













# **Audit and Governance Committee**

# **Agenda**

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that a meeting of the Audit and Governance Committee will be held in the Council Chambers, 181 Unley Road Unley on

# Monday 9 October 2017

# 6.30pm

for the purpose of considering the items included on the Agenda.

Peter Tsokas

**Chief Executive Officer** 

## **AUDIT AND GOVERNANCE COMMITTEE**

Wednesday 9 October 2017 – 6.30pm 1<sup>st</sup> Floor Conference Room Civic Centre 181 Unley Road Unley

### **AGENDA**

# **MEMBERS:**

Mr John Rawson (Presiding Member) Mr Ed Parker (Independent Member) Mr Sean Tu (Independent Member) Councillor Michael Rabbitt Councillor Rob Sangster

# **APOLOGIES**

Mr Ed Parker Mr Sean Tu

ITEM 64 CONFLICT OF INTEREST

1.

# ITEM 65 CONFIRMATION OF MINUTES

2.

MOVED: SECONDED:

That the minutes of the Audit and Governance Committee meeting, held on Wednesday 9 August 2017, as printed and circulated be taken as read and signed as a correct record.

# **OFFICER'S REPORTS**

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# **PRESENTATIONS**

# **MOTIONS WITHOUT NOTICE**

# **NEXT MEETING DATE**

To be advised.

# **CONFLICT OF INTEREST**

TITLE: CONFLICT OF INTEREST

**ITEM NUMBER:** ITEM 64

**DATE OF MEETING:** 9 OCTOBER 2017

ATTACHMENT: 1. CONFLICT OF INTEREST DISCLOSURE

**FORM** 

Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda.



# **CONFLICT OF INTEREST DISCLOSURE FORM**

I,	have received a
	[insert name]
copy of the agenda for th	ne (Ordinary / Special) <b>Council / Committee / Board</b> [delete that which is not applicable]
meeting to be held on -	
3	[insert date]
or *perceived conflict	*material conflict of interest pursuant to section 73 / *actual of interest pursuant to section 74 [*delete that which is not overnment Act 1999 ("the LG Act") in relation to the following
	[insert details]
which is to be discussed	by the *Council / *Committee / *Board at that meeting. [delete that which is not applicable]
recorded, including the reasestands to obtain a benefit or s	<b>rial</b> conflict of interest is as follows [ensure sufficient detail is ons why you (or a person prescribed in section 73(1) of the LG Act) suffer a loss depending on the outcome of the consideration of the matter in relation to the agenda item described above].
including the reasons why th	conflict of interest is as follows [ensure sufficient detail is recorded to be conflict between your interests and the public interest might lead to be public interest in relation to the agenda item described above].
_	

I intend to deal with my <b>actual</b> conflict of interest in the follow transparent and accountable way [ensure sufficient detail is recorded as to the manner in which you intend to deal with the actual conflict of interest in a transparent and accountable way]
OR
The nature of my <b>perceived</b> conflict of interest is as follows [ensure sufficient detail is recorded, including the reasons why you consider that an impartial fair-minded person could reasonably consider that you have a perceived conflict of interest in the matter]
I intend to deal with the <b>perceived</b> conflict of interest in the following transparent and accountable way [ensure sufficient detail is recorded as to the manner in which you intend to deal with the perceived conflict of interest in a transparent and accountable way]
Signature
 Date

## **CONFIRMATION OF MINUTES**

TITLE: CONFIRMATION OF MINUTES FOR AUDIT AND

GOVERNANCE COMMITTEE MEETING HELD

ON 9 AUGUST 2017

**ITEM NUMBER:** ITEM 65

**DATE OF MEETING:** 9 OCTOBER 2017

ATTACHMENTS: NIL

## **RECOMMENDATION**

MOVED: SECONDED:

### That:

1. The minutes of the Audit and Governance Committee Meeting held on Wednesday 9 August 2017, as printed and circulated, be taken as read and signed as a correct record.

#### INFORMATION REPORT

**REPORT TITLE:** WHS & RTW PLAN 2017-2019

**ITEM NUMBER:** ITEM 66

**DATE OF MEETING**: 9 OCTOBER 2017

**AUTHOR:** KATE GIBBS, WHS BUSINESS PARTER

CHELSEA WINSKILL, WHS ADVISOR

### 1. **EXECUTIVE SUMMARY**

Over the last 12 months, the WHS Team has worked with business areas to deliver considerable improvements to the City of Unley WHS & RTW functions.

Foundational elements of a strong safety culture have been implemented through a multi-faceted approach:

- Policy, Planning, Program & Procedure framework
- Management system and technology
- Incident and claims management
- Legislative compliance monitoring
- Consultative forums (Health & Safety Committees)
- Training systems, including internal delivery where possible
- Hazard management
- Access to external funding opportunities
- Audit preparation

These efforts have provided a stronger basis for managing risk and have also delivered cost savings approaching \$50k.

The next 24 months will see an increased emphasis on managing the risks involved in hazardous work areas, implementing technology to enhance training, induction and incident management, as well as addressing due diligence requirements, which includes the endorsement and delivery of the WHS & RTW Plan 2017-2019.

## 2. **RECOMMENDATION**

That it be recommended to Council that:

1. The WHS & RTW Plan 2017-2019 (Attached to this report) be noted.

### 1. RELEVANT CORE STRATEGIES/POLICIES

- 1.1 The City of Unley Executive Management Team (EMT) adopted a suite of Policies, adapted from those recommended by Local Government Workers Compensation Scheme (LGAWCS) in June and July 2016. These are:
  - Work Health Safety and Return to Work Policy
  - WHS Hazard Management Policy
  - WHS Administration of the WHS Hazard Management System Policy
  - WHS Communication & Consultation Policy
  - WHS Contractor Management Policy
  - WHS Emergency Management Policy
  - WHS Hazardous Work Policy

### **Civic Leadership**

Goal 4: Council will listen to the community and make transparent decisions for the long term benefit of the City.

- 4.1 We have strong leadership and governance
- 4.3 Our Business Systems and Solutions are effective and transparent

### 2. <u>DISCUSSION</u>

The City of Unley is committed to instilling a safety culture across the business. The safety culture of a workplace comprises the values, beliefs, perceptions and normal behaviours that employees share.

In a strong safety culture, everyone feels responsible for safety management, And managers work constructively with employees to resolve safety issues. Employees are committed to safety and feel empowered to act accordingly, working to identify unsafe conditions and behaviours, and intervening to correct them.

Developing a safety culture takes time, and is underpinned by a well-functioning safety management system. To this end, the focus on 2016-2017 has been to begin building an entirely new (and sustainable) system from the ground up, embracing new technology in the process.

A review of WHS procedure implementation, legislative compliance and incident management data has identified the following key focus areas for the CoU WHS function:

- 1. Hazard Management
- 2. WHS Management System Planning & Development
- 3. WHS Training Systems

These key areas are reflected in the endorsed WHS & RTW Plan 2017-2019 (Attachment 1 to Item xx/17), with progress against agreed KPIs reported quarterly to the EMT and the Strategic Health & Safety Committee.

Although all key WHS initiatives are captured in the Plan, a subset of these initiatives constitutes an agreed action plan (KPI Action Plan) with the LGAWCS. Progress against this plan, along with the cost of claims as a ratio of Council contributions, forms the basis for a financial rebate each year (usually ~\$300K) from LGAWCS, as shown below:

# WHS & RTW Plan Actions

# **LGAWCS KPI Action Plan**

# **Total Potential Rebate**

50% Claims Rebate
Component
(based on Claims Loss
Ratio)

50% WHS Rebate
Component
(based on % of completed
KPI Action Plan)

Total Actual
Rebate
Received

The rebate is a strong indicator of Council's over-all safety management system performance. Fewer and less serious injuries should result in fewer and less costly claims, reducing the Council's Claim Loss Ratio each year, and increasing the total rebate entitlement.

An analysis of Council's performance in incident and claims management has driven the following key deliverables over the last 12-18 months:

 Development of Legislative Compliance Register - Programmable Events Matrix (PEM)

This matrix offers a systematic approach to planning and reviewing WHS legislative compliance.

Developed in consultation with key staff, it enables legislated checks, risk assessments, inspections and procedural reviews to be:

- Scheduled monthly;
- Allocated to responsible staff members for completion;

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- Evidence of completion appropriately documented; and
- Outstanding items are reported on a bi-monthly basis to the Strategic Health and Safety Committee, and escalated to the Executive Management Team (EMT) if required.

# 2. WHS Policy and Procedure Updates

In 2015-2016, a review of CoU WHS Policies and Procedures revealed that more than 80% of the City of Unley's WHS Policies and Procedures were either over-due for review within the 3 year review cycle, or were in urgent need of updates to meet the latest legislative requirements.

Currently, about 70% of policies and procedures are now up to date. The remaining will be complete by December 2018.

## 3. WHS Procedure Implementation

In consultation with business areas, the WHS team have reviewed and implemented the following procedures over the last 12 months:

- Emergency Management
- First Aid
- Induction and Training
- Incident Reporting & Investigation
- Asbestos
- Hazardous Chemicals

The remaining Hazard Management and Hazardous Work Procedures are to be implemented over the coming 24 months. (This is a large component of the Plan.)

The implementation of these Procedures has raised awareness in the reporting of incidents through education and tool-box training sessions, evidenced by some of the more serious 'Near Miss' incidents reported<sup>1</sup>.

### 4. Skytrust – WHS System Implementation

Adopted in September 2016, the system provides rapid improvements to WHS data capture, information dissemination and reporting across the whole organisation, and as the system is used widely across the sector, it will enable improved comparative reporting.

Implementation of a system is a critical component of the future for WHS at Unley.

<sup>&</sup>lt;sup>1</sup> Over the past 12 months, there have been seven Notifiable incidents which have occurred. These have resulted in the development of a number of improvement plans. Of these incidents, one resulted in an Improvement Notice, and all have been closed out by SafeWorkSA.

### 5. Restructure of Health & Safety Committees (HSC)

In September 2016, a review of the current committee structure occurred in consultation with existing Health & Safety Representatives, Health & Safety Committee members and SafeWorkSA, and resulted in a reduction of committees from 3 to 2.

This change has been well received. It has reduced the review and endorsement timeframes for procedures and has provided better alignment to the different levels of risk across the organisation. The new structure:

- Operations HSC (represented by HSRs and staff from the Pool and Depot Operations where higher risk work is largely carried out).
- Strategic HSC (represented by most work areas across the organisation, and exists to review processes and data which impact on the organisation as a whole).

### 6. Training Framework

The WHS Team have developed a Training Needs Analysis, Competency and Attendance Register, Evaluation Process and Training Plan:

20 training sessions have occurred:

- Hearing Protection Awareness, Fit-testing and Audiometric Testing
- Return to Work Training (Claims and Injury Management) for Managers and Team Leaders
- Incident Investigation and Reporting Training for Managers, Team Leaders and Supervisors
- Crane Operation and Hazard Identification
- Health and Safety Committee Training
- Asbestos Awareness Training
- Emergency Planning Committee Training
- Emergency Evaluation Exercises across all Council sites
- Dealing with Aggressive Customers Training
- Skin Cancer Awareness Training
- First Aid SWP Training for all workers
- Hazardous Chemical Awareness (all Operations staff)
- Haz Chem for key users (software platform for managing hazardous chemicals)
- Risk Assessment and Hazard ID training for Operations Managers and Team Leaders
- PPE (Personal Protective Equipment Training) for Managers and Team Leaders
- Work Zone Traffic Management Training

- First Aid Awareness (All staff) and First Aider Training across all sites
- Health & Safety Representative (HSR) Training
- Remote & Isolated Work awareness
- UVR & Inclement Weather Awareness

# 7. <u>Development and Implementation of Hazard Management Profile and Register</u>

Partnering together with Local Government Risk Services, (LGRS), the WHS team have developed a Hazard Register and system architecture.

Concurrently, the following legislated areas of hazardous work have been addressed:

# 1. Remote and isolated work – Risk Assessments for the following work areas:

- Museum
- Events
- Community Centres
- Unley Pool
- Volunteer drivers
- Civil and Trades

# 2. Hazardous chemical management

In March 2017, a chemical stock-take was completed. It identified a high level of stock which has resulted in unlabelled chemicals being disposed of from across the organisation, and Risk Assessment requirements identified and scheduled.

### 3. Electrical Safety

The WHS Business Partner has completed an organisational review of electrical risk in line with the Managing Electrical Risks in the Workplace Code of Practice.

The review found that there are 3,500 items at the City of Unley that are electrically tested and tagged. A further review over the next 12 months will be conducted by WHS team to examine if all of these electrical items are required to be inspected and tested under WHS Regulation 150.

### 8. Cost savings

From September 2016 to October 2017, the following savings/additional funding sources have been identified:

Туре	12 Month
	Cost
	Saving
Asbestos inspections for low risk sites moved to 5 yearly \$15 000 over 5 years	\$3,000

2 Tailored Implementation Plan (TIP) funding from LGRS (20 days of work)	\$30,000
Cancer Council training (Skin Cancer Awareness)	\$150
Skin Cancer Prevention - secured x12 additional places, funded by LGRS	\$480
In-house training: WHS Committee Training x2 sessions	\$2,400
In-house training: PPE Training x 2 sessions	\$2,400
In-house training: Risk Assessment and Hazard ID training for Operations Managers and Team Leaders	\$1,200
Remote & Isolated Work awareness x3 sessions	\$3,600
Hazardous Chemical Awareness x3 sessions	\$3,600
TOTAL	\$46,830

These cost savings have effectively expanded the impact of the WHS team, allowing more training and more implementation to be achieved than would have otherwise been possible. For example:

- Dollars saved by delivering some training in-house has enabled reallocation of budget to provide additional mandatory and hazardous work training (e.g. Health & Safety Representative training, Working at Heights).
- The TIP funding has expedited implementation of various hazardous work program areas (particularly in building the Hazard Management architecture, and reviewing Hazardous Chemical Management), allowing the WHS team to focus on other important areas such as Remote & Isolated Work, Confined Space and Working at Heights.

