

# General purpose financial statements

for the year ended 30 June 2023

A confident, growing and cohesive Community;

Benefiting from a thriving economy based on strong tourism and primary production sectors;

Preserving our unique heritage;

Sustainably managing our natural environment

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## Certification of Financial Statements

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

**In our opinion:**

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



Daryl Buckingham  
**Chief Executive Officer**

23 November 2023



Michael Pengilly  
**Mayor**

23 November 2023

# Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	11,723	11,266
Statutory charges	2b	311	347
User charges	2c	1,016	896
Grants, subsidies and contributions - operating	2g	5,486	5,628
Investment income	2d	16	23
Reimbursements	2e	3,423	5,282
Other income	2f	66	118
Net gain - equity accounted council businesses	19(a)	—	71
<b>Total income</b>		<b>22,041</b>	<b>23,631</b>
<b>Expenses</b>			
Employee costs	3a	6,136	5,232
Materials, contracts and other expenses	3b	10,870	12,832
Depreciation, amortisation and impairment	3c	5,249	5,157
Finance costs	3d	320	184
Net loss - equity accounted council businesses	19(a)	56	—
<b>Total expenses</b>		<b>22,631</b>	<b>23,405</b>
<b>Operating surplus / (deficit)</b>		<b>(590)</b>	<b>226</b>
Asset disposal and fair value adjustments	4	(1,608)	(1,642)
Amounts received specifically for new or upgraded assets	2g	9,719	6,380
<b>Net surplus / (deficit)</b>		<b>7,521</b>	<b>4,964</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	520	602
Other Equity Adjustments - Equity Accounted Council Businesses	19(a)i	—	269
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<b>520</b>	<b>871</b>
<b>Total other comprehensive income</b>		<b>520</b>	<b>871</b>
<b>Total comprehensive income</b>		<b>8,041</b>	<b>5,835</b>

The above statement should be read in conjunction with the accompanying Notes.

# Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	3,628	2,624
Trade and other receivables	5b	5,073	5,799
Inventories	5c	341	651
<b>Total current assets</b>		<b>9,042</b>	<b>9,074</b>
<b>Non-current assets</b>			
Trade and other receivables	6a	16	22
Other non-current assets	6b	2,053	2,481
Infrastructure, property, plant and equipment	7	471,814	464,273
<b>Total non-current assets</b>		<b>473,883</b>	<b>466,776</b>
<b>TOTAL ASSETS</b>		<b>482,925</b>	<b>475,850</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	4,505	5,476
Borrowings	8b	436	510
Provisions	8c	963	962
Liability Accounted Investments in Council Businesses	8d	1,062	1,006
<b>Total current liabilities</b>		<b>6,966</b>	<b>7,954</b>
<b>Non-current liabilities</b>			
Trade and other payables	8a	6,997	7,512
Borrowings	8b	10,750	10,188
Provisions	8c	196	221
<b>Total non-current liabilities</b>		<b>17,943</b>	<b>17,921</b>
<b>TOTAL LIABILITIES</b>		<b>24,909</b>	<b>25,875</b>
<b>Net assets</b>		<b>458,016</b>	<b>449,975</b>
<b>EQUITY</b>			
Accumulated surplus		31,148	27,953
Asset revaluation reserves	9a	416,910	416,390
Other reserves	9b	9,958	5,632
<b>Total council equity</b>		<b>458,016</b>	<b>449,975</b>
<b>Total equity</b>		<b>458,016</b>	<b>449,975</b>

The above statement should be read in conjunction with the accompanying Notes.

# Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance at the end of previous reporting period		27,953	416,390	5,632	449,975
Net surplus / (deficit) for year		7,521	–	–	7,521
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	520	–	520
Other Adjustments - Equity Accounted Council Businesses		–	–	–	–
<b>Other comprehensive income</b>		<b>–</b>	<b>520</b>	<b>–</b>	<b>520</b>
<b>Total comprehensive income</b>		<b>7,521</b>	<b>520</b>	<b>–</b>	<b>8,041</b>
Transfers between reserves	9b	(4,326)	–	4,326	–
<b>Balance at the end of period</b>		<b>31,148</b>	<b>416,910</b>	<b>9,958</b>	<b>458,016</b>
<b>2022</b>					
Balance at the end of previous reporting period		22,720	415,788	5,632	444,140
Net surplus / (deficit) for year		4,964	–	–	4,964
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	602	–	602
Other Adjustments - Equity Accounted Council Businesses		269	–	–	269
<b>Other comprehensive income</b>		<b>269</b>	<b>602</b>	<b>–</b>	<b>871</b>
<b>Total comprehensive income</b>		<b>5,233</b>	<b>602</b>	<b>–</b>	<b>5,835</b>
Transfers between reserves	9b	–	–	–	–
<b>Balance at the end of period</b>		<b>27,953</b>	<b>416,390</b>	<b>5,632</b>	<b>449,975</b>

The above statement should be read in conjunction with the accompanying Notes.

# Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		11,712	11,199
Statutory charges		311	347
User charges		1,016	896
Grants, Subsidies and Contributions (operating purpose)		5,486	5,628
Investment receipts		16	23
Reimbursements		3,423	5,282
Other receipts		1,855	1,686
<u>Payments</u>			
Finance payments		(240)	(184)
Payments to employees		(6,141)	(5,296)
Payments for materials, contracts and other expenses		(10,638)	(14,891)
<b>Net cash provided by (or used in) operating activities</b>	11b	<u>6,800</u>	<u>4,690</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		7,165	1,722
Sale of surplus assets		55	390
Repayments of loans by community groups		6	14
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(5,155)	(4,192)
Expenditure on new/upgraded assets		(8,303)	(4,421)
<b>Net cash provided (or used in) investing activities</b>		<u>(6,232)</u>	<u>(6,487)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		12,882	7,839
<u>Payments</u>			
Repayments of Borrowings		(12,344)	(5,806)
Repayment of Finance Lease Liabilities		(97)	(96)
<b>Net cash provided by (or used in) financing activities</b>		<u>441</u>	<u>1,937</u>
<b>Net increase (decrease) in cash held</b>		<u>1,009</u>	<u>140</u>
plus: cash & cash equivalents at beginning of period		2,624	2,484
<b>Cash and cash equivalents held at end of period</b>	11a	<u>3,633</u>	<u>2,624</u>

The above statement should be read in conjunction with the accompanying Notes.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies

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

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

### (1) Basis of preparation

#### 1.1 Compliance with Australian Accounting Standards

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

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

#### 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 impacted the 2021/22 financial statements, this may create challenges with comparability of some line items and amounts reported in these financial statements and/or the notes, as regular / full operations were restored in 2022/23.

Examples of COVID-19 related impacts on Council Business include:

1. Increased costs related to protective equipment and cleaning related to maintaining services and employee safety.
2. Reduced Passenger Levy income collected from travellers using Kangaroo Island Airport; and
3. Discounts of up to 50% on licenses to support businesses.

However, 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

Kangaroo Island Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 43 Dauncey Street, Kingscote, 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

As at 30 June 2023, Kangaroo Island Council has net assets of \$460,896 (2022 net assets of \$449,975).

Kangaroo Island Council has considered its current financial position along with other information such as the cash flows for the forthcoming 12 month period and the operating budget for the forthcoming 12 months; the ability of the Council to borrow funds from the LGFA to meet any outflows that may arise and the taxing powers of the Council to recoup, through rates and levies, expenditure incurred.



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

Through the evaluation of these factors, the Council believes that there is no significant going concern matter and the Council will be able to meet its debts when they fall due.

### (3) Income recognition

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

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

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

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

	Cash Payment, Received	Annual Allocation	Difference
2019/20	\$2,122	\$2,074	+ \$48
2020/21	\$2,091	\$2,093	- \$2
2021/22	\$4,089	\$3,629	+ \$460
2022/23	\$4,437	\$3,821	+ \$616

In addition, the 2023/24 Supplementary Local Road Grant of \$528k was paid in advance in June 2023.

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

### Construction contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### (4) Cash, cash equivalents and other financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

### (5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

#### 5.1 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 1999* 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 and equipment

#### 6.1 Initial recognition

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

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

#### 6.2 Materiality

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

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.

Land Improvement	\$10,000
Airport	\$10,000
Buildings and Other Structures	\$10,000
Road – pavement for sealed and unsealed built to specification	\$10,000
Road – wearing surface sealed and unsealed	\$10,000
Bridge	\$10,000
Footpaths, Kerb & Gutter	\$10,000
Stormwater Drainage	\$10,000
Community Wastewater Management Systems	\$5,000
Furniture & Fittings	\$5,000
Plant & Equipment	\$5,000
Library Books	N/A

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

### 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.

Land Improvement	7 to 100 years
Airport	1 to 100 years
Building & Other Structures	7 to 100 years
Roads – Sheeted Surface	15 to 30 Years
Roads - Sealed Surface - Pavement	18 to 40 Years
Roads - Sealed Surface - Seal	80 to 100 Years
Guardrails	50 Years
Footpaths - Concrete	50 Years
Footpaths - Paved	50 Years
Footpaths - Spray Seal	25 Years
Footpaths - Mixed Surface	50 Years
Bridges	5 to 100 Years
Carparks - Sheeted Surface	20 Years
Carparks - Sealed Surface - Pavement	30 Years
Carparks - Sealed Surface - Seal	100 Years
Walking Trails - Base Course	100 Years
Walking Trails - Spray Seal	30 Years
Stormwater Drainage	50 to 70 years
Community Wastewater Management Schemes	10 to 70 years
Furniture & Fittings	5 to 20 years
Plant & Equipment	4 to 20 years
Library Books	1 to 7 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.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

### (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 14 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.

### (9) Employee benefits

#### 9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 4.33% (2022, 1.49%)

Weighted avg. settlement period 7 years (2022, 7 years)

Council recognise a provision for sick leave liabilities for the employees falling under the AWU enterprise bargaining agreement.

#### 9.2 Superannuation

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

### (10) 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.

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

### (11) Leases

#### Accounting policy applicable from 01 July 2019

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

#### 11.1 Council as a lessee

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

##### i) Right-of-Use-Assets

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

Motor Vehicles	3 to 5 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### ii) Lease Liabilities

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

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

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

### (12) Equity accounted Council businesses

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

### (13) GST implications

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

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

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

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 in the financial statements.

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

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### **(15) Comparative figures**

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

### **(16) Disclaimer**

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	7,848	7,571
Less: discretionary rebates, remissions and write-offs	(81)	(96)
<b>Total general rates</b>	<b>7,767</b>	<b>7,475</b>
<b>Other rates (including service charges)</b>		
Landscape levy	417	402
Waste collection	1,939	1,847
Community wastewater management systems	1,515	1,459
<b>Total other rates (including service charges)</b>	<b>3,871</b>	<b>3,708</b>
<b>Other charges</b>		
Penalties for late payment	64	60
Legal and other costs recovered	21	23
<b>Total other charges</b>	<b>85</b>	<b>83</b>
<b>Total rates</b>	<b>11,723</b>	<b>11,266</b>
<b>(b) Statutory charges</b>		
Development Act fees	147	169
Health and septic tank inspection fees	57	55
Animal registration fees and fines	65	61
Parking fines / expiation fees	3	3
Other licences, fees and fines	12	19
Rate Searches	27	40
<b>Total statutory charges</b>	<b>311</b>	<b>347</b>
<b>(c) User charges</b>		
Cemetery/crematoria fees	33	41
Hall and equipment hire	168	191
Property lease	7	—
Sales - general	1	—
Sundry	43	45
Biosolids Fees	9	13
Aerodrome Fees	204	143
Lease Fees	411	326
Camping Fees	140	137
<b>Total user charges</b>	<b>1,016</b>	<b>896</b>



