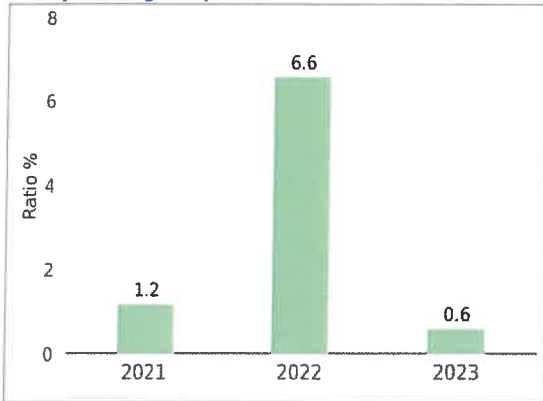
	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
<b>1. Operating Surplus Ratio</b>			
Operating surplus	0.6%	6.6%	1.2%
Total operating income			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
<b>2. Net Financial Liabilities Ratio</b>			
Net financial liabilities	(42)%	(34)%	(22)%
Total operating income			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating surplus	0.6%	4.7%	1.6%
Total operating income			
<b>Adjustments to Ratios</b>			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net financial liabilities	(36)%	(28)%	(18)%
Total operating income			
<b>3. Asset Renewal Funding Ratio</b>			
Asset renewals	49%	66%	103%
Infrastructure and Asset Management Plan required expenditure			
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

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

Note 14. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



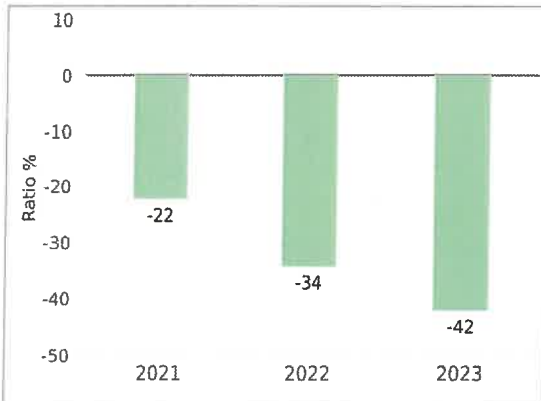
Purpose of operating surplus ratio

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

Commentary on 2022/23 result

2022/23 ratio 0.6%

2. Net Financial Liabilities Ratio



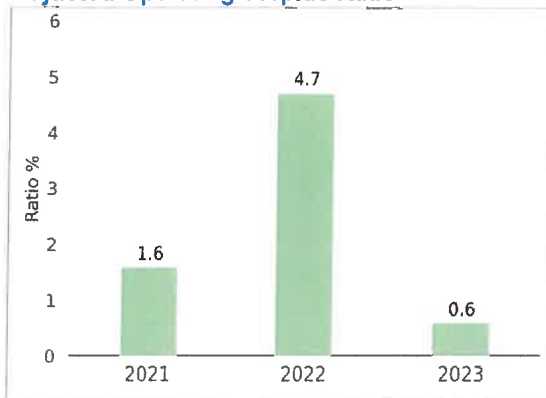
Purpose of net financial liabilities ratio

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

Commentary on 2022/23 result

2022/23 ratio (42)%

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

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

Commentary on 2022/23 result

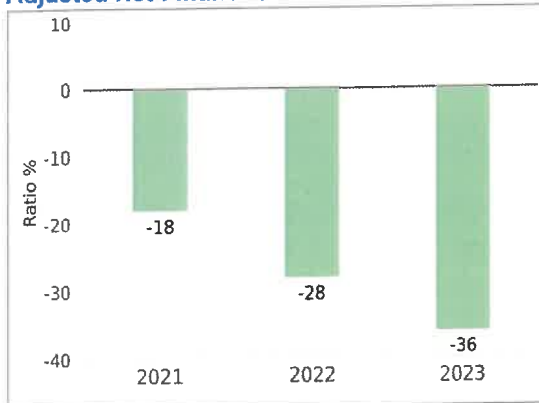
2022/23 ratio 0.6%

# Kingston District Council

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

### Note 14. Financial indicators (continued)

#### Adjusted Net Financial Liabilities Ratio



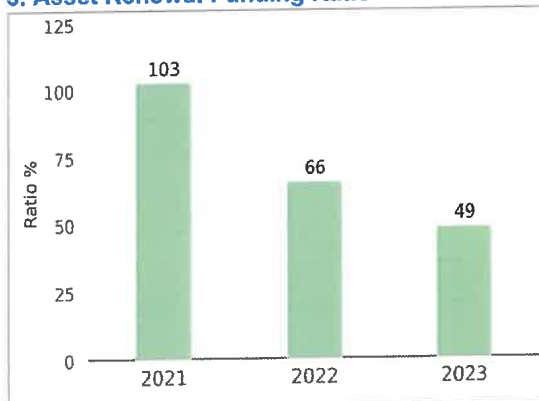
#### Purpose of adjusted net financial liabilities ratio