### 9. LGAWCS 2017 Procedure Implementation Audit

The City of Unley recently took part in an audit by LGAWCS focussing on procedure implementation (May 2017), using the City of Unley's First Aid Procedure as a sample. The results of this audit were encouraging. Positive feedback was received from the auditor, with the report showing a number of areas for improvement but also a strong improvement across all areas of system development compared to previous audit findings. Non-conformances have been noted for action in September 2017 in the City of Unley's Non-Conformance Register.

### 10 Development - WHS Plan 2017-2019

The WHS Plan 2017-2019 is a requirement under the Return to Work Act (SA), 2014 which requires Council to conform with the Gazetted Code of Conduct for self-insurers. This document guides the Performance Standards for Self Insurers Guidelines issued by the regulator.

Below is a summary of the Plan's program areas:

# 1 Hazard Management

This program area enables the development of a safe system of work, a core requirement under the WHS legislation. It involves documentation of all tasks undertaken across the organisation, an analysis of their risk and the implementation of safety architecture such as SWMS, Risk Assessments, and SWPs.

### 2 WHS Management System Planning & Development

A safety management system allows CoU to demonstrate conformance (or non-conformance) with legislative requirements at all levels is a key requirement of the Performance Standards for Self-Insurers, and is required for self-insurers under the RTW legislation. It involves the development of internal systems which facilitate regular review, consultation, reporting and corrective action at all levels of the organisation, with appropriate documentation of decision making and remedial action from EMT through to Team Leaders and individual workers.

### 3 WHS Training Systems

The focus of training over the next 12 months is to ensure:

- Those with specific responsibilities under the WHS legislation are trained according to their level of responsibility and the type of work they supervise (EMT, Department Managers, Managers and Team Leaders).
- Managers and Team Leaders are equipped to develop quality Risk Assessments and Safe Work Procedures across all mandatory areas (e.g. Hazardous Chemicals, Remote & Isolated Work etc.).
- Workers are trained and instructed in how to undertake hazardous work in a safe and legislatively compliant manner.

The achievement of the above program areas in 2019 will provide a sound basis from which to build a stronger safety culture, a safe system of work, and to continue lowering organisational costs associated with claims.

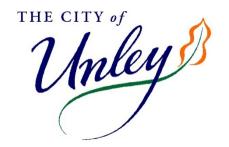
## 3. STAKEHOLDER ENGAGEMENT

Under the South Australian WHS & RTW legislation, a high level of internal consultation and communication is required to implement any process. Most aspects of the WHS & RTW Plan 2017-2019 will involve a *moderate* level of consultation. This means that relevant, competent workers impacted by the procedure or nominated Health & Safety Representatives, will be provided with reasonable opportunity to provide feedback and comment on proposed new initiatives or changes to work practices.

Occasionally, as is provided for within the WHS legislation, external consultation is required, whereby nearby businesses or organisations (called PCBUs under the legislation) should be at the very least consulted if there is an opportunity to share or combine processes and resources.

The WHS Plan 2017-2019 was tabled at the Strategic Health & Safety Committee for review and feedback on the 24 May 2017. No changes or suggestions were submitted.

There are no external consultation requirements for this Plan.



# Endorsed by:

Chief Executive Officer - Peter Tsokas

General Manager City Development - John Devine

General Manager City Services – Megan Berghuis

General Manager Business Support & Improvement - Nicola Tinning



Version No:

V1.0

Issued:

August 2017

Next Review:

v: June 2019

# Introduction

#### **Priorities**

A review of the existing WHS & RTW system has identified the need for comprehensive implementation of hazardous work procedures, prioritising high risk work areas of Council such as Depot Operations and the Swimming Centre. Hazardous Work (which includes Hot Work, Manual Handling, Working at Heights, Plant etc.) has rigorous technical compliance requirements under the WHS Act, 2012. Included within these legislative requirements are detailed requirements for:

- Providing a safe system of work and so far as is reasonably practicable, ensuring compliance
- Ensuring adequate training and instruction

As such, Training, System Development and Hazardous Work have been selected as focus areas within this plan.

#### Context

At the same time, as a self-insurer, the City of Unley is required, under the RTW Act, 2014 to comply with the Performance Standards for Self Insurers (PSSI).

The PSSI effectively guide the manner in which self-insurers are to provide a safe system of work, and the documentation and methods required to demonstrate they are doing so.

The LGAWCS conducts an annual audit of conformance with these requirements which provides the basis of the KPI Action Plan each year.

Thus, this plan aims to focus on achieving the legislative requirements within the priority areas outlined above, whist at the same time, building a system which will enable a significantly higher level of PSSI conformance in future, as well as laying the foundation for the development of a stronger safety culture in the years to come.



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# **Targets**

The following provides a summary of the extent to which this plan aims to achieve WHS legislative requirements as is required for self-insurers under the RTW legislation.

No	Performance Standard	Target
1	Commitment and Policy	By July 2019 the City of Unley will have an up-to-date suite WHS & RTW Policies and Procedures.
2	Planning	The City of Unley will fulfil the objectives and targets outlined in this plan in accordance with the WHS Planning & Program Development Procedure.
3	Implementation	The City of Unley will focus on the development of an organisation wide system of procedure implementation, prioritising hazardous work areas, and high risk work areas of Council, by July 2019.
4	Measurement and Evaluation	The City of Unley will measure, monitor and evaluate its performance, focussing on the over-all achievement of this plan, and also the WHS Training Program as it relates to hazardous work area procedure implementation outlined above.
5	Management Systems, Review and Improvement	The City of Unley will build a safety management system which provides for the regular review of WHS and RTW performance, with the objective of identifying non-conformances and deficiencies across all work areas of the business. This will be completed in consultation with employees and their representatives.



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# Program 1.0 – Hazard Management

Background	Risk management systems have been identified as a key non-conformance issue within the last two significant LGAWCS audits. The following elements of the risk identification, assessment and control process have also been identified as an area for improvement within the City of Unley WHS Management system and review process.
Objective:	Council has a hazard management system to enable hazards to be systematically identified, assessed and controlled.
Target:	A system is in place for foreseeable hazards to be identified within the organisation, this includes a system for:  Incident, Hazard and Near Miss Reporting Hazard profiling The completion of risk assessments within hazardous work area Effective application of control measures (including monitoring and review of corrective actions)
Performance indicators:	<ul> <li>A Hazard Profile and Register has been developed and implemented by June 2019.</li> <li>All new plant and substances purchased from December 2018 will have a pre-purchase assessment completed prior to purchase.</li> <li>All required Risk Assessments, including SWMS are developed by June 2019.</li> <li>Risk assessment documentation completed after July 2017 has evidence of: <ul> <li>Consultation with relevant stakeholders</li> <li>An assessment process (use of risk matrix)</li> <li>Application of the hierarchy of controls</li> <li>Identification of corrective action within target dates</li> <li>Links to associated controls and supporting documentation e.g. procedures, SWPs/SWIs, forms/checklists, training systems, etc</li> <li>Recording of residual risk</li> </ul> </li> </ul>
Observation / Osservation	<ul> <li>Required Risk assessments are identified, scheduled for review and completed as per the risk assessment schedule target dates from July 2017.</li> <li>70% of hazardous work Risk Assessments are completed by each Business Unit by June 2019</li> <li>Where corrective action is not implemented within target dates accountability and review mechanisms have been activated</li> </ul>
Champion / Sponsor	General Manager, City Development



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	ACTION	Responsibility	Scheduled	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Status
	(Actions to achieve objective).	respondibility	Completion		Giaido
1	Hazard management process developed and mapped against One System core components and procedure to confirm compliance.	WHS Business Partner	August 2017	Consultation on this process currently occurring with HSRs, HSCs and other relevant internal stakeholders.	Over-due
2	Relevant hazard management procedure adopted and implemented (as per following critical steps).	WHS Business Partner	August 2017	This has been scheduled for review by EMT in mid-August, following the above consultation process.	Over-due
3	All relevant people provided with information, instruction and training on hazard identification, assessment and control requirements.	WHS Business Partner	Ongoing	Initial training scheduled for July 13 2017 (Operations).	In-progress
4	Workgroups to identify foreseeable hazards in activities/operations. (This includes associated plant and substances).	WHS Business Partner	July 2017	This will be incorporated into the Hazard Identification and Risk Assessment Training scheduled within the 2017-2018 WHS Training Plan.	Over-due
5	Identified activities are prioritised for review and priorities are recorded on hazard register.	WHS Business Partner	December 2017	Activities have been recorded on the Hazard Register as part of TIP funding through LGRS. Prioritisation to follow consultation with workgroups.	In-progress
6	Risk assessments, associated procedures and documentation are completed according to the schedule and recorded on the hazard/risk register	WHS Business Partner	December 2017		Not started
7	A system is in place to maintain Hazard/risk registers and for risk assessments.	WHS Business Partner	December 2017		Not started
8	A system is in place for the implementation of controls (considering the hierarchy of controls) and Non-conformances to be tracked to close out.	WHS Business Partner	June 2018		Not started



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# **Program 1.3 – WHS Management System Planning and Development**

Background	The need for effective WHS Management Systems, including management review and reporting has been identified in numerous prior LGAWCS audits. With the introduction of the Skytrust cloud based system, this is now a realistic endeavour.  This includes the development of effective WHS planning, implementation, measurement, reporting, monitoring and review systems.
Objective:	To develop, implement and maintain a local WHS Management system (WHSMS), as per legislative requirements of the WHS Act, 2012 (SA) and the RTW Act, 2014 (SA) which includes conformance with the Performance Standards for Self Insurers (PSSI).
Target:	An organisational WHS and injury management framework is in place and is integral and relevant to the organisation's strategic objectives, activities, services and people.
	Management planning process is conducted and documented in line with the core components of One System (OS) Planning and Program Development Procedure.
	Priorities are applied, resources and responsibilities allocated by management to achieve objectives, targets and performance indicators.
	Compliant policies and procedures and supporting documentation are developed, scheduled for review and implemented for WHS system administration and organisational hazard management.
	The WHSMS (including policies and procedures) are regularly reviewed by management (in consultation with employees) in accordance with scheduled timeframes and procedure requirements.
	Accountability systems are enacted and the system is reviewed and revised as required by management.
Performance indicators:	<ul> <li>90% of actions within the plan are completed to schedule each quarter.</li> <li>90% of system review actions have evidence of consultation with employees each quarter.</li> <li>All missed targets are reviewed and accountabilities applied as appropriate each quarter.</li> <li>A process for System Development and Measurement, Monitoring, Reporting and Management Review is developed and implemented by December 2017.</li> <li>Operational Plans are developed for all new procedures and systems.</li> </ul>



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Next Review:

: June 2019

	ACTION (Actions to achieve objective).	Responsibility	Scheduled Completion	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Status
1	Train management team in Performance Standards for Self Insurer requirements and legislative WHS requirements. Particularly as leaders and drivers of the WHSMS.	WHS Business Partner	December 2017	Training in Due Diligence, including PSSI and WHS requirements has been scoped with Luke Holland from Sparke Helmore.	In-progress
2	Review policies, procedures and support documentation in line with One System (OS) framework (OS framework umbrella)	WHS Advisor/WHS Business Partner	Ongoing	All adopted procedures over the last 12 months have been reviewed against the One System framework.	In-progress
3	Hazard profile developed and hazard architecture available on Skytrust.	WHS Business Partner	December 2018	The first phase of the profile is complete. Consultation is currently in progress. The Hazard Management Procedure which outline the process for implementation is scheduled for review in August 2016.	In-progress
4	Adopt/adapt/Map OS procedure for Planning and Program Development	WHS Advisor/WHS Business Partner	January 2017	This procedure was endorsed by EMT in December 2016.	Complete
5	Drafting of plan and programs, projects by EMT to address priorities, allocate resources, responsibilities, timeframes and accountabilities	WHS Advisor/WHS Business Partner	September 2017	A plan has been drafted and has been scheduled for EMT endorsement on July 18, 2017.	Complete
6	Objectives, targets and performance indicators to be endorsed by EMT and included in draft WHS Plan programs.	WHS Advisor/WHS Business Partner	December 2017	Scheduled for July 18, 2017 (as above). Plan adopted by EMT on 1.08.2017.	Complete
7	Decide on documents that need to be developed to support the plan e.g. for hazard management program may include procedures, hazard profile, risk assessment forms, etc.	WHS Business Partner	June 2018	As procedures are being reviewed, required documents are being identified and developed. As such, documents have been identified for: First Aid, Hot Work, Working at Heights, Hazardous Chemicals and Remote & Isolated Work. Templates have also been developed for SWMS and Plant SWPs.	In-progress