## Note 2. Income (continued)

\$ '000	2023	2022
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	16	23
<b><u>Total investment income</u></b>	<b>16</b>	<b>23</b>
<b>(e) Reimbursements</b>		
Private works	3,372	5,232
Solar Contributions	1	–
Insurances	20	12
Other	14	20
Bushfire	16	18
<b><u>Total reimbursements</u></b>	<b>3,423</b>	<b>5,282</b>
<b>(f) Other income</b>		
Sundry	58	117
Insurance Rebates	8	–
Standpipe Fees	–	1
<b><u>Total other income</u></b>	<b>66</b>	<b>118</b>
<b>(g) Grants, subsidies and contributions</b>		
Amounts received specifically for new or upgraded assets	9,719	6,380
<b>Total</b>	<b>9,719</b>	<b>6,380</b>
<b>Other grants, subsidies and contributions</b>		
Other grants, subsidies and contributions	33	28
Untied - Financial Assistance Grant	2,682	2,919
Roads to Recovery	–	437
LRCIP	488	69
Individually significant item - additional Grants Commission payment (refer below)	2,283	1,578
Bushfire	–	597
<b><u>Total other grants, subsidies and contributions</u></b>	<b>5,486</b>	<b>5,628</b>
<b><u>Total grants, subsidies and contributions</u></b>	<b>15,205</b>	<b>12,008</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	2,438	2,788
State Government	12,734	9,182
Other	33	38
<b>Total</b>	<b>15,205</b>	<b>12,008</b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 2. Income (continued)

\$ '000	2023	2022
<b>(ii) Individually significant items</b>		
Grant Commission (Financial Assistance Grant) recognised as income	2,283	1,578
On the 29 June 2023 Council received an advance payment of \$2,282,723 being 100% of the estimated FAG income for the 2023/24 financial year. The equivalent payments made in the previous two years were \$1,577,897 being 75% of the estimated FAG income for the 2022/23 financial year and \$1,118,954 being 50% of estimated FAG income for the 2021/22 year respectively.		
Bushfire	—	597

## Note 3. Expenses

### (a) Employee costs

Salaries and wages		4,306	3,528
Employee leave expense		940	782
Superannuation - defined contribution plan contributions	18	476	399
Superannuation - defined benefit plan contributions	18	55	52
Workers' compensation insurance		158	175
Other employee related costs		201	296
<b>Total operating employee costs</b>		<b>6,136</b>	<b>5,232</b>
Total number of employees (full time equivalent at end of reporting period)		60	56

### (b) Materials, contracts and other expenses

#### (i) Prescribed expenses

Auditor's remuneration			
- Auditing the Financial Reports and Grant Acquittals		31	28
Elected members' expenses		295	327
Election expenses		25	—
<b>Subtotal - prescribed expenses</b>		<b>351</b>	<b>355</b>

#### (ii) Other materials, contracts and expenses

Contractors		4,891	7,364
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,716	1,571
Community Grants Provided		87	83
Energy		400	342
Insurances		236	318
Maintenance		—	1
Legal expenses		317	99
Levies Paid to Government - Landscape Levy		416	406
Levies - other		2	2
Parts, accessories and consumables		1,211	971
Professional services		351	176
Sundry		439	364
Telecoms & Software		211	148
Lease & Rental		24	16
Bushfire		218	616
<b>Subtotal - Other material, contracts and expenses</b>		<b>10,519</b>	<b>12,477</b>

### Note 3. Expenses (continued)

\$ '000	2023	2022
<u>Total materials, contracts and other expenses</u>	<u>10,870</u>	<u>12,832</u>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 3. Expenses (continued)

\$ '000	2023	2022
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
Land improvements	309	284
Buildings and other structures	519	496
Infrastructure		
- Stormwater drainage	540	535
- CWMS	531	528
- Roads/Bridges/Footpaths	2,207	2,042
- Airport Upgrade	843	930
Right-of-use assets	62	77
Plant, Machinery & Equipment	225	244
Office Equipment, Furniture & Fittings	13	21
<b>Subtotal</b>	<b>5,249</b>	<b>5,157</b>
<b>Total depreciation, amortisation and impairment</b>	<b>5,249</b>	<b>5,157</b>
<b>(d) Finance costs</b>		
Interest on loans	320	184
<b>Total finance costs</b>	<b>320</b>	<b>184</b>

## Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Less: carrying amount of assets sold	(1,589)	(1,776)
<b>Gain (loss) on disposal</b>	<b>(1,589)</b>	<b>(1,776)</b>
<b>(ii) Assets surplus to requirements</b>		
Proceeds from disposal	55	391
Less: carrying amount of assets sold	(74)	(257)
<b>Gain (loss) on disposal</b>	<b>(19)</b>	<b>134</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(1,608)</b>	<b>(1,642)</b>

## Note 5. Current assets

\$ '000	2023	2022
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	704	992
Deposits at call	2,924	1,632
<b><u>Total cash and cash equivalent assets</u></b>	<b><u>3,628</u></b>	<b><u>2,624</u></b>

## (b) Trade and other receivables

Rates - general and other	669	658
Accrued revenues	6	4
Debtors - general	4,292	5,083
Prepayments	100	48
Loans to community organisations	6	6
<b><u>Subtotal</u></b>	<b><u>5,073</u></b>	<b><u>5,799</u></b>
<b><u>Total trade and other receivables</u></b>	<b><u>5,073</u></b>	<b><u>5,799</u></b>