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

#### Commentary on 2022/23 result

2022/23 ratio (36)%

#### 3. Asset Renewal Funding Ratio



#### Purpose of asset renewal funding ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 49%

## Kingston District Council

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

## Note 15. Uniform presentation of finances

	2023 \$ '000	2022 \$ '000
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.		
<b>Income</b>		
Rates	6,149	5,632
Statutory charges	180	146
User charges	944	752
Grants, subsidies and contributions - operating	1,497	2,401
Investment income	156	50
Reimbursements	214	149
Other income	67	40
<b>Total Income</b>	<b>9,207</b>	<b>9,170</b>
<b>Expenses</b>		
Employee costs	2,387	2,300
Materials, contracts and other expenses	3,702	3,595
Depreciation, amortisation and impairment	2,954	2,582
Finance costs	107	85
<b>Total Expenses</b>	<b>9,150</b>	<b>8,562</b>
<b>Operating surplus / (deficit)</b>	<b>57</b>	<b>608</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>57</b>	<b>608</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	709	(1,229)
Add back depreciation, amortisation and impairment	2,954	2,582
Add back proceeds from sale of replaced assets	330	61
	<b>3,993</b>	<b>1,414</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(3,920)	(1,231)
Add back amounts received specifically for new and upgraded assets	649	614
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	-	8
	<b>(3,271)</b>	<b>(609)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>779</b>	<b>1,413</b>

## Kingston District Council

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

for the year ended 30 June 2023

#### Note 16. Superannuation

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

##### **Accumulation only members**

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

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

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

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

##### **Contributions to other superannuation schemes**

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

#### Note 17. Interests in other entities

---

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

# Kingston District Council

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

### Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

---

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

#### 1. Land under roads

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

#### 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** (2022:\$2,281,146) at reporting date.

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

#### 5. Legal expenses

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



## Kingston District Council

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

#### Note 19. Related party transactions

##### Key management personnel

###### Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 11 persons were paid the following total compensation:

	2023 \$ '000	2022 \$ '000
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	493	467
Post-employment benefits	44	39
<b>Total</b>	<b>537</b>	<b>506</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	2	1
<b>Total</b>	<b>2</b>	<b>1</b>

Key Management Personnel or close family members (including related parties) received Discretionary rate rebates during the year, for a Community Group that they are a member of. In accordance with the Local Government Act 1999, these person's declared conflicts of interest and took no part in the assessment or approval process for this rebate. Total rebates amounted to \$842.

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 \$35,581.

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

Key Management Personnel or close family members (including related parties) lodged a total of two (2) planning & building applications during the year. Total fees for this application (all of which are payable of lodgement) amounted to \$2,620.

#### Note 20. Equity - retained earnings and revaluation reserves adjustments

##### Correction of errors relating to a previous reporting period

The Kingston Airport Main Runway Asset OSS0017 was incorrectly valued at \$0 in the 2021/22 valuation performed by AssetVal. After review it was agreed with valuer, AssetVal, that the correct fair value of the main runway was \$702,306 less accumulated depreciation of \$158,115. This has resulted in an increase to the closing balance of infrastructure property plant and equipment and the asset revaluation reserve at 30 June 2022 of \$544,191.

##### Adjustments to the comparative figures for the year ended 30 June 2022

## Kingston District Council

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

## Note 20. Equity - retained earnings and revaluation reserves adjustments (continued)

## Statement of Financial Position

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Infrastructure, property, plant and equipment	139,468	544	140,012
<b>Total assets</b>	<b>–</b>	<b>544</b>	<b>544</b>
Asset revaluation reserve	115,313	544	115,857
<b>Total equity</b>	<b>–</b>	<b>544</b>	<b>544</b>



## INDEPENDENT AUDITOR'S REPORT

### To the members of the Kingston District Council

#### Opinion

We have audited the accompanying financial report of the Kingston District Council, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of 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 2023, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Council's Responsibility for the Financial Report

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

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

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

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

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

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

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

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



**Luke Williams** CA, CPA, Registered Company Auditor  
Partner

30/10/2023



## INDEPENDENT AUDITOR'S REPORT

To the Members of the Kingston District Council

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

### Opinion

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

### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### The Council's Responsibility for Internal controls

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

### Our Independence and Quality Control

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

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**Auditor's responsibility**

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

**Limitations of Controls**

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

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

**Limitation of Use**

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

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**


**Luke Williams** CA, CPA, Registered Company Auditor  
Partner

30/10/2023


## Kingston District Council

### General Purpose Financial Statements for the year ended 30 June 2023

#### 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 2023, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Nat Traeger  
Chief Executive Officer



Gary Button  
Presiding Member, Audit & Risk Committee

Date: 23 October 2023

## Kingston District Council

### General Purpose Financial Statements for the year ended 30 June 2023

#### Statement by Auditor

I confirm that, for the audit of the financial statements of Kingston District Council for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants (including Independence Standards) Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Luke Williams

**Galpins Accountants, Auditors & Business  
Consultants**

**Date: 18 October 2023**