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Next Review: June 2019

	ACTION  (Actions to achieve objective).	Responsibility	Scheduled Completion	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Status
8	Implement a consultation process/framework	WHS Business Partner	June 2018.	All reviewed procedures are submitted to a HSC and receive input from HSRs. A consultation method and framework will be incorporated into the Communication and Consultation Procedure which is scheduled for review in 2017-2018.	In-progress
9	Management approval of final version of plan with nominated champions for programs and projects	WHS Business Partner	August 2017	Scheduled for July 18, 2017 (as above). Plan adopted by EMT 1.08.2017.	Complete
10	Determine a policy/procedure adoption and implementation schedule that aligns with the plan program/project priorities.	WHS Advisor	July 2017	Completed on appointment of WHS Business Partner.	Complete
11	Transfer document review schedule/register to Skytrust for all policy, procedure and management review and reporting requirements.	WHS Business Partner/WHS Advisor	March 2018		Not started
12	Implement steps within plan programs and projects and procedures systematically and document how the implementation process was undertaken. Confirm that an operational system is in place.	WHS Business Partner	August 2017	The WHS team have a comprehensive work plan document which consolidates all actions from this plan, the annual KPI Action Plan, and other actions arising.	Complete
13	Develop and implement monitoring, reporting and management review process, in line with the adopted WHS Planning and Program Development Procedure.	WHS Advisor/WHS Business Partner	February 2018	Following the adoption of this plan, and Due Diligence training for EMT, the WHS team will commence a quarterly report for EMT, the template of which is currently being drafted.	In-progress
14	Management systems review undertaken annually, including compliance and performance monitoring completed (i.e. measurement and reporting of performance indicators and how effective actions/PIs are in meeting targets and objectives.	WHS Business Partner	Annual management review (July 2018, July 2019)		Not started



Version No:

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Issued:

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Next Review:

view: June 2019

	ACTION  (Actions to achieve objective).	Responsibility	Scheduled Completion	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Date Completed
15	Regular performance reporting to EMT using agreed templates demonstrated.	WHS Business Partner	June 2019		Not started
16	Corrective or remedial action taken by EMT and stakeholders is documented.	WHS Business Partner	Quarterly		Not started
17	Results of management review and overall review of WHSMS outcomes documented and rolled back into next planning session completed by EMT.	WHS Business Partner	Annual management review (July 2018, July 2019)		Not started



Version No:

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Issued:

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Next Review:

: June 2019

# **Program 1.2 – WHS Training Systems**

Background	Training systems are a critical component of worker safety and legislative compliance, with detailed management and review requirements.  Comprehensively meeting these requirements using a manual process (multiple excel spread sheets) in a medium to large sized organisation is time-consuming activity, requiring almost a part-time resource in and of itself.  Implementation of the Skytrust system to manage training needs will therefore be a high priority in 2017-2018.					
Objective:	All mandatory staff WHS training requirements are identified and a program activated to train staff in identified needs and records retained.					
Target:	Competencies for job positions/roles across the organisation are identified as part of a 24 month Training Needs Identification and Analysis process.					
	A training program (list of training for 12 -24 months) has been implemented, linking to the training needs identification and analysis, within 12 months.					
	Records are maintained of the employee induction process and training competencies achieved using SkyTrust.					
	The program encompasses mandatory WHS training requirements and new training requirements (i.e. for new tasks and/or acquisitions e.g. new plan equipment, substances or environments) using Skytrust to manage training attendance, competencies, evaluation and reporting requirements.					
	Training sessions are evaluated for effectiveness and checks of job competencies undertaken (e.g. can the person complete the task safely and corre					
Performance indicators:	<ul> <li>Scheduled training sessions achieve a minimum of 80% required attendance across each relevant work area</li> <li>As procedures are reviewed, relevant training is scheduled and delivered</li> <li>100% of mandatory training is completed as scheduled in the WHS Training Plan</li> <li>Competency assessment is included in all scheduled training, and an evaluation of training effectiveness reported to HSCs and EMT regularly.</li> </ul>					
Champion / Sponsor:	General Manager, City Services					



Version No: V1.0

Issued: August 2017

Next Review: June 2019

	ACTION (Actions to achieve objective).	Responsibility	Scheduled Completion	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Status
1	On-line induction developed and mapped against One System core components and procedure to confirm compliance.	WHS Advisor	July 2018	<b>SKYTRUST:</b> Competencies from One System have been mapped. The training system is in the process of being transferred to Sky trust and induction requirements will be reviewed shortly based on the mapping.	In-progress
2	Relevant Training and induction procedure adopted and implemented (as per following critical steps).	WHS Advisor	December 2016	This procedure was endorsed by EMT in January 2017.	Complete
3	Demonstrate that competency and requirements are on Skytrust for impacted roles as Procedures are reviewed and implemented.	WHS Advisor	July 2019	SKYTRUST: Competencies have been identified and linked to job roles on Skytrust for the First Aid Procedure only.  Competencies have been mapped against the One System procedures, and are being prepared for data entry into Skytrust 15.08.2017.	In-progress
4	Mandatory organisational training and other system management training identified (e.g. first aid, safety representative, manager and supervisor, incident reporting investigation, hazard management, etc.)	WHS Advisor	Annual review (July 2018, July 2019)	A Training Needs Analysis has been completed for 2017-2018 and Training Plans developed. Mandatory training which aligns with procedure implementation priorities have been included.	Complete
5	A training program is developed (list of training required, when, how, by who, certificate/qualification, etc.) based on the training needs analysis.	WHS Advisor	July 2018	As above.	Complete
6	A system is in place for internal and external training (including induction) to be recorded and entered to a training register.	WHS Advisor	July 2017	Complete. All training scheduled for the next 12 months has been added to Skytrust. As training and inductions are completed, attendance and competencies will be added to Skytrust against the relevant position.	Complete



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Next Review:

view: June 2019

	ACTION  (Actions to achieve objective).	Responsibility	Scheduled Completion	PROGRESS, EVIDENCE AND RESOURCES APPLIED	Date Completed
7	A system is in place for evaluations of training to be completed (this can be an individual or Organisational (or both), review depending upon the type of training)	WHS Advisor	December 2017	A manual process exists in Excel; however the process for doing this on Skytrust is yet to be determined.	In-progress
8	A system is in place for competency checks to be completed during training or immediately following the training by practical example or on the job demonstration (i.e. can the person do the job) and records kept	WHS Business Partner	July 2018	SKYTRUST: Training Data is currently being transferred to Skytrust. This will enable all training requiring competency assessment to be marked as such, and the competency status of individual and team training to be monitored and addressed as required.	In-progress
9	A system is in place for reporting to the WHS committee regarding training completed and reviewed	WHS Advisor	April 2017	A regular standing agenda item exists in both HSCs.	Complete
10	A system is in place for reporting to the EMT of training completed, training reviewed and any associated issues	WHS Advisor	December 2018	The training system is being transferred to Skytrust, and this will enable progress reporting at all levels, including EMT.	In-progress

SIGNED:		
	CEO	Chairperson, Strategic Health & Safety Committee
	Date:/	Date:/

#### DRAFT DECISION REPORT

**REPORT TITLE**: 2016-17 FINANCIAL STATEMENTS

**ITEM NUMBER:** ITEM 67

**DATE OF MEETING**: 9 OCTOBER 2017

**AUTHOR:** LETA NORTHCOTT

JOB TITLE: ACTING MANAGER FINANCE AND

PROCUREMENT

# **EXECUTIVE SUMMARY**

The 2016-17 General Purpose Financial Statements are attached for Members' information and review. They have been prepared in Accordance with the model statements prescribed in the Local Government (Financial Management) Regulations 2011. (Attachment 1 to Item 68/17).

In accordance with Section 126(4)(a) of the Local Government Act 1999, Attachment 1, the Audit and Governance Committee needs to review the 2016-17 General Purpose Financial Statements and be satisfied that they present fairly the state of affairs of Council in accordance with Local Government Act 1999, the Local government (Financial Management) Regulations 2011 and Australian Accounting Standards.

Council's external auditor, BDO have tabled their 2016-17 Audit Completion Report and have indicated that subject to completion of the identified procedural matters, their Audit Reports in relation to the Financial Statements and Internal Controls will be signed without reference to any qualification. (*Attachment 2* to Item 68/17)

After certification by the Deputy Mayor and the Chief Executive Officer, and the Audit Report signed by external auditor, Mr Geoff Edwards of BDO, the 2016-17 General Purpose Financial Statements will then be presented to Council on 23 October 2017 for endorsement.

### **RECOMMENDATION**

That it be recommended to Council, that:

- 1. The report be received.
- 2. The Audit and Governance Committee:
  - a) Having reviewed the City of Unley's 2016-17 General Purpose Financial Statements, contained in Attachment 1 and External Auditor BDO's Audit Completion Report contained in Attachment 2, considers that the 2016-

- 17 General Purpose Financial Statements present fairly the state of affairs of Council and can be presented to Council for endorsement on 23 October 2017.
- b) Considers that the City of Unley's 2016-17 General Purpose Financial Statements, contained in Attachment 1 to Item 68/17, can be certified by the Chief Executive Officer and the Deputy Mayor.
- c) Notes the draft Certification of Auditor Independence proposed by BDO as contained in Attachment 2 to Item 68/17, and the Certification of Auditor Independence contained in Attachment 3 to Item 68/17, is certified by the Chief Executive Officer and the Presiding Member of the Audit and Governance Committee.
- d) Notes the Centennial Park General Purpose Financial Statements for 2016-17, signed by Centennial Park's External Auditor, contained in Attachment 4 to Item 68/17.

### 1. RELEVANT CORE STRATEGIES/POLICIES

- Local Government Act 1999 Sections 124-130
- Local Government (Financial Management) Regulations 2011 Regulations 10-16 and 19-22
- Organisational Strategy/Goal
  - o 5.3 Good Governance and Legislative Framework
  - 5.5 Financially sustainable approach to business and planning activity.

# 2. DISCUSSION

The 2016-17 General Purpose Financial Statements are attached for Members' information and review (Attachment 1 to Item 68/17).

Attachment 1

It is proposed that the final signed copy will be tabled at the full Council meeting on 23 October 2017 for endorsement.

The following summary is made in relation to the General Purpose Financial Statements:

# 2.1 Statement of Comprehensive Income

The Statement of Comprehensive income shows an overall operating surplus of \$4.4m for 2016-17, compared with \$2.7m in the previous year.

Statement of Comprehensive Income	2016-17	2015-16	Movement	
Statement of Comprehensive income	\$000s	\$000s	\$000s	
Council	4 432	2 661	1 771	
Centennial Park Net gain	132	65	67	
Operating Surplus	4 564	2 726	1 838	
Net Surplus	4 965	4 391	574	
Other Comprehensive Income	(22,811)	842	23 653	
Total Comprehensive Income	(17,846)	5 233	23 079	

As shown above, Council's operating result has increased from the previous year by \$574k. The increase in Council's operating result is primarily due to the advance payment of the Financial Assistance Grants by the Federal Government (two quarters of the 2017-18 grant for \$593k being received before 30 June 2017).

Council's operating revenue increased by \$2.6m (5.85%) and expenditure increased by \$789k (1.87%). Other than the change in timing of the Financial Assistance Grant, other key movements from 2016-17 include:

- General rates increase of \$1.072m, reflecting the general rates increase of 2% and rates growth of 0.6%.
- Employee costs remained consistent between the two years, the EB increase was offset by vacant positions that occurred throughout the year.
- An increase in depreciation of \$368k is spread across a number of asset categories including Drainage, Equipment, Furniture & Fittings, Other Assets - Open Space and Pathways due to work completed during 2015-16 now being reflected in the asset register.
- A decrease in finance costs has occurred. This is a result of lower balances to the cash advance facility during the year, and no requirement to access new borrowings.

### 2.2 Statement of Financial Position

The Statement of Financial Position shows the total assets and total liabilities held by Council. As at 30 June 2017, the overall net assets (total assets less total liabilities) held by Council was \$540m compared with \$558m for the previous year, representing an decrease in equity of \$18m. The \$18m decrease in equity is reflective of the decrease in the Asset Revaluation Reserve. Revaluations on Roads, Lanes, Kerb & Water table, Bridges, Storm water Drainage & Other Assets occurred during 2016-17. Most notably, the Roads, Lanes and Kerb & Water table assets were revalued downwards by \$27m. This is a result of a number of factors, including the removal of residual values previously being used, the road assets previously being split into two components, now being split into three and the unit rates have been updated with a contamination component being included. The other contributing factor is an increase to the equity accounted value of Centennial Park, \$4m due to a revaluation of land and infrastructure assets.

Overall, borrowings decreased by \$1.24m which was significantly lower than expected due to the favourable operating result. Borrowings are \$6.3m at the end of June 2017.

Statement of Financial Position	2015-16	2015-16	Movement
Statement of Financial Position	\$'000	\$'000	\$'000
Assets	558 442	575 970	(17 528)
Liabilities	17 789	17 471	318
Net Assets	540 653	558 499	(17 845)

### 2.3 Cash Flow Statement

Council generated nearly \$15m from its Operating Activities during the financial year compared to \$10m during 2015-16. Details of how this reconciles with the

net surplus and changes in net assets are shown in Note 11 of the Financial Statements.

During the year, Council spent nearly \$14.7m on the construction and purchase of assets compared to \$9.1m in 2015-16.

As a result, the Cash Flow Statement shows an increase in cash held of \$37k, reflecting the net cash flows generated from operating activities over and above net capital expenditure.

# 2.4 Financial Key Performance Indicators

The key financial indicators are summarised and discussed below and are also included as 'Note 15 Financial Indicators' within the Financial Statements.

Financial Indicators	2016-17	2015-16	Adopted Target
	\$'000	\$'000	
Operating Surplus	4 565	2 726	
Adjusted Operating Surplus Ratio*	8%	7%	5%
Net Financial Liabilities Ratio	32%	29%	<80%
Asset Sustainability Ratio	116%	81%	100%

<sup>\*</sup>The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments in 2016-17.