## (c) Inventories

Stores and materials	341	651
<b><u>Total inventories</u></b>	<b><u>341</u></b>	<b><u>651</u></b>

## Note 6. Non-current assets

\$ '000	2023	2022
<b>(a) Trade and other receivables</b>		
Loans to community organisations	16	22
<b><u>Total financial assets</u></b>	<b><u>16</u></b>	<b><u>22</u></b>

## (b) Other non-current assets

Capital work in progress	2,053	2,481
<b><u>Total other non-current assets</u></b>	<b><u>2,053</u></b>	<b><u>2,481</u></b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 7. Infrastructure, Property, Plant & Equipment

### Infrastructure, property, plant and equipment

		as at 30/06/22										as at 30/06/23			
\$ '000	Fair Value Level	Asset movements during the reporting period													
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	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	Accumulated Depreciation	Carrying amount
Land	2	3,903	–	–	3,903	–	–	–	–	–	–	3,903	–	–	3,903
Land	3	7,507	–	–	7,507	–	–	–	–	–	–	7,507	–	–	7,507
Land improvements	2	1,484	–	(780)	704	240	–	–	(37)	–	–	1,484	240	(817)	907
Land improvements	3	8,739	199	(4,180)	4,758	316	309	(83)	(272)	–	183	8,739	824	(4,352)	5,211
Buildings and other structures	2	13,891	104	(7,913)	6,082	–	32	–	(285)	–	–	13,891	134	(8,199)	5,826
Buildings and other structures	3	7,432	286	(3,083)	4,635	–	176	(2)	(234)	–	28	7,470	462	(3,328)	4,604
Infrastructure															
- Stormwater drainage	3	43,556	1,246	(21,526)	23,276	874	–	(102)	(540)	–	400	43,852	2,121	(22,065)	23,908
- CWMS	3	28,641	1,653	(9,264)	21,030	–	85	(14)	(531)	–	16	28,678	1,739	(9,831)	20,586
- Roads & Footpaths	3	376,874	10,765	(20,202)	367,437	6,657	5,043	(1,381)	(2,207)	–	25	374,383	22,464	(21,275)	375,572
- Airport Upgrade	3	11,672	21,723	(11,361)	22,034	25	134	(6)	(843)	(132)	–	30,919	156	(9,864)	21,211
Right-of-use assets															
Library books	3	–	419	(282)	137	47	–	–	(62)	–	–	–	466	(344)	122
Plant, Machinery & Equipment	3	600	14	(614)	–	–	–	–	–	–	–	600	14	(614)	–
Office Equipment, Furniture & Fittings	3	6,402	1,123	(4,784)	2,741	–	–	(74)	(225)	–	–	6,258	1,123	(4,939)	2,442
	3	531	168	(670)	29	–	–	–	(13)	–	–	531	167	(683)	15
<b>Total infrastructure, property, plant and equipment</b>		<b>511,232</b>	<b>37,700</b>	<b>(84,659)</b>	<b>464,273</b>	<b>8,159</b>	<b>5,779</b>	<b>(1,662)</b>	<b>(5,249)</b>	<b>(132)</b>	<b>652</b>	<b>528,215</b>	<b>29,910</b>	<b>(86,311)</b>	<b>471,814</b>
Comparatives		514,502	31,214	(81,339)	464,377	3,389	3,098	(2,032)	(5,157)	–	602	511,232	37,700	(84,659)	464,273

# 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).

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

#### Information on 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.

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

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

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

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

#### Other information

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

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

#### Highest and best use

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

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

### Transition to AASB 13 - Fair Value Measurement

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

### Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliable to qualify for recognition; land under roads has not been recognised in these reports.

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

Land improvements are recognised at fair value, originally deriving from a valuation conducted by Marsh Advisory at 30 June 2021 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

In line with the Asset Accounting Policy adopted in 2011/12 and reviewed annually, Council has decided to apply the capitalisation thresholds for Land Improvement assets, to be consistent with the other major asset classes. Council does not recognise on its balance sheet or provide depreciation for Land Improvements, or Buildings and Structures which Council considers will not rationally be replaced. Where there is no regular cash flow generated from the asset, the net present value of future cash flows for that asset is the disposal value. Where assets are not rationally replaced, and Council has decided that there is no expected future economic benefit continuing to flow to Council, the disposal value will be reduced to nil.

### Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values and were valued for 30 June 2021 by Marsh Advisory.

For Buildings & Structure assets which Council considers will not rationally be replaced, the same accounting treatment applies as stated in the Land & Land Improvements section above.

### Infrastructure

Airport assets were valued by GHD as at 30 June 2023.

Transportation assets were valued by Public Private Property as at 30 June 2020

Stormwater drainage infrastructure was valued by JLL Public Sector Valuations Pty Ltd as at 30 June 2019 at depreciated current replacement cost, based on actual costs incurred during the reporting period and an assessment of useful life and asset condition data.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2019 by JLL Public Sector Valuations Pty Ltd on the same basis as that determined for Stormwater assets.

### Plant & Equipment

Plant & Equipment assets were revalued as at 30 June 2017 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.

### Furniture & Fittings

Furniture and Fitting assets were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.

### Library Books

Library books and other lending materials were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.



## Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(a) Trade and other payables</b>				
Goods and services	2,640	—	874	—
Payments received in advance <sup>1</sup>	1,626	6,997	4,156	7,512
Accrued expenses - employee entitlements	37	—	28	—
Accrued expenses - finance costs	131	—	51	—
Accrued expenses - other	35	—	331	—
Deposits, retentions and bonds	36	—	36	—
<b><u>Total trade and other payables</u></b>	<b><u>4,505</u></b>	<b><u>6,997</u></b>	<b><u>5,476</u></b>	<b><u>7,512</u></b>

(1) As per the Funding Agreement with State and Federal Governments, amounts received for the construction of the airport are treated as payments received in advance as Council is required to satisfy certain conditions as per the funding agreements

## (b) Borrowings

Loans	436	10,750	510	10,188
<b><u>Total Borrowings</u></b>	<b><u>436</u></b>	<b><u>10,750</u></b>	<b><u>510</u></b>	<b><u>10,188</u></b>

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

## (c) Provisions

Employee entitlements (including oncosts)	953	68	952	83
Future reinstatement / restoration, etc	10	128	10	138
<b><u>Total provisions</u></b>	<b><u>963</u></b>	<b><u>196</u></b>	<b><u>962</u></b>	<b><u>221</u></b>

## (d) Other liabilities

Liability Accounted Investments in Council Businesses	1,062	—	1,006	—
<b><u>Total other liabilities</u></b>	<b><u>1,062</u></b>	<b><u>—</u></b>	<b><u>1,006</u></b>	<b><u>—</u></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
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset revaluation reserve</b>					
Land	6,521	—	—	—	6,521
Land improvements	8,547	183	—	—	8,730
Buildings and other structures	2,158	28	—	—	2,186
Infrastructure					
- Stormwater drainage	4,274	400	—	—	4,674
- CWMS	6,510	16	—	—	6,526
- Roads/Bridges/Footpaths	385,787	25	—	—	385,812
- Airport Upgrade	—	(132)	—	—	(132)
Furniture and fittings	362	—	—	—	362
Library books	204	—	—	—	204
Plant, Machinery & Equipment	2,027	—	—	—	2,027
<b>Total asset revaluation reserve</b>	<b>416,390</b>	<b>520</b>	<b>—</b>	<b>—</b>	<b>416,910</b>
Comparatives	415,788	578	24	—	416,390

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other reserves</b>					
Airport Reserve	4,472	3,858	—	—	8,330
CWMS Reserve	753	464	—	—	1,217
Asset Reinvestment Reserve	289	—	—	—	289
Kingscote CBD Car Park Reserve	30	1	—	—	31
Open Space Reserve	15	—	—	—	15
Ronald Maxwell Bell Property Reserve	61	2	—	—	63
Daniel Williams Reserve	12	1	—	—	13
<b>Total other reserves</b>	<b>5,632</b>	<b>4,326</b>	<b>—</b>	<b>—</b>	<b>9,958</b>
Comparatives	5,632	—	—	—	5,632

## Note 9. Reserves (continued)

### Purposes of reserves

#### Asset revaluation reserves

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

#### Airport Reserve

The Airport is a self servicing entity within the Council and any surplus or deficit for the year is accumulated in this reserve.

#### CWMS Reserve

CWMS is a self servicing entity within the Council and any surplus or deficit for the year is accumulated in this reserve.

#### Asset Reinvestment Reserve

The reserve holds contributions from the sale of Council assets for future land purchases.

#### Kingscote CBD Carpark Reserve

Developer Car Park contributions held for future CBD carparking in Kingscote.

#### Open Space Fund Reserve

Contributions from developers for future open space developments and expenditure.

#### Ronald Maxwell Bell Property Reserve

Sale proceeds of ratepayer's property, which are required to be held by Council until owner is located or until processed as per the Unclaimed Moneys Act 1891.

#### Daniel Williams Reserve

Sale proceeds of ratepayer's property, which are required to be held by Council until owner is located or until processed as per the Unclaimed Moneys Act 1891.

## Note 10. Assets subject to restrictions

\$ '000	2023	2022
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
<b>Cash and financial assets</b>		
Developer contributions	33	33
Sale of Ratepayer's Property	76	76
Infrastructure	—	1,000
<b>Total cash and financial assets</b>	<b>109</b>	<b>1,109</b>
<b>Infrastructure, property, plant and equipment</b>		
Land Assets <sup>1</sup>	7,405	7,405
<b>Total infrastructure, property, plant and equipment</b>	<b>7,405</b>	<b>7,405</b>
<b>Total assets subject to externally imposed restrictions</b>	<b>7,514</b>	<b>8,514</b>

(1) Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'. Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 11. Reconciliation to Statement of Cash Flows

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

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

Total cash and equivalent assets	5	3,628	2,624
<b>Balances per Statement of Cash Flows</b>		<b>3,628</b>	<b>2,624</b>

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

<b>Net surplus/(deficit)</b>		7,521	4,964
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		5,249	5,157
Equity movements in equity accounted investments (increase)/decrease		56	(71)
Grants for capital acquisitions treated as investing activity		(9,719)	(6,380)
Net (gain)/loss on disposals		1,608	1,642
		<b>4,715</b>	<b>5,312</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		726	(10)
Net (increase)/decrease in inventories		310	(369)
Net increase/(decrease) in trade and other payables		1,073	(177)
Net increase/(decrease) in unpaid employee benefits		(14)	(56)
Net increase/(decrease) in other provisions		(10)	(10)
Net increase/(decrease) in other liabilities		(2,146)	–
<b>Net cash provided by (or used in) operations</b>		<b>4,654</b>	<b>4,690</b>

### (c) Financing arrangements

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

Bank overdrafts	100	100
Corporate credit cards	15	11
LGFA cash advance debenture facility	13,924	13,924

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

## Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)
	2023	2022	2023	2022	2023	2022	2023	2022	2023
<b>Functions/Activities</b>									
Business Undertakings	4,179	5,913	4,765	6,267	(586)	(354)	-	-	17,706
Community Services	59	94	1,321	1,200	(1,262)	(1,106)	-	-	21,034
Culture	37	32	292	270	(255)	(238)	33	28	-
Economic Development	417	402	73	57	344	345	-	-	-
Environment	3,454	3,343	3,288	3,148	166	195	-	-	-
Recreation	75	76	1,239	1,162	(1,164)	(1,086)	-	-	-
Regulatory Services	237	853	2,252	2,282	(2,015)	(1,429)	-	597	-
Transport & Communication	246	188	6,832	6,211	(6,586)	(6,023)	-	-	10,610
Plant Hire & Depot/Indirect	7	5	1,302	1,487	(1,295)	(1,482)	-	-	5,106
Governance	13,330	12,725	1,267	1,321	12,063	11,404	5,453	5,003	2,877
Support Services	-	-	-	-	-	-	-	-	2,728
<b>Total Functions/Activities</b>	<b>22,041</b>	<b>23,631</b>	<b>22,631</b>	<b>23,405</b>	<b>(590)</b>	<b>226</b>	<b>5,486</b>	<b>5,628</b>	<b>482,925</b>
									<b>475,850</b>

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 12(b). Components of functions

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The activities relating to Council functions are as follows:

### Business undertakings

Airport Management, Caravan & Camping Parks, Boating Facilities, Private Works, Property Portfolio.

### Community services

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Children and Youth Services, Community Assistance, Community Transport, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

### Culture

Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

### Economic development

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

### Environment

Agricultural Services, Agricultural Water, Other Agricultural Services, Sewerage/CWMS, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, Water Supply and Other Environment.

### Recreation

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

### Regulatory services

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

### Transport

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

### Council administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, 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.

## Note 13. Financial instruments

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### 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 0.3% and 4.3% (2022: 0.3% and 1.05%).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

#### Receivables - rates and associated charges

##### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An impairment provision is recognised using the expected credit loss method.

##### Terms & Conditions:

Secured over the subject land, arrears attract fines of 2% and interest of 7.05% (2022: 2% and 5.2%). 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:

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).

#### 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.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 13. Financial instruments (continued)

---

### 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 and conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying amount:**

Approximates fair value.

### Liabilities - interest bearing borrowings

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable on a quarterly and annual basis; interest is charged on a spread of fixed or variable rates between 2.3% and 6.05% (2022: 2.05% and 6.73%). Overdraft rate is 11.71% (2022: 7.71%).

**Carrying Amount:**

Approximates fair value.

### Liabilities - leases

**Accounting policy:**

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



## Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,628	–	–	3,628	3,628
Receivables	4,975	17	–	4,992	4,989
<b>Total financial assets</b>	<b>8,603</b>	<b>17</b>	<b>–</b>	<b>8,620</b>	<b>8,617</b>
<b>Financial liabilities</b>					
Payables	2,844	–	–	2,844	2,843
Current borrowings	448	–	–	448	370
Non-current borrowings	–	1,386	9,603	10,989	10,721
<b>Total financial liabilities</b>	<b>3,292</b>	<b>1,386</b>	<b>9,603</b>	<b>14,281</b>	<b>13,934</b>
<b>Total financial assets and liabilities</b>	<b>11,895</b>	<b>1,403</b>	<b>9,603</b>	<b>22,901</b>	<b>22,551</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,624	–	–	2,624	2,624
Receivables	5,752	22	1	5,775	5,773
<b>Total financial assets</b>	<b>8,376</b>	<b>22</b>	<b>1</b>	<b>8,399</b>	<b>8,397</b>
<b>Financial liabilities</b>					
Payables	1,292	–	–	1,292	1,292
Current borrowings	544	–	–	544	510
Non-current borrowings	–	3,872	6,551	10,423	10,188
<b>Total financial liabilities</b>	<b>1,836</b>	<b>3,872</b>	<b>6,551</b>	<b>12,259</b>	<b>11,990</b>
<b>Total financial assets and liabilities</b>	<b>10,212</b>	<b>3,894</b>	<b>6,552</b>	<b>20,658</b>	<b>20,387</b>

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	6.05%	8,951	2.63%	7,975
Fixed interest rates	3.81%	2,140	3.81%	2,723
		<b>11,091</b>		<b>10,698</b>

### Net fair value

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

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 13. Financial instruments (continued)

### 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. Capital expenditure and investment property commitments

\$ '000	2023	2022
---------	------	------

### (a) Capital commitments

**Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:**

Infrastructure	3,500	2,000
	<b>3,500</b>	<b>2,000</b>

**These expenditures are payable:**

Not later than one year	3,500	2,000
	<b>3,500</b>	<b>2,000</b>

### (b) Other expenditure commitments

**Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:**

Audit Services	80	106
IT	645	963
Other	321	374
	<b>1,046</b>	<b>1,443</b>

**These expenditures are payable:**

Not later than one year	585	657
Later than one year and not later than 5 years	461	786
	<b>1,046</b>	<b>1,443</b>

## Note 15. Financial indicators

	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
<b>1. Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(2.7)%</b>	1.0%	3.4%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
<b>2. Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>73%</b>	74%	97%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating surplus			
Total operating income	<b>(6.7)%</b>	(2.8)%	3.4%
<b>Adjustments to Ratios</b>			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net financial liabilities			
Total operating income	<b>90%</b>	85%	103%
<b>3. Asset Renewal Funding Ratio</b>			
Asset renewals			
Infrastructure and Asset Management Plan required expenditure	<b>84%</b>	74%	76%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 15. Financial indicators (continued)

### Financial indicators - graphs

#### 1. Operating Surplus Ratio



#### Purpose of operating surplus ratio

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

#### Commentary on 2022/23 result

2022/23 ratio (2.7)%

Achieving a better-than-expected result of -2.7% operating surplus ratio is 3.19% points better than budget. This better than budget result has been delivered by expense management and an ongoing focus on improvement in non-rate income. Revenue enhancement from Council's assets and a continued focus on debt reduction in higher interest rate environment is expected to maintain strong operating surplus ratios. Council seeks to achieve positive operating surplus ratios without reducing service levels to the Community.