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. The Financial Indicators were revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Overall, given the 2016-17 result, Council is well positioned to continue to be financially sustainable. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

### **Audit Opinion**

The role of the external auditor is to provide an audit opinion to council with respect to the audited financial statements.

In addition, Council's Auditor BDO is required to provide an opinion on the compliance of the city of Unley with the requirements of Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council.

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.

The Auditors' responsibilities is to express a conclusion 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 for the period 1 July 2016 to 30 June 2017 to ensure that financial transactions relating to 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 in all material respects.

The Auditor procedures included assessing the controls of Council based on the criteria in the Better Practice Model – Internal Financial Controls.

The external auditor, Mr Geoff Edwards has completed the audit of the financial statements and in his report on particular matters arising from the audit (Audit Completion report) has indicated that subject to completion of the remaining outstanding matters, BDO anticipate issuing unqualified opinions in relation to the financial statements and internal controls.

Attachment 2

The final audit clearance is subject to the following:

- review of the final draft of Council's financial statements
- the required letters of representation being signed by the relevant parties, and
- receipt of the General Purpose Financial Statements certified by Council's Mayor and Chief Executive Officer subsequent to the Audit and Governance Committee meeting on 23 October 2017.

# 2.6 Certification Statement of Independence of Council Auditor

Regulation 22 (5) of the Local Government (Financial Management)
Regulations 2011 requires the auditor of a Council to provide a written statement attesting to their independence. Council's Auditor, BDO have provided their proposed Statement of Audit Independence in the Annual Audit Completion report, as prescribed in the Regulations. A signed version of the Statement to Council will be provided for inclusion in Council's financial statements as part of the finalisation of the audit.

Regulation 21 (2) of the Local Government (Financial Management)
Regulations 2011 requires the Council's Chief Executive Officer and the
Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year.

Attachment 3

### 2.7 Centennial Park Financial Statements

A copy of Centennial Park Cemetery Authority's (CPCA) financial statements for 2016-17 is attached for information (Attachment 3 to Item 68/17). The financial statements show a Net Surplus of \$264k compared to \$129k for the previous year.

A revaluation of land and infrastructure assets has resulted in an increase in net assets as at 30 June 2017 to \$30.8 compared to \$22.0m at 30 June 2016.

The equity accounted value of CPCA reflected in the City of Unley's Statement of Financial Position has increased by \$4.3m.

Attachment 3

### 3. ANALYSIS OF OPTIONS

Option 1 – The Audit and Governance Committee having reviewed the City of Unley's General Purpose Financial Statements for 2016-17 contained in Attachment 1 considers that the General Purpose Financial Statements present fairly the state of affairs of Council and can be presented to Council for endorsement on 23 October 2016.

Considers that the City of Unley's 2016-17 General Purpose Financial Statements, contained in Attachment 1 to Item 68/17, can be certified by the Chief Executive Officer and the Deputy Mayor.

Notes the draft Certification of Auditor Independence proposed by BDO as contained in Attachment 2 to Item 68/17, and the Certification of Auditor Independence contained in Attachment 3 to Item 68/17, is certified by the Chief Executive Officer and the Presiding Member of the Audit and Governance Committee.

Notes the Centennial Park General Purpose Financial Statements for 2016-17, signed by Centennial Park's External Auditor, contained in Attachment 4 to Item 68/17.

In accordance with Section 126(4) of the Local Government Act 1999 the Audit and Governance Committee needs to review the General Purpose Financial Statements 2016-17 and be satisfied that the present fairly the

state of affairs of Council in accordance with the *Local Government Act* 1999, the *Local Government (Financial Management) Regulations* 2011 and Australian Accounting Standards.

Council will then be presented with the General Purpose Financial Statements at its October Council meeting for endorsement and, in accordance with legislation, a copy of the General Purpose Financial Statements will be sent to the Minister for Local Government and the SA Local Government Grants Commission.

The 2016-17 financial result is good, Council is well positioned to continue to be financially sustainable into the future. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

Option 2 – The Audit and Governance Committee advises that it has reviewed the annual General Purpose Financial Statements of the Council for the financial year ended 30 June 2017 and is not satisfied that they present fairly the state of affairs of Council and require further review before presentation to Council

As a result, this may delay the endorsement of the 2016-17 General Purpose Financial Statements by Council and could impact on Council's legislative requirements in providing signed financial statements to the Minister for Local Government and the SA Local Government Grants Commission by 30 November.

## 4. RECOMMENDED OPTION

Option 1 is the recommended option.

### 5. ATTACHMENTS

- 1. 2016-17 General Purpose Financial Statements.
- Annual Audit Completion Report for the financial year ended 30 June 2017 – BDO
- 3. Council's certification of audit independence for year ended 30 June 2017.
- 4. Centennial Park General Purpose Financial Statements 2016-17.

### 8. <u>REPORT AUTHORISERS</u>

<u>Name</u>	<u>Title</u>			
Nicola Tinning	Acting	General	Manager	Business
	Support and Improvement			

Peter Tsokas	Chief Executive Officer

# The City of Unley GENERAL PURPOSE FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2017



# General Purpose Financial Statements for the year ended 30 June 2017

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# General Purpose Financial Statements for the year ended 30 June 2017

### 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 2017 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.

Peter Tsokas CHIEF EXECUTIVE OFFICER	Don Palmer DEPUTY MAYOR
Date:	

# Statement of Comprehensive Income for the year ended 30 June 2017

\$ '000	Notes	2017	2016
Income			
Rates Revenues	2a	38,585	37,510
Statutory Charges	2b	1,606	1,297
User Charges	2c	1,691	1,645
Grants, Subsidies and Contributions	2g	4,212	3,053
Investment Income	2d	20	10
Reimbursements	2e	466	448
Other Income	2f	783	840
Net Gain - Equity Accounted Council Businesses	19	132	65
Total Income	_	47,495	44,868
Expenses			
Employee Costs	3a	16,655	16,663
Materials, Contracts & Other Expenses	3b	18,701	18,149
Depreciation, Amortisation & Impairment	3c	7,265	6,897
Finance Costs	3d	310	433
Total Expenses		42,931	42,142
Total Expenses	-	42,931	42,142
Operating Surplus / (Deficit)		4,564	2,726
Asset Disposal & Fair Value Adjustments	4	34	(51)
Amounts Received Specifically for New or Upgraded Assets	2g	367	1,716
Net Surplus / (Deficit) 1		4,965	4,391
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9	(27,056)	847
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	4,245	(5)
Total Other Comprehensive Income		(22,811)	842
Total Comprehensive Income	-	(17,846)	5,233

<sup>&</sup>lt;sup>1</sup> Transferred to Equity Statement

## Statement of Financial Position

as at 30 June 2017

ASSETS           Current Assets         29         217           Trade & Other Receivables         58         29         217           Trade & Other Receivables         50         2,83         4,172           Other Financial Assets         50         12         11           Total Current Assets         8         18         30           Equity Accounted Investments in Council Businesses         68         18         30           Equity Accounted Investments in Council Businesses         68         18         30           Equity Accounted Investments in Council Businesses         68         18         30           Equity Accounted Investments in Council Businesses         68         18         30           Equity Accounted Investments in Council Businesses         68         18         30           Equity Accounted Investments in Council Businesses         68         540,586         560,503           Total Non-Current Assets         556,018         571,570         556,018         571,570           TOTAL ASSETS         8         8,292         7,012         7,012           LABILITIES         8         8,292         7,012           Current Liabilities         8         8,293         2,012	\$ '000	Notes	2017	2016
Current Assets         5a         29         217           Trade & Other Receivables         5b         2,383         4,172           Other Financial Assets         5c         12         111           Total Current Assets         5c         12         111           Non-Current Assets         5c         18         30           Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         556,018         571,570           Total Non-Current Assets         558,442         575,970           TOTAL ASSETS         558,442         575,970           LIABILITIES         Current Liabilities         5         2,355         2,012           Borrowings         8a         8,292         7,012         3,185         9,012         1,175         12,209           Non-Current Liabilities         8a         8,292         7,012         1,175         12,209         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012         1,012	ASSETS			
Trade & Other Receivables         5b         2,383         4,172           Other Financial Assets         5c         12         11           Total Current Assets         5c         12         11           Non-Current Assets         8         2,424         4,400           Non-Current Assets         8a         18         30           Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES         2         558,442         575,970           Current Liabilities         4,153         3,185           Provisions         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         3         4,448           Borrowings         8b         2,237         4,448           Provisions         8c         2,350         20           Total Non-Current Liabil				
Other Financial Assets         5c         12         11           Total Current Assets         2,424         4,400           Non-Current Assets         6a         18         30           Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES         2         558,442         575,970           LIABILITIES         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         3         4,495         12,209           Non-Current Liabilities         8c         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         2         30         20           Total Non-Current Liabilities         2         394         5,262           TOTAL LIABILITIES         17,789         17,471	Cash and Cash Equivalents	5a	29	217
Non-Current Assets         2,424         4,400           Non-Current Assets         68         18         30           Equity Accounted Investments in Council Businesses         69         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES         Variant Liabilities         Variant Liabilities           Trade & Other Payables         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         3         4,448           Borrowings         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY         40,402         131,04	Trade & Other Receivables	5b	2,383	4,172
Non-Current Assets           Financial Assets         6a         18         30           Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES         Current Liabilities         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         40,401         427,457	Other Financial Assets	5c	12	11
Financial Assets         6a         18         30           Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES         Current Liabilities         Trade & Other Payables         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8d         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         3d         219         208           Total Non-Current Liabilities         17,789         17,471           Net Assets         540,653         558,499           EQUITY	Total Current Assets		2,424	4,400
Equity Accounted Investments in Council Businesses         6b         15,414         11,037           Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES           Current Liabilities         3         8,292         7,012           Borrowings         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Non-Current Assets			
Infrastructure, Property, Plant & Equipment         7a         540,586         560,503           Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES           Current Liabilities         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Financial Assets	6a	18	30
Total Non-Current Assets         556,018         571,570           TOTAL ASSETS         558,442         575,970           LIABILITIES           Current Liabilities         3         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	• •	6b		•
TOTAL ASSETS         558,442         575,970           LIABILITIES           Current Liabilities         Trade & Other Payables         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457		7a		
LIABILITIES         Current Liabilities       Trade & Other Payables       8a       8,292       7,012         Borrowings       8b       4,153       3,185         Provisions       8c       2,350       2,012         Total Current Liabilities       Total Current Liabilities         Borrowings       8b       2,237       4,448         Provisions       8c       538       606         Other Non-Current Liabilities       8d       219       208         Total Non-Current Liabilities       8d       219       208         TOTAL LIABILITIES       17,789       17,471         Net Assets       540,653       558,499         EQUITY         Accumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	Total Non-Current Assets		556,018	571,570
Current Liabilities         Trade & Other Payables       8a       8,292       7,012         Borrowings       8b       4,153       3,185         Provisions       8c       2,350       2,012         Total Current Liabilities       Use of the provisions of the Non-Current Liabilities       8b       2,237       4,448         Provisions       8c       538       606         Other Non-Current Liabilities       8d       219       208         Total Non-Current Liabilities       2,994       5,262         TOTAL LIABILITIES       17,789       17,471         Net Assets       540,653       558,499         EQUITY         Accumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	TOTAL ASSETS		558,442	575,970
Trade & Other Payables         8a         8,292         7,012           Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         Non-Current Liabilities           Borrowings         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	LIABILITIES			
Borrowings         8b         4,153         3,185           Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Current Liabilities			
Provisions         8c         2,350         2,012           Total Current Liabilities         14,795         12,209           Non-Current Liabilities         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Trade & Other Payables	8a	8,292	7,012
Non-Current Liabilities         11,795         12,209           Borrowings         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Borrowings	8b	4,153	3,185
Non-Current Liabilities           Borrowings         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Provisions	8c	2,350	2,012
Borrowings         8b         2,237         4,448           Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Total Current Liabilities		14,795	12,209
Provisions         8c         538         606           Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	Non-Current Liabilities			
Other Non-Current Liabilities         8d         219         208           Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457	•	8b	· ·	•
Total Non-Current Liabilities         2,994         5,262           TOTAL LIABILITIES         17,789         17,471           Net Assets         540,653         558,499           EQUITY           Accumulated Surplus         140,252         131,042           Asset Revaluation Reserves         9         400,401         427,457		8c		
TOTAL LIABILITIES 17,789 17,471  Net Assets 540,653 558,499  EQUITY  Accumulated Surplus 140,252 131,042  Asset Revaluation Reserves 9 400,401 427,457		8d		
Net Assets       540,653       558,499         EQUITY       Ccumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	Total Non-Current Liabilities		2,994	5,262
EQUITY         Accumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	TOTAL LIABILITIES		17,789	17,471
Accumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	Net Assets		540,653	558,499
Accumulated Surplus       140,252       131,042         Asset Revaluation Reserves       9       400,401       427,457	FOLITY			
Asset Revaluation Reserves 9 400,401 427,457			140.252	121 042
	·	0		
10tal Council Equity 540,653 558,499		9 .		
	Total Council Equity	1	540,653	558,499