#### 2. Net Financial Liabilities Ratio



#### Purpose of net financial liabilities ratio

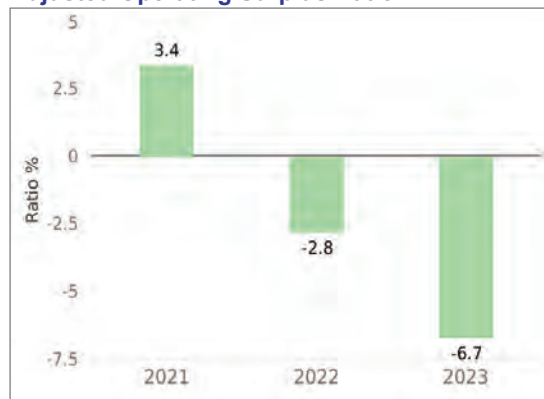
This indicator shows the significance of the net amount owed to others, compared to operating revenue

#### Commentary on 2022/23 result

2022/23 ratio 73%

Council has made significant improvements in managing its financial liabilities, assets, and income. The lower net financial liability ratio indicates a healthier financial position, with lower debt levels in relation to assets and income. The ratios improvement over the past three financial years reflects the improved financial stability and a reduction in debt burden.

#### 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

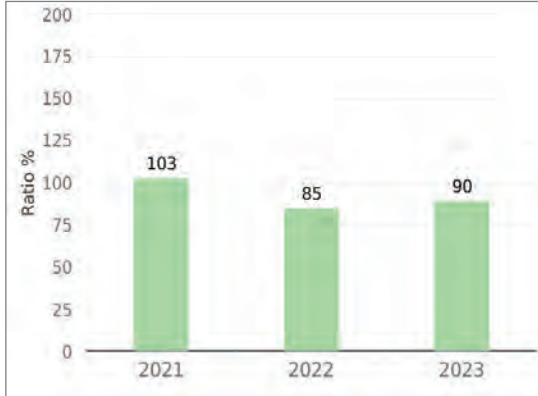
#### Commentary on 2022/23 result

2022/23 ratio (6.7)%

The adjusted operating surplus ratio of -6.7%, accounting for the prepayment of grant income, reveals a more nuanced financial picture for the local council. In the 2022/23 year a 100% pre-payment of financial assistance grants was received by Council, in previous years prepayments were between 50% and 70% of financial assistance grants.

## Note 15. Financial indicators (continued)

### Adjusted Net Financial Liabilities Ratio



#### Purpose of adjusted net financial liabilities ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 90%

Council has made significant improvements in managing its financial liabilities, assets, and income. The improvement of the adjusted financial liabilities ratio (net of timing benefits of financial assistance grants) over the past three financial years reflects the improved financial stability of the Council.

### 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 84%

A higher asset renewal funding ratio leads to improved asset sustainability, ensuring that essential public facilities and services remain in good condition and continue to serve the community effectively. The improved ratio reflects the Council's commitment to responsible financial planning and the recognition of the importance of maintaining long-term assets. An improved ratio signifies prudent financial management, and helps to prevent costly deferred maintenance.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 16. Uniform presentation of finances

\$ '000	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
<u>Income</u>		
Rates	11,723	11,266
Statutory charges	311	347
User charges	1,016	896
Grants, subsidies and contributions - operating	5,486	5,628
Investment income	16	23
Reimbursements	3,423	5,282
Other income	66	118
Net gain - equity accounted council businesses	—	71
<b>Total Income</b>	<b>22,041</b>	<b>23,631</b>
<u>Expenses</u>		
Employee costs	6,136	5,232
Materials, contracts and other expenses	10,870	12,832
Depreciation, amortisation and impairment	5,249	5,157
Finance costs	320	184
Net loss - equity accounted council businesses	56	—
<b>Total Expenses</b>	<b>22,631</b>	<b>23,405</b>
<b>Operating surplus / (deficit)</b>	<b>(590)</b>	<b>226</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>(590)</b>	<b>226</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(5,155)	(4,192)
Add back depreciation, amortisation and impairment	5,249	5,157
	<b>94</b>	<b>965</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(8,303)	(4,421)
Add back amounts received specifically for new and upgraded assets	7,165	1,722
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	55	390
	<b>(1,083)</b>	<b>(2,309)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>(1,579)</b>	<b>(1,118)</b>

## Note 17. Leases

### (i) Council as a lessee

#### Terms and conditions of leases

##### Right of use assets

Operating leases for motor vehicles with terms ranging from 3-5 years.

Set out below are the carrying amounts of right-of-use assets recognised within Plant, Machinery & Equipment and the movements during the period:

#### (a) Right of use assets

\$ '000	Ready to use	Property Lease	Motor Vehicles	Total
<b>2023</b>				
Opening balance	–	–	137	137
Additions to right-of-use assets	–	–	47	47
Depreciation charge	–	–	(62)	(62)
<b>Balance at 30 June</b>	<b>–</b>	<b>–</b>	<b>122</b>	<b>122</b>
<b>2022</b>				
Opening balance	–	–	180	180
Additions to right-of-use assets	–	–	34	34
Depreciation charge	–	–	(77)	(77)
<b>Balance at 30 June</b>	<b>–</b>	<b>–</b>	<b>137</b>	<b>137</b>

#### (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2023	2022
Balance at 1 July	134	185
Additions	47	34
Accretion of interest	11	11
Payments	(97)	(96)
<b>Balance at 30 June</b>	<b>95</b>	<b>134</b>
<b>Classified as:</b>		
Current	66	61
Non-current	29	73

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

The Group had total cash outflows for leases of \$97k.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	62	77
Interest expense on lease liabilities	11	11
<b>Total amount recognised in profit or loss</b>	<b>73</b>	<b>88</b>