# Statement of Changes in Equity for the year ended 30 June 2017

			Asset	
		Accumulated	Revaluation	Total
\$ '000	Notes	Surplus	Reserve	Equity
2017				
Balance at the end of previous reporting period		131,042	427,457	558,499
a. Net Surplus / (Deficit) for Year		4,965	-	4,965
<b>b.</b> Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(27,056)	(27,056)
- Share of OCI - Equity Accounted Council Businesses	19	4,245	-	4,245
Other Comprehensive Income		4,245	(27,056)	(22,811)
Total Comprehensive Income		9,210	(27,056)	(17,846)
Balance at the end of period		140,252	400,401	540,653
2016				
Balance at the end of previous reporting period		126,656	426,610	553,266
a. Net Surplus / (Deficit) for Year		4,391	-	4,391
<b>b.</b> Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	-	847	847
- Share of OCI - Equity Accounted Council Businesses	19	(5)	-	(5)
Other Comprehensive Income		(5)	847	842
Total Comprehensive Income		4,386	847	5,233
Balance at the end of period		131,042	427,457	558,499

## Statement of Cash Flows

for the year ended 30 June 2017

\$ '000	Notes	2017	2016
****			
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		48,110	44,199
Investment Receipts		20	11
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(32,755)	(33,788)
Finance Payments		(344)	(461)
Net Cash provided by (or used in) Operating Activities	11b	15,031	9,961
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		367	1,716
Sale of Replaced Assets		390	367
Repayments of Loans by Community Groups		11	17
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(8,811)	(6,815)
Expenditure on New/Upgraded Assets		(5,933)	(2,356)
Net Cash provided by (or used in) Investing Activities		(13,976)	(7,071)
Cash Flows from Financing Activities			
<u>Payments</u>			
Repayments of Borrowings		(1,018)	(960)
Net Cash provided by (or used in) Financing Activities		(1,018)	(960)
Net Increase (Decrease) in Cash Held	_	37	1,930
plus: Cash & Cash Equivalents at beginning of period	11 _	(1,950)	(3,880)
Cash & Cash Equivalents at end of period	11	(1,913)	(1,950)

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Contents of the Notes accompanying the Financial Statements

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# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 1. Summary of Significant Accounting Policies

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

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

### 1 Basis of Preparation

## 1.1 Compliance with Australian Accounting Standards

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

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

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

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

### 1.2 Historical Cost Convention

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

### 1.3 Critical Accounting Estimates

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

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

### 1.4 Rounding

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

### 2 The Local Government Reporting Entity

The City of Unley is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 181 Unley Road, Unley. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

### 3 Income Recognition

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

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

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

	Cash Payment Received	Annual Allocation	Difference
2014/15	\$1,779,866	\$1,168,741	+\$611,125
2015/16	\$548,459	\$1,159,584	- \$611,125
2016/17	\$1,745,941	\$1,152,315	+\$593,626

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

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

# 4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

# 5 Infrastructure, Property, Plant 8 Equipment

### 5.1 Initial Recognition

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

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

### 5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings	\$3,000
Drainage	\$3,000
Roads, Lanes, Kerb & Watertable	\$3,000
Pathways	\$3,000
Traffic & Lighting	\$3,000
Bridges	\$3,000
Other Assets	\$3,000
Recycled Water	\$3,000
Equipment, Furniture & Fittings - Other	\$3,000
Equipment, Furniture & Fittings - Computers	\$500

### 5.3 Subsequent Recognition

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

### **5.4 Depreciation of Non-Current Assets**

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

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.

Equipment, Furniture & Fittings	1 to 10 years
---------------------------------	---------------

Buildings	50 years
Building Fit Outs	15 years

#### Infrastructure:

Roads, Lanes, Kerb & Watertable	20 to 100 years
Pathways	20 to 50 years
Drainage	35 to 100 years
Traffic and Lighting	5 to 20 years
Bridges	50 to 75 years
Recycled Water	5 to 100 years
Other Assets	5 to 20 years

### 5.5 Impairment

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

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

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

### **5.6 Borrowing Costs**

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

### 6 Payables

### 6.1 Goods & Services

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

### 6.2 Payments Received in Advance & Deposits

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

### 7 Borrowings

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

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

### **8 Employee Benefits**

### 8.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 2.14% (2016, 1.74%)

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

### 8.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

### **Contributions to Other superannuation Schemes**

The 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 Council.

### **9 Equity Accounted Council Businesses**

Council has a 50% share in the regional subsidiary, Centennial Park Cemetery Authority. Council's share has been recognised in the Financial Statements by including its share of the net assets within the Statement of Financial Position. The Change in the Equity share, including any asset revaluation, is disclosed in the Statement of Comprehensive Income. Details are reported in Note 19.

As a result of changes made to the Charter of Centennial Park on August 2011, all distributions paid to Council are recorded as revenue in the Statement of Comprehensive Income. Distributions paid by Centennial Park to Council are regarded as payments for guaranteeing the liabilities of Centennial Park and accordingly are treated as an expense in the Statement of Comprehensive Income in the Financial Statements of Centennial Park.

Council is party to an agreement with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide in relation to the Brown Hill Keswick Creek Project which is accounted for under AASB 11 Joint Arrangements as a joint operation. As such, each Party is responsible for its own direct costs, and joint assets, revenue and expenses are shared on the basis set out in the agreement and Stormwater Management Plan documentation. Council's share has been recognised in the Financial Statements by including its share of joint revenue and expenditure in the Statement of Comprehensive Income and Council's share of joint assets within the Statement of Financial Position. Further details are provided in Note 19.

### **10 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.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

 Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

# 11 New accounting standards and UIG interpretations

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

The City of Unley has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

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

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

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

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

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Notfor-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

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

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

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

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

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

- AASB 9 Financial Instruments (December 2009)
- AASB 15 Revenue from Contracts with Customers
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)AASB 1057 Application of Australian Accounting Standards
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

Measurement of Share-based Payment Transactions

 AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

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

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Nor-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

### 12 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.

### 13 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 2017

## Note 2. Income

\$ '000	Notes	2017	2016
(a). Rates Revenues			
General Rates			
General Rates		37,836	36,796
Less: Mandatory Rebates		(839)	(893)
Less: Discretionary Rebates, Remissions & Write Offs		(26)	(4)
Total General Rates		36,971	35,899
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,172	1,135
Separate & Special Rates		315	335
Total Other Rates		1,487	1,470
Other Charges			
Penalties for Late Payment		115	112
Legal & Other Costs Recovered		12	29
Total Other Charges	-	127	141_
Total Rates Revenues		38,585	37,510
(b). Statutory Charges			
Other Licences, Fees & Fines		1,606	1,297
Total Statutory Charges		1,606	1,297
(c). User Charges			
Fees for services provided		1,691	1,645
Total User Charges		1,691	1,645
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		20	10
Total Investment Income		20	10
(e). Reimbursements			
Other		466	448
Total Reimbursements		466	448

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	Notes	2017	2016
(f). Other Income			
Contributions, Rebates and Sundry		783	840
Total Other Income	_	783	840
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		367	1,716
Other Grants, Subsidies and Contributions Total Grants, Subsidies, Contributions		4,212 4,579	3,053 4,769
The functions to which these grants relate are shown in Note 12.	_	,	,
(i) Sources of grants			
Commonwealth Government		1,985	1,920
State Government Other		2,131 463	1,105 1,744
Total		4,579	4,769
(ii) Individually Significant Items Grant Commission (FAG) Grant Recognised as Income		593	-
In June 2017 Council received payment of the first two installments of the 2017 Financial Assistance Grant (FAG)	7-18		
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		15	20
Less: Expended during the current period from revenues recognised in previous reporting periods			
City Sevices	_	(15)	(20)
Subtotal		(15)	(20)
Plus: Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
City Services		30	-
City Development		103	15
Subtotal	_	133	15
Unexpended at the close of this reporting period	_	133	15
Net increase (decrease) in assets subject to conditions	_	118	(5)
in the current reporting period	_		page 15
			,90

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 3. Expenses

\$ '000	Notes	2017	2016
(a). Employee Costs			
Salaries and Wages		13,831	13,834
Employee Leave Expense		2,243	2,216
Superannuation - Defined Contribution Plan Contributions	18	1,395	1,450
Workers' Compensation Insurance		419	439
Less: Capitalised and Distributed Costs		(1,233)	(1,276)
Total Operating Employee Costs	-	16,655	16,663
Total Number of Employees (full time equivalent at end of reporting period)		179	182
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Current Year Audit Fees		32	29
- Other Auditors		-	23
Elected Members' Expenses		271	276
Subtotal - Prescribed Expenses	_	303	328
(ii) Other Materials, Contracts and Expenses			
Contracts		4,585	4,295
Waste Contract		3,147	2,951
Maintenance Contracts		2,666 233	2,611
Legal Expenses			286
Levies Paid to Government - NRM levy Parts, Accessories & Consumables		1,176 3,175	1,134 3,095
•		3,173 172	166
Valuation Fees (Property for Rating Purposes) Insurance (Workers Compensation, Public Liability, Assets)		588	671
Work in Progress Written Off		500	102
Brownhill Keswick Creek Contributions		38	102
Levies & Taxes		252	265
Other Contributions & Donations		57	94
Printing		47	51
Sitting Fees		45	60
Trader Associations Contributions		313	336
Electricity		944	785
Advertising		190	217
Bank Fees & Charges		100	99
Community Program Expenses		215	179
Economic Development Program Expenses		22	23
Community Grants & Sponsorship		198	232
Sundry Materials, Contract & Expenses		235	63
Subtotal - Other Material, Contracts & Expenses		18,398	17,821

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 3. Expenses (continued)

<b>\$ '000</b> Note	s <b>2017</b>	2016
(c). Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Infrastructure		
Stormwater Drainage	825	792
Roads, Lanes, Kerb & Watertable	1,192	1,170
Pathways	1,299	1,256
Traffic and Lighting	289	269
Bridges	131	129
Equipment, Furniture & Fittings	1,321	1,134
Buildings	1,305	1,281
Recycled Water	241	292
Other Assets	662	574
Total Depreciation, Amortisation and Impairment	7,265	6,897
Interest on Loans Total Finance Costs	310 310	433
Note 4. Asset Disposal & Fair Value Adjustments		
Infrastructure, Property, Plant & Equipment		
Assets Renewed or Directly Replaced		
Proceeds from Disposal	356	367
Less: Carrying Amount of Assets Sold	(322)	(418)
Gain (Loss) on Disposal	34	(51)
		,
Net Gain (Loss) on Disposal or Revaluation of Assets	34	(51)

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 5. Current Assets

\$ '000	Notes	2017	2016
	110100		
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		4	(82)
Deposits at Call		25	299
Total Cash & Cash Equivalents	_	29	217
(b). Trade & Other Receivables			
Rates - General & Other		759	564
Accrued Revenues		9	-
Debtors - General		1,335	2,184
GST Recoupment		-	3
Prepayments		269	1,416
Sundry		11	5
Total Trade & Other Receivables	-	2,383	4,172
(c). Other Financial Assets (Investments)			
Loans to Community Organisations		12	11
Total Other Financial Assets (Investments)	_	12	11

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 6. Non-Current Assets

\$ '000	Notes	2017	2016
(a). Financial Assets			
Receivables Loans to Community Organisations Total Receivables Total Financial Assets	_	18 18 18	30 30 30
(b). Equity Accounted Investments in Council Businesses			
Centennial Park Cemetery Authority  Total Equity Accounted Investments in Council Businesses	19	15,414 15,414	11,037 11,037

Within the terminology of Section 43 of the Local Government Act 1999, the Centennial Park Cemetery Trust Incorporated is a joint controlling authority of the City of Unley and the City of Mitcham each having a 50% interest in the assets, liabilities and operations of the Authority. The Authority was established in the cemetery industry and no financial contributions have been made to the Authority in the financial year. The City of Unley's investment in the Authority has been accounted for under the equity method (Note 19).

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

								Asse	t Movement	s during the	Reporting Pe	eriod						
		as at 30/6/2016					Asset A	dditions	WDV	Danvasiation			nation Revaluation	as at 30/6/2017				
	Fair Value	At	At	Accun	nulated	Carrying	New /	Renewals	of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Decrements to Equity (ARR)	Increments to Equity (ARR)	At	At	Accur	nulated	Carrying
\$ '000	Level	Fair Value	Cost	Dep'n	Impairment	Value	Upgrade					(Note 9)	(Note 9)	Fair Value	Cost	Dep'n	Impairment	Value
Capital Work in Progress		-	1,557	-	-	1,557	3,445	421	-	-	(1,206)	-	-	- 1	4,217	-	-	4,217
Stormwater Drainage	3	73,980	3,367	37,850	-	39,497	87	1,072	-	(825)	98	-	1,724	80,712	-	39,059	-	41,653
Roads, Lanes, Kerb & Watertable	3	258,531	3,393	40,751	-	221,173	-	2,325	-	(1,192)	15	(27,099)	-	240,791	-	45,568	-	195,223
Pathways	3	54,211	42	23,461	-	30,792	-	1,426	-	(1,299)	-	-	-	55,480	198	24,761	-	30,917
Traffic and Lighting	3	5,574	442	1,269	-	4,747	121	168	-	(289)	95	-	-	5,574	826	1,558	-	4,842
Bridges	3	8,960	255	5,552	-	3,663	-	124	-	(131)	-	(47)	-	9,388	-	5,779	-	3,609
Equipment, Furniture & Fittings	3	-	15,712	8,386	-	7,326	88	1,161	(243)	(1,321)	319	-	-	-	16,426	9,096	-	7,330
Land	2	43,394	2,590	-	-	45,984	6	-	(79)	-	-	-	-	43,316	2,597	-	-	45,913
Land	3	152,649	-	-	-	152,649	-	-	-	-	-	-	-	152,649	-	-	-	152,649
Buildings	2	50,081	3,124	25,992	-	27,213	1,520	1,876	-	(1,006)	-	-	-	50,779	5,849	27,026	-	29,602
Buildings	3	16,605	-	8,106	-	8,499	-	-	-	(299)	-	-	-	16,605	-	8,405	-	8,200
Recycled Water	3	11,858	-	296	-	11,562	-	-	-	(241)	-	-	-	11,858	-	537	-	11,321
Other Assets	3	8,700	3,690	6,549	-	5,841	665	238	-	(662)	663	(1,634)	-	10,751	-	5,640	-	5,111
Total Infrastructure, Property,																		
Plant & Equipment		684,543	34,172	158,212	-	560,503	5,932	8,811	(322)	(7,265)	(16)	(28,780)	1,724	677,903	30,113	167,429	-	540,586
Comparatives		671,155	38,577	151,832	-	557,900	2,357	6,815	(418)	(6,897)	(101)	(10,715)	11,562	684,543	34,172	158,212	_	560,503

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

#### \$ '000

### Valuation of Assets

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

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

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

### Information on Valuations

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.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

#### \$ '000

### Valuation of Assets (continued)

### **Other Information**

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

Upon revaluation, the current new replacement cost and accumulated depreciation are re stated such that the difference represents the fair value of the asset deter mined 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.

### 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, Buildings and Structures

- Date of valuation: 1 July 2013
- Valuer: Maloney Field Services
- All acquisitions made after the valuation date are recorded at cost.

The following provides a summary of the City of Unley's asset classes together with the Maloney Field Services' opinion of the Fair Value Hierarchy relevant to each asset group based on the quantum of observable inputs involved in the valuation relative to observable inputs.

Land: Excluded / Revoked from classification as community land - Level 2 inputs

Land: Community Land classification - Level 3 inputs

Buildings: Market Approach - Level 2 inputs

Buildings: Cost Approach (excluding highly specialised and/or heritage listed Buildings) - Level 2 inputs Buildings: Cost Approach (inclusive of highly specialised and/or heritage listed Buildings) - Level 3 inputs

Valuations techniques used to measure fair value within Level 2, including a description of the significant input used

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

#### \$ '000

### Valuation of Assets (continued)

#### Land: Excluded / Revoked from classification as community land

The valuation of all Excluded / Revoked Land has been undertaken using the Market Approach, more specifically the Direct Comparison method of valuation and by reference to comparable market data.

### **Buildings: Market Approach**

The valuation of each Building under this scenario has been undertaken utilising the Direct Comparison Method of valuation by reference to market data and the subsequent apportionment of the Land and Structural components.

### Buildings: Cost Approach (excluding highly specialised and/or heritage listed Buildings)

The calculated value is based on Replacement Costs data sourced from the Maloney Field Services Replacement Costs Database and/or Rawlinsons Australia Construction Handbook 2013.

Valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationships between unobservable inputs and fair value.

Asset Type	Valuation Technique
Land	Market Approach using the Direct Comparison Method of valuation by reference to
	comparable marked tata and subsequently adjusted to reflect the level of risk associated
	with alienating the Land to make it available for disposal.
Land - Structures	Market Approach using the Direct Comparison Method of valuation by reference to
	comparable marked tata and subsequently adjusted to reflect the level of risk associated
	with alienating the Land to make it available for disposal.
Buildings	Cost Approach using the Replacement Costs data sourced from Maloney Field Services
	Replacement Costs Database, recent constructions by local government and/or
	Rawlinson's Australia Construction Handbook 2013. The unique nature of such buildings
	and the lack of definitive valuation inputs results in some variance to rates adopted.

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

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.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

### \$ '000

### Valuation of Assets (continued)

#### Infrastructure

Roads, Lanes, Kerb and Water Table

- Date of valuation: 30 June 2017
- Valuer: Pavement Management Services & Assetic
- Basis of Valuation : Consumption based approach to the valuation of the pavement and surface assets was developed in order to more closely reflect the life cycle of the assets.

The decrease in the valuation of the network is a result of updating the calculations used to determine depth of the road and the unit rates used.

- All acquisitions made after the valuation date are recorded at cost.
- The result of the revaluation will be to increase depreciation by an estimated \$1.13m for the 2017-18 year. This is due to the update of the surface road assets having their useful lives reviewed (changed to be 25-30 years instead of 35-40 years). Also residual values previusly used on formation and pavement have now been removed.

Pathways (Footpaths, Car Parks, Bike Paths)

- Date of valuation: 1 July 2014
- Valuer: IMG
- Basis of valuation: Level 3, please refer to summary table below
- All acquisitions made after the valuation date are recorded at cost.

### Drainage (Stormwater Drains & Creeks)

- Date of valuation: 30 June 2017
- Valuer: Tonkin Consulting
- Basis of valuation: Level 3, please refer to summary table below
- The result of the revaluation will be to increase depreciation by an estimated \$57k for the 2017-18 year. This is as a result of an update of unit rates used across the drainage network and work done on Kenilworth Road during 2016-17.
- All acquisitions made after the valuation date are recorded at cost.

### Traffic and Lighting (Traffic Control, Street Lighting, Bus Stops)

- Date of valuation: 30 June 2015
- Valuer: Internal Council valuation
- Basis of valuation: Written down current replacement cost discounted for age and condition
- All acquisitions made after the valuation date are recorded at cost.

### Bridges

- Date of valuation: 30 June 2017
- Valuer: Tonkin Consulting
- Basis of valuation: Level 3, please refer to summary table below
- The result of the revaluation will be to increase depreciation by an estimated \$2k for the 2017-18 year.

#### Recycled Water

- Date of valuation: 30 June 2016Valuer: Internal Council valuation
- Basis of valuation: Cost

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

### \$ '000

### Valuation of Assets (continued)

### Other Assets (Open Space and Reserve Equipment)

- Date of valuation: 30 June 2017

- Valuer: Calibre

- Basis of valuation: Level 3, please refer to summary table below
- All acquisitions made after the valuation date are recorded at cost.

Valuation Techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationships between unobservable inputs and fair value.

Asset Type	Valuation Technique
Infrastructure	Depreciated Replacement Cost (DRC) being the current replacement cost of an asset less, where applicable,
- Pathways	accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future
- Other Assets	economic benefits of the assets
Infrastructure	Current Replacement Cost (CRC) of the infrastructure asset minus any accumulated depreciation and impairment
- Bridges	losses.
	Field inspections provided certainty of the type and condition of the assets. However due to lack of information on
	bridge replacement costs at the time of valuation factored have been applied to industry rates to provide the
	replacement cost based on the professional judgement and experience of the Tonkin Consulting engineers.
Infrastructure	Current Replacement Cost (CRC) of the infrastructure asset minus any accumulated depreciation and impairment
- Drains	losses.
	The valuation of assets were based on rates provided by the 2014 Rawlinson's handbook and rates obtained from
	Humes.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 8. Liabilities

		2017	2017	2016	2016
\$ '000	Notes	Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		4,909		4,716	
Payments Received in Advance		4,909	_	4,710	-
Accrued Expenses - Employee Entitlements		1,454	_	1,396	_
Accrued Expenses - Finance Costs		111	_	144	_
Accrued Expenses - Other		1,760	_	633	-
Deposits, Retentions & Bonds		12	-	11	-
Total Trade and Other Payables	-	8,292	-	7,012	-
(b). Borrowings					
Bank Overdraft		54	-	-	-
Short Term Draw Down Facility		1,888	-	2,167	-
Loans		2,211	2,237	1,018	4,448
Total Borrowings	-	4,153	2,237	3,185	4,448
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		2,350	538	2,012	606
Total Provisions		2,350	538	2,012	606
(d). Other Liabilities					
Carpark Contribution Fund		_	154	-	151
Urban Tree Fund		-	65	-	57
Total Other Liabilities		-	219	-	208
	_				

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 9. Reserves

\$ '000	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
Asset Revaluation Reserve					
Infrastructure					
Stormwater Drainage	20,036	1,724	-	-	21,760
Roads, Lanes, Kerb & Watertable	153,691	(27,099)	-	-	126,592
Pathways	17,668	-	-	-	17,668
Traffic and Lighting	2,680	-	-	-	2,680
Bridges	2,500	(47)	-	-	2,453
Land	187,588	-	-	-	187,588
Buildings	33,066	-	-	-	33,066
Recycled Water	847	-	-	-	847
Other Assets	2,217	(1,634)	-	-	583
JV's / Associates - Other Comprehensive Income	7,164	-	-	-	7,164
Total Asset Revaluation Reserve	427,457	(27,056)	-	-	400,401
Comparatives	426,610	847	-	-	427,457

## Note 10. Assets Subject to Restrictions

The nature of some of the City of Unley's assets, and in particular Centennial Park, is such that they have restricted use either because of legal restrictions, heritage or community expectation so that these assets would continue to be held for the benefit of the community.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2017	2016
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to			
maturity subject to insignificant risk of changes of value. Cash at the			
end of the reporting period as shown in the Statement of Cash Flows			
is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	29	217
Less: Short-Term Borrowings	8	(1,942)	(2,167)
Balances per Statement of Cash Flows	-	(1,913)	(1,950)
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		4,965	4,391
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,265	6,897
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(132)	(65)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(367)	(1,716)
Net (Gain) Loss on Disposals		(34)	51
Net Increase/(Decrease) in Unpaid Employee Benefits		270	237
Expense of Capital Items	_	(16) 11,951	9,896
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,789	(1,931)
Net Increase/(Decrease) in Trade & Other Payables		1,279	1,967
Net Increase/(Decrease) in Other Liabilities		11	29
Net Cash provided by (or used in) operations	-	15,031	9,961
(c). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		500	500
Corporate Purchase Cards		215	140
LGFA Cash Advance Debenture Facility		12,000	12,000

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 12a. Functions

	Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  Details of these Functions/Activities are provided in Note 12(b).									
Functions/Activities	INCO	)ME	EXPENSES OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
\$ '000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Office of the CEO	709	704	3,579	3,827	(2,870)	(3,123)	3	-	15,414	11,037
City Development	2,277	2,015	21,146	20,790	(18,869)	(18,775)	1,291	928	519,938	539,955
Business Support & Improvement	39,723	37,743	7,322	6,915	32,401	30,828	1,186	397	5,154	7,052
City Services	4,786	4,406	10,884	10,610	(6,098)	(6,204)	1,731	1,728	17,882	17,926
Total Functions/Activities	47,495	44,868	42,931	42,142	4,564	2,726	4,211	3,053	558,442	575,970

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

### Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 12b. Components of Functions

\$ '000

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

### **OFFICE OF THE CEO**

Business & Economic Development Program, Economic Development, Economic Development & Planning, Governance & Risk, Marketing & Communications, Office of the CEO, Strategic Projects

#### **CITY SERVICES**

Active Aging Program, Animal Management, Arts & Cultural Development, City Services Management, Community Bus Program, Community Centres, Community Development & Wellbeing Management, Community Events, Community Grants, Customer Experience, Development Services, Library Services, Parking Enforcement, Public & Environmental Health, Unley Museum, Unley Swimming Centre, Volunteer Development, Youth Development

#### **BUSINESS SUPPORT & IMPROVEMENT**

Business Support & Improvement Management, Business Systems & Solutions, Corporate Activies, Culture & Business Capability, Finance & Procurement, Human Resources

### **CITY DEVELOPMENT**

City Development Management, Environmental Initiatives, Operational Services, Property Services, Recreation & Sport Planning, Strategic Asset Management, Transporation & Traffic, Urban Design, Urban Policy & Planning, Waste Management

### Note 13. Financial Instruments

### **Recognised Financial Instruments**

### Bank, Deposits at Call, Short Term Deposits Accounting Policy:

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

#### **Terms & Conditions:**

Deposits are returning fixed interest rates between 1.5% and 2.25% (2016: 1.75% and 2.5%). Short term deposits have an average maturity of 30 days and an average interest rate of 2% (2016: 30 days and 2.42%).

### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 13. Financial Instruments (continued)

#### \$ '000

### **Recognised Financial Instruments**

### Receivables

### **Rates & Associated Charges**

(including legals & penalties for late payment)

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

### Receivables

Fees & Other Charges

### Receivables

**Other Levels of Government** 

### **Accounting Policy:**

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

#### **Terms & Conditions:**

Secured over the subject land, arrears attract interest of 6.75% (2016: 7%). 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).

### **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).

### **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 2017

## Note 13. Financial Instruments (continued)

\$ '000

### **Recognised Financial Instruments**

### Liabilities

**Creditors and Accruals** 

### Liabilities

**Interest Bearing Borrowings** 

### **Accounting Policy:**

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

### **Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

### **Carrying Amount:**

Approximates fair value.