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 17. Leases (continued)

### (ii) Council as a lessor

\$ '000	2023	2022
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	23	14
Later than one year and not later than 5 years	13	7
Later than 5 years	1	1
	<b>37</b>	<b>22</b>

## Note 18. Superannuation

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

### Accumulation only members

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

### Salarylink (Defined Benefit Fund) members

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

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

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

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

### Contributions to other superannuation schemes

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



## Note 19. Interests in other entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2023	2022	2023	2022
<b>Council's Share of Net Income/(Loss)</b>				
Joint ventures	(56)	71	—	(1,006)

### ((a)i) Joint ventures, associates and joint operations

#### (a) Carrying amounts

\$ '000	Principal Activity	2023	2022
Fleurieu Regional Waste Authority	Waste and Recycling Management	(1,062)	(1,006)
<b>Total carrying amounts - joint ventures and associates</b>		<b>(1,062)</b>	<b>(1,006)</b>

#### ***Fleurieu Regional Waste Authority***

The Fleurieu Regional Waste Authority (FRWA) is an authority under Section 43 of the Local Government Act (1999). FRWA is a regional subsidiary formed by the member councils; Alexandrina Council, City of Victor Harbor, Kangaroo Island Council, and District Council of Yankalilla in South Australia in order to manage the operation of waste and recycling in the combined areas.

#### ***Southern and Hills Local Government Association***

The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island within Local Government in South Australia.

The group meets 6 times annually to discuss Local Government policy and procedures and to promote Local Government Initiatives from a regional perspective.

Kangaroo Island Councils interest in the Southern & Hills Local Government Association for 2022-23 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

#### (b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2023	2022	2023	2022	2023	2022
Fleurieu Regional Waste Authority	12.00%	12.00%	12.00%	12.00%	22.00%	22.00%

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 19. Interests in other entities (continued)

### (c) Movement in investment in joint venture or associate

\$ '000	Fleurieu Regional Waste Authority		Southern and Hills Local Government Association	
	2023	2022	2023	2022
Opening Balance	(1,006)	(1,346)	—	—
Share in Operating Result	(56)	71	—	—
Other Adjustment	—	269	—	—
<b>Council's equity share in the joint venture or associate</b>	<b>(1,062)</b>	<b>(1,006)</b>	<b>—</b>	<b>—</b>

## Note 20. Non-current assets held for sale and discontinued operations

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

## Note 21. 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.

At reporting date, Council controlled 2,485 km of road reserves of average width 20 metres.

### 2. Potential insurance losses

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

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

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

### 3. Bank guarantees

Council has not guaranteed any loans or other banking facilities to community organisations and sporting bodies. Council does not expect to incur any loss arising from these guarantees

### 4. 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 1 appeal against planning decisions made prior to reporting date.

## Note 22. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is not aware of any "non adjusting events" that merit disclosure;

## Note 23. 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, 17 persons were paid the following total compensation:

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	839	810
Post-employment benefits	66	60
Supplies	3	1
<b>Total</b>	<b>908</b>	<b>871</b>

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

One Councillor has interests in a printing & signage business that provided goods to the value of \$730.

No key management personnel or parties related to them had any transactions during the year on terms more favourable than those available to the general public.

# Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

## Note 24. Council information and contact details

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### Principal place of business:

43 Dauncey St  
KINGSCOTE SA 5223

### Contact details

#### Mailing Address:

PO Box 121  
KINGSCOTE SA 5223

**Telephone:** 08 8553 4500

**Facsimile:** 08 8553 2885

#### Opening hours:

9.00am to 5.00pm  
Monday to Friday

**Internet:** [www.kangarooisland.sa.gov.au](http://www.kangarooisland.sa.gov.au)

**Email:** [kicouncil@kicouncil.sa.gov.au](mailto:kicouncil@kicouncil.sa.gov.au)

### Officers

CHIEF EXECUTIVE OFFICER  
Daryl Buckingham

### Elected members

#### Mayor

Michael Pengilly

#### Councillor

Richard Cotterill - Deputy Mayor

Bob Teasdale  
Sam Mumford  
Shirley Pledge  
Ken Liu  
Pat Austin  
Jeanette Gellard  
Veronica Bates  
Greg Miller

### Other information

**ABN:** 93 741 277 391

# Auditor's Report – Financial Statements

## Galpins

Accountants, Auditors  
& Business Consultants



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## Independent Auditor's Report – Financial Statements

### To the members of Kangaroo Island Council

#### Opinion

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

## Auditor's Report – Financial Statements continued

### Auditor's responsibility for the audit of the financial report

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

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

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

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

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



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

23 November 2023

# Auditor's Report – Internal Controls

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& Business Consultants



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## Independent Auditor's Report - Internal Controls

To the members of Kangaroo Island Council

### Opinion

We have audited the compliance of Kangaroo Island 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 2022 to 30 June 2023 have been conducted properly and in accordance with law.

In our opinion, Kangaroo Island 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 Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

### The Council's responsibility for internal controls

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

### Our independence and quality control

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

## Auditor's Report – Internal Controls continued

### Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

### Limitations of controls

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

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

### Limitation of use

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

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



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

23 November 2023



## Certificate of Auditor Independence

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Kangaroo Island Council for the year ended 30 June 2022, the Council's Auditor, Galpins Accountants Auditors and 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*.



Daryl Buckingham  
Chief Executive Officer



Greg Connor  
Presiding Member, Audit Committee

Date: 23 November 2023

## Statement by Auditor

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& Business Consultants



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### KANGAROO ISLAND 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 Kangaroo Island Council for the year ended 30 June 2023, I have maintained my independence in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code), in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

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

**Tim Muhlhausler** CA, Registered Company Auditor

Director

23 November 2023