### **Accounting Policy:**

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

### **Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4% and 7.08% (2016: 4% and 7.08%).

### **Carrying Amount:**

Approximates fair value.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

## Note 13. Financial Instruments (continued)

	Due	Due > 1 year	Due	Total Contractual	Carrying
\$ '000	< 1 year	& ≤ 5 years	> 5 years	Cash Flows	Values
2017					
Financial Assets					
Cash & Equivalents	(25)	-	-	(25)	29
Receivables	1,373	-	-	1,373	1,373
Other Financial Assets	12	<u>-</u>	-	12	12
Total Financial Assets	1,360	-	-	1,360	1,414
Financial Liabilities					
Payables	8,246	-	-	8,246	8,246
Current Borrowings	4,099	-	-	4,099	4,153
Non-Current Borrowings		442	1,795	2,237	2,237
Total Financial Liabilities	12,345	442	1,795	14,582	14,636
	Due	Due > 1 year	Due	Total Contractual	Carrying
\$ '000	< 1 year	& ≤ 5 years	> 5 years	Cash Flows	Values
2016					
Financial Assets					
Cash & Equivalents	217	-	-	217	217
Receivables	2,441	-	-	2,441	2,222
				11	
Other Financial Assets	11				11
Other Financial Assets  Total Financial Assets	2,669		-	2,669	2,450
Total Financial Assets  Financial Liabilities	2,669	-	-	2,669	2,450
Total Financial Assets		-	-		
Total Financial Assets  Financial Liabilities	2,669	-	-	2,669	2,450
Total Financial Assets  Financial Liabilities  Payables	<b>2,669</b> 6,716	- - - 2,434	- - - - 2,014	<b>2,669</b> 6,716	<b>2,450</b> 6,900

The following interest rates were applicable	30 June 2017		30 June 2016		
to Council's Borrowings at balance date:	Weighted Avg	Carrying	Weighted Avg	Carrying	
	Interest Rate	Value	Interest Rate	Value	
Other Variable Rates	3.75%	-		-	
Fixed Interest Rates	6.12%	6,390	5.10%	7,633	
		6,444		7,633	

### **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 2017

### Note 13. Financial Instruments (continued)

\$ '000

### Risk Exposures

<u>Credit Risk</u> 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.

<u>Market Risk</u> 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 <u>currency risk</u> apply.

<u>Liquidity Risk</u> is the risk that Council will encounter difficulty in meeting obligations with financial liabilities.

In accordance with the model Treasury Mangement 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.

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

## Note 14. Commitments for Expenditure

\$ '000	Notes	2017	2016
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Infrastructure Other	=	806 436 1,242	1,435 538 1,973
These expenditures are payable: Not later than one year Later than one year and not later than 5 years Later than 5 years	_	1,242 - - 1,242	1,973 - - 1,973

## Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 14. Commitments for Expenditure (continued)

\$ '000	Notes	2017	2016
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the repodate but not recognised in the financial statements as liabilities:	rting		
Audit Services		31	122
Waste Management Services		3,300	3,750
Other Maintenance Contracts		552	896
IT Maintenance Contracts		19	929
		3,902	5,697
These expenditures are payable:			
Not later than one year		2,422	4,103
Later than one year and not later than 5 years		1,480	1,594
Later than 5 years			
		3,902	5,697

The City of Unley is party to a Memorandum of Agreement with the Cities of Adelaide, Burnside and West Torrens in which the councils together with the City of Mitcham, are collaborating to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of a Stormwater Management Plan (SMP) for the Brown Hill and Keswick Creek catchment and providing for reuse of stormwater where feasible. Provision exists for the City of Mitcham to also execute the agreement if it chooses.

The Agreement also provides for a Steering Group with representatives of each council to progress investigations, designs and works identified in the SMP, prior to establishment of the regional subsidiary. the City of Mitcham is also represented on this Steering Group.

Since 2010, the five catchment councils have responded to direction from the Stormwater Management Authority (SMA) to produce an agreed SMP catering for the critical one in 100 year storm. In 2012 the Councils produced a SMP which was approved by the SMA and gazetted in March 2013. However the Plan required further investigations in relation to a flood mitigation desgin solution for upper Brown Hill Creek.

Subsequently, the 2016 SMP, updated from the 2012 version and incorporated a solution for the upper Brown Hill Creek (increasing the creek's flow capacity together with general rehabilitation of the creek) was submitted to the SMA in March 2016 and was approved. This was gazetted in February 2017. At the same time the State Government confirmed that it would contribute 50% of the cost, and this offer was accepted by the five catchment councils. the SMP proposes that the three spheres of government (federal, state and local) will each subscribe one third of the cost.

Project works under the 2016 SMP have an estimated cost of \$140 million and a planned 10 year construction period. Two works elements (Ridge Park Detention Dam and Brown Hill Creek diversion culvert at Goodwood) have been constructed to date at a total cost of \$7.8 million out of a total expenditure of \$9 million to 2017. Planning and design are underway for construction of further works to commence in 2018. Progress also is being made towards the establishment of the regional subsidiary by February 2018. The Councils and the State Government continue to seek Commonwealth assistance as proposed in the SMP. Unley's share of the local government component is set at 21%, which equates to approximately \$15 million based on a 50% local government apportionment.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 15. Financial Indicators

the renewal and replacement of existing assets, and excludes new

capital expenditure on the acquisition of additional assets.

	Amounts	Indicator	Prior F	Periods
\$ '000	2017	2017	2016	2015
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.				
Operating Surplus Ratio     Operating Surplus     Total Operating Revenue  This ratio expresses the operating surplus as a percentage of total operating revenue.	4,564 47,495	10%	6%	8%
1a. Adjusted Operating Surplus Ratio 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. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	3,971 47,495	8%	7%	6%
2. Net Financial Liabilities Ratio Net Financial Liabilities Total Operating Revenue  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.	15,347 47,495	32%	29%	35%
3. Asset Sustainability Ratio Net Asset Renewals Infrastructure & Asset Management Plan required expenditure  Net asset renewals expenditure is defined as net capital expenditure on	8,421 7,265	116%	81%	97%

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 16. Uniform Presentation of Finances

\$ '00	00	2017	2016

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

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

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

Income	47,495	44,868
less Expenses	(42,931)	(42,142)
Operating Surplus / (Deficit)	4,564	2,726
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	8,811	6,815
less Depreciation, Amortisation and Impairment	(7,265)	(6,897)
less Proceeds from Sale of Replaced Assets	(390)	(367)
Subtotal	1,156	(449)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	5,933	2,356
(including Investment Property & Real Estate Developments)	5,955	2,350
less Amounts Received Specifically for New and Upgraded Assets	(367)	(1,716)
Subtotal	5,566	640
distotui	0,000	0-10
Net Lending / (Borrowing) for Financial Year	(2,158)	2,535
3, ( ) 3, ( ) 3, ( )	( ) = = /	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Net Financial Liabilities at Beginning of Year	(13,042)	(15,611)
Net (gain) / loss Joint Ventures & Associates	-	(65)
Decrease / (increase) in Other	_	99
Net Financial Liabilities at End of Year	(15,200)	(13,042)
1.00.7	(10,200)	(10)012)

### Note 17. Operating Leases

Council does not have any Operating Leases

## Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 18. Superannuation

#### \$ '000

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

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). 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 2015/16) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 19. Interests in Other Entities

\$ '000

### Joint Operation - Brown Hill Keswick Creek Project

The City of Unley is party to a Memorandum of Agreement (MOA) with the Cities of Adelaide, Burnside and West Torrens which the councils together with the City of Mitcham are collaborating in a project to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of a Storm Water Management Plan (SMP) for the Brown Hill and Keswick Creeks catchment and providing for reuse of stormwater where feasible. Provision exists for Mitcham Council to also execute the Agreement if it chooses.

The agreement also provides for a Steering Group with representatives of each Council to progress investigations, designs and works identified in the SMP, prior to establishment of the regional subsidiary. The City of Mitcham is also represented on this Steering Group.

The Project is jointly managed by the five Councils, with assets, revenue and expenses shared on the basis set out in the Agreement and SMP. Council's share of the Project's assets are included in Note 7 of the Financial Statements. The City of Unley's share of revenue and expenses of the Project are included in Note 2 and 3 of the financial Statements respectively. Each Party is responsible for its own internal costs of the Project.

Under the MOA, the City of Unley acts as "Host" to the Project, providing for the administration and coordination of the performance of the Agreement including:

- arranging the preparation of documents,
- entering into agreements with third parties as directed by the Steering Group,
- keeping records,
- employment of support staff as directed by the Steering Group,
- · project management,
- holding moneys contributed by the Councils and other parties and
- disbursement of payments as directed by the Steering Group.

Under Australian Accounting Standards, the City of Unley should only recognise transactions from activities it controls. It is considered that the City of Unley does not control the Brown Hill Keswick Creek Project. Therefore City of Unley, in its role as host does not recognise payments made on behalf of the Project nor contributions received from other Councils in its Statement of Comprehensive Statement or Statement of Financial Position.

For the year ended 30 June 2017, the Brown Hill Keswick Creek Project made disbursements of \$225k and received contributions of \$450k.

#### **Equity Accounted Council Business - Centennial Park**

Within the terminology of Section 43 of the Local Government Act 1999, the Centennial Park Cemetery Trust Incorporated is a joint controlling authority of the City of Unley and the City of Mitcham each having a 50% interest in the assets, liabilities and operations of the Authority. The Authority was established in the cemetery industry and no financial contributions have been made to the Authority in the financial year. The City of Unley's investment in the Authority has been accounted for under the equity method.

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

# Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### 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.

	Council's Share	Council's Share of Net Income		Council's Share of Net Assets	
	2017	2016	2017	2016	
Associates	132	65	15,414	11,037	
Total	132	65	15,414	11,037	

### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

### (a) Carrying Amounts

Name of Entity	Principal Activity	2017	2016
Centennial Park Cemetery Authority	Cemetery Industry	15,414	11,037
<b>Total Carrying Amounts - Joint Ventu</b>	res & Associates	15,414	11,037

(b) Relevant Interests	Interest in	Ownership	
	Operating	Share of	Proportion of
	Result	Equity	<b>Voting Power</b>
Name of Entity	2017 2016	6 2017 2016	2017 2016
Centennial Park Cemetery Authority	50% 50%	50% 50%	50% 50%

### (c) Movement in Investment in Joint Venture or Associate

	Authority	
	2017	2016
Opening Balance	11,037	10,977
Share in Operating Result	132	65
Share in Other Comprehensive Income	4,245	(5)
Council's Equity Share in the Joint Venture or Associate	15,414	11,037

Centennial Park Cemetery

## Notes to and forming part of the Financial Statements for the year ended 30 June 2017

### Note 19. Interests in Other Entities

\$ '000

### (d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Financial Position Centennial Park Cemeter Authority	
Statement of Financial Fosition	2017	2016
Cash and Cash Equivalents	10,638	9,536
Other Current Assets	1,395	1,698
Non-Current Assets	35,436	27,040
Total Assets	47,469	38,274
Current Trade and Other Payables	1,827	1,391
Current Provisions	200	173
Non-Current Provisions	14,614	14,637
Total Liabilities	16,641	16,201
Net Assets	30,827	22,073
Statement of Comprehensive Income		
	2017	2016
Other Income	9,924	9,351
Interest Income	259	292
Total Income	10,183	9,643
Employee Costs	4,131	3,830
Materials, Contracts & Other Expenses	4,196	4,004
Depreciation, Amortisation and Impairment	1,553_	1,639
Total Expenses	9,880	9,473
Operating Result	303_	170

### **Contingent Liabilities of the Associate**

Each Member is Jointly and Severally Liable for the Debts of the Operation

- arising from Council's Share of Associate
- arising from Joint and Several Liability of all Members

The Authority has contingent liabilities with respect to the redemption of unused licences in the event that the Authority ceases to take any business. The Burial and Cremation Act 2013 mandates the refund of unexercised licences at current prices less a provision for administration, maintenance and establishment costs. The calculation is determined in the regulations. The contingent liability as at 30 June 2017 is \$11,823,040. An actual liability will only arise if a claim is made by existing licence holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.10% of 47,508 burial interment rights currently issued. Total unused interment reights account for appoximately 7.40% of 40,490 memorial interment reights currently issued. Once an interment or placement of a monument has occurred a licence cannot be redeemed.

Contonnial Bark Comptony

## Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$ '000

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

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

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

#### 1. LAND UNDER ROADS

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

At reporting date, Council controlled 167.2 km of road reserves of average width 12 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 deductable "insurance excesses", the amount of which varies according to the class of insurance.

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

#### 3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 3 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

### Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 09/10/17.

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

### Note 23. Related Party Transactions

\$ '000

### Key Management Personnel

**Total** 

Total

### **Transactions with Key Management Personel**

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, 18 persons were paid the following total compensation:

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

 Short-Term Employee Benefits
 939,182

 Long-Term Benefits
 155,466

 Total
 1,094,648

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

#### **Receipts from Key Management Personnel comprise:**

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

Other Related Party Transactions:
Other than amounts paid or received as ratepayers or residents,
Council received or paid the following amounts in total:

# General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Financial Statements

# General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Financial Statements

# General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Internal Controls

# General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Internal Controls

# General Purpose Financial Statements for the year ended 30 June 2017

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley

or the year ended 30 June 2017, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the <i>Local Government Act 1999</i> and the <i>Local Government (Financial Management) Regulations 2011</i> made under that Act.		
This statement is prepared in accordance with the requirer (Financial Management) Regulations 2011.	nents of Regulation 22(3) Local Government	
Peter Tsokas CHIEF EXECUTIVE OFFICER	John Rawson PRESIDING MEMBER, AUDIT COMMITTEE	
Date:		

# General Purpose Financial Statements for the year ended 30 June 2017

### Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants. Section 290, published by the Accounting Professional and Ethical Standards nent)

Dated this	day of	2017.
Geoff Edwards BDO		
-	repared in accordance with ment) Regulations 2011.	n the requirements of Regulation 22 (5) Local Government
Board, in accordan	•	nent Act 1999 and the Local Government (Financial Managem
ioi Professional Ac	countants, Section 290, bu	iblished by the Accounting Professional and Ethical Standards







# **KEY CONTACTS**



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Chelsea Aplin Engagement Manager Tel: +61 8 7324 6097 chelsea.aplin@bdo.com.au









### **AUDIT STATUS**

We have set out in this document the significant matters arising from our audit for the year ended 30 June 207. This summary covers those matters we believe to be material in the context of our work.

Our audit was conducted in accordance with Australian Auditing Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, and is in the process of being completed.

Our audit will be concluded once we have completed the following outstanding audit procedures:

- Finalising audit procedures in relation to council's first time adoption of AASB 124 amendments Related parties disclosures;
- Review of updated final draft of Council's financial statements;
- Review of events subsequent to 30 June 2017;
- Receipt of written management representations on various matters;
- · Receipt of formally adopted financial statements.

At the date of this completion report we anticipate issuing unqualified opinions on both the financial statements, and internal controls.







# **EXECUTION AND AUDIT MATTERS**







We have set out below the key accounting and audit matters that have arisen during the audit.

#### Significant risks of material misstatement

Our audit procedures were focused on areas that are considered to represent significant risk of material misstatement. We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. We set out below the significant risks identified along with our findings and conclusions.

### Related party disclosures

#### Description

This is the first year that AASB 124 Related Party Disclosures has applied to the Council. Because the Council has not had to make these disclosures in the past, there is a risk of error in initial application of this accounting standard.

### Findings and conclusion

We have obtained an understanding of Council's processes for determining who are Key Management Personnel (KMP), and obtaining information regarding transactions with KMP. We have considered the completeness and accuracy of such information.

We have checked related party disclosures in the financial statements back to Council documentation and considered whether disclosure is appropriate based on the Accounting Standard and examples in the model financial statements. Final audit procedures are to be completed however we do not expect this to have an impact on our audit's opinion over Council's financials.





### **Accounting treatment Centennial Park Cemetery Authority**

#### Description

There is a potential risk in relation to the accounting treatment and disclosure of amounts relating to Council's interest in Centennial Park Cemetery Authority, including any changes occurring during the year, may not be in accordance with Australian Accounting Standards.

#### Findings and conclusion

We obtained the statutory financial statements for Centennial Park Cemetery Authority for the year ended 30 June 2017 and confirmed that City of Unley have correctly accounted for and disclosed their ownership interest.

We are satisfied that the investment has been presented fairly in the financial statements.

### Management override of internal control

#### Description

Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.

### Findings and conclusion

We have tested general journals posted during the year and at the end of the reporting period to consider whether they are appropriate. We considered accounting estimates for management biases or fraud. We sought to corroborate management explanations with independent supporting evidence whenever possible.

There was no evidence of misstatement due to management override of controls.





### Revaluation and useful lives of Infrastructure, Land and Buildings

#### Description

There is a risk that revaluations of infrastructure, property, plant and equipment are not undertaken in accordance with the requirements of AASB 116 and AASB 13.

#### Findings and conclusion

This year the independent revaluations have been undertaken for roads, lanes, kerbs & water-table, performed by Pavement Management Services & Ascetic; drainage; bridges, both performed by Tonkin Consulting; and open spaces, performed by Calibre. We have evaluated each of these firm's competence, capability and objectivity, obtained an understanding of their work, and evaluated its appropriateness. On the basis of these audit procedures we are satisfied that the financial statements are presented fairly in relation to the revaluation of these classes of infrastructure assets.

### Accounting treatment of Brown Hill Keswick Creek Project

#### Description

There is a risk that the accounting treatment of payments made and contributions received in relation to the project, and assets associated with it, may not be in accordance with Australian Accounting Standards.

#### Findings and conclusion

We have reviewed the underlying project documentation, obtained an understanding of the receipts, payments and asset balances associated with it, and discussed the accounting treatment at length with management. It was noted that no significant transactions were incurred in relation to this project in the current year.

We are satisfied that theses matters are presented fairly in the financial statements.





### Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2017

#### Description

There is a risk of error in the calculation of grant income recognised and deferred at year end by reference to grant agreements and Australian Accounting Standards.

### Findings and conclusion

Note 1.3 draws attention to an amount of \$593,626 untied Financial Assistance Grant for the year ending 30 June 2018, received in advance during the year ended 30 June 2017. This has correctly been recorded as income in the year ended 30 June 2017.

We are satisfied that the financial statements are presented fairly in all material respects, in relation to financial assistance grant income.





### **Depreciation of Capital Replacement Assets**

During our review of work in progress relating to capital replacement assets that were capitalised during the year, it was noted that the Council does not remove the pre-existing assets from the fixed asset register. This results in the overstatement of infrastructure, property, plant & equipment to the value of pre-existing asset's written down.

We selected a sample of capital replacement assets selected for testing and we identified a potential overstatement of assets of \$349,000.

It has been noted that such overstatements will be rectified during the revaluation process, however there is always a potential risk that this overstatement may become material due to the timing of when revaluations occur.

It is recommended that pre-existing assets are written off when replaced with new assets.









## SUMMARY OF MISSTATEMENTS

#### **Uncorrected misstatements**

We detail below the uncorrected misstatements which we have identified during the audit, and that were determined by management to be immaterial, both individually and in aggregate to the financial report taken as a whole.

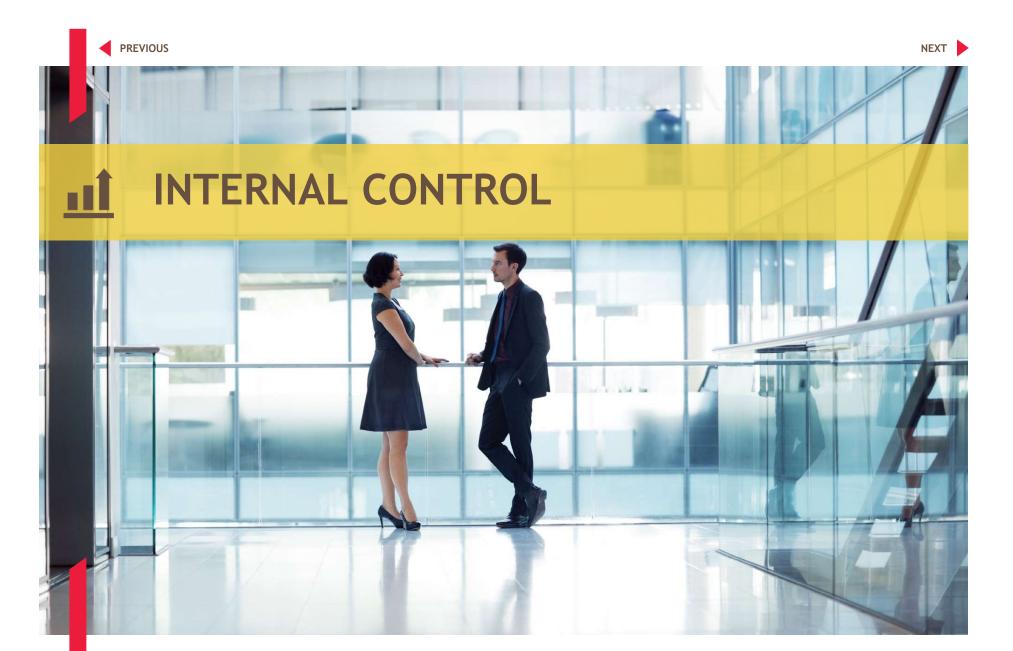
Misstatements have not been included if they are considered to be clearly trivial which we have set at \$40,000. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

We will seek representation from management to acknowledge that:

- Uncorrected misstatements have been brought to their attention by us; and
- They have considered the effect of any uncorrected misstatements, aggregated during and pertaining to the latest period, on the financial report and consider the misstatements are immaterial individually and in aggregate to the financial report taken as a whole.

Description	Assets	(Liabilities)	Reserves	(Profit)/Loss
Written down value of pre-existing infrastructure, property, plant & equipment replaced during the year but not written off	(349,000)	-	-	349,000
Reclassification of credit balances within rates receivable	244,000	(244,000)	-	-
Net effect of uncorrected misstatements	(105,000)	(244,000)	-	349,000









### INTERNAL CONTROL

### **Current year**

We have a responsibility to provide an audit report in which we express a conclusion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects.

In addition, in accordance with ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management, we are required to communicate in writing, any other significant deficiencies in internal control identified during the audit.

The standard defines a deficiency in internal control as follows:

- 1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the interim financial report on a timely basis; or
- 2. A control necessary to prevent, or detect and correct, misstatements in the interim financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance.

We intend providing an unqualified audit report In relation to compliance with Section 125 of the Local Government Act 1999. Details of matters identified in our testing of internal controls that were determined not to require qualification in our audit report are set out below..





# **INTERNAL CONTROL**

	Other deficiencies in internal control	Potential effects	Recommendation	Management comments
1	It was noted for the month of August 2016 and for one reconciliation prepared for September 2016, that a reconciliation for accrued expenses was not prepared.	Errors and issues in relation to accrued expenses may not be identified and investigated if the reconciliation does not take place.	Ensure that the Council's process of preparing monthly reconciliations for accrued expenses is adhered by.	Noted
2	It was noted on a sample of assets that depreciation was not being calculated in line with the accounting policy.	This will result in depreciation charges being inaccurately recorded within the general ledger.	Ensure that the depreciation rates are being applied in accordance with the accounting policy.	Of the sample of assets, the depreciation was minor in value.





### **INTERNAL CONTROL**

### Follow up on prior year findings

We have detailed below the current status of matters relating to internal control that have been raised in prior communications and are not referred to in the current year findings.

	Description of matter	Date previously communicated	Current status	Management comments
1	It was noted for all reconciliations prepared for month of August 2015 and for one reconciliation prepared for September 2015, that there was no independent review.	2016 Audit Completion Report	We did not identify any instances where the monthly review of the reconciliations did not occur during our interim review. Furthermore we did not identify any instances of review of other reconciliations did not occur.	Noted









# Proposed audit reports

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of the City of Unley ("the Council"), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of the City of Unley, presents fairly, in all material respects, the Council's financial position as at 30 June 2017 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Council's officers)* 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 *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

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





# Proposed audit report (continued)

Council's responsibility for the Financial Report

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

In preparing the financial report, the Council's officers are 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 the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors\_files/ar3.pdf.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

G K Edwards Director

Adelaide, XX Month 2017





# Proposed audit report (continued)

#### Scope

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by the City of Unley ("the Council") in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2016 to 30 June 2017 relevant to ensuring such transactions have been conducted properly and in accordance with law.

#### The Council's Responsibility for the Internal Controls

The Council is responsible for:

- a) the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities:
- b) identifying the control objectives;
- c) identifying the risks that threaten achievement of the control objectives;
- d) designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control
  objectives; and
- e) operating effectively the controls as designed throughout the period.

### Our Independence and Quality Control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, BDO Audit Partnership (SA) maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.





# Proposed audit report (continued)

Assurance Practitioner's Responsibility

Our responsibility is to express an opinion on the suitability of the design to achieve the control objectives and operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Auditing and Assurance Standards Board. That standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

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

#### 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 and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of 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.





# Proposed audit report (continued)

#### Opinion

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects:

- a) the controls established by the City of Unley in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- b) the controls operated effectively as designed throughout the period from 1 July 2016 to 30 June 2017.

BDO Audit (SA) Pty Ltd

G K Edwards Director

Adelaide, XX Month 2017





# Other information

Under new Australian Auditing Standards issued and effective for periods ending on or after 15 December 2016, we are required to read the 'Other information' issued with the financial statements. 'Other Information' is defined as "Financial or non-financial information (other than the financial report and the auditor's report thereon) included in an entity's annual report". We are required to read the other information to identify any material inconsistencies between the other information and the financial report.

If the other information is made available to us prior to us issuing our audit report, the paragraph below will be included in the audit report.

#### "Other information

The responsible entities of the registered entity are responsible for the other information. The other information comprises the information in Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard."

From discussions with management, the final draft of the annual report is likely to be ready at the date of signing and issuing the auditor's report, in which case, the above paragraph would be included. Should the final draft not be ready, as the Council is not a listed entity, there is no requirement for us to include the paragraph. Not withstanding this, there is still an obligation for you to provide and us to read any other information once it is available subsequent to the date of the auditors report.





# Auditor independence declaration

We set out below our draft Auditor independence declaration.

#### CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of City of Unley for the year ended 30 June 207, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

G K Edwards Director

BDO Audit (SA) Pty Ltd

Adelaide, XX Month 2017





# Other communications

#### Ethics and independence matters

In conducting our audit, we have complied with the independence requirements of s290 of APES 110 *Code of Ethics for Professional Accountants*.

We have obtained independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to the City of Unley.





# Other communications

#### Non-compliance with laws and regulations

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

#### Fraud

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.





# **New developments**

Supplementing this report is a summary of the new and emerging developments that may impact you in future years. We have provided a brief overview of the major changes relevant to you in the table below. Our <u>Issues and Trends</u> page on our website also includes resources regarding new and emerging areas.

#### Impairment testing

AASB 2016-4 simplifies impairment testing for not-for-profit entities (NFPs) with specialised, non-cash-generating assets by clarifying that 'current replacement cost' in AASB 13 Fair Value Measurement, and 'depreciated replacement cost' used as a proxy for 'value in use (recoverable amount) in AASB 136 Impairment of Assets, mean the same thing.

The amendments delete the concept of 'depreciated replacement cost' as a proxy for 'value in use' for entities with specialised, non-cash-generating assets measured using the 'cost model'. This means that recoverable amount for such assets must be determined using 'fair value less costs of disposal'. 'Fair value' will be determined be reference to 'current replacement cost' in AASB 13. The amendments also clarify that disposal costs can be ignored when determining 'fair value less costs of disposal' as these types of assets are rarely sold and disposal costs would be negligible.

Such assets measured using the fair value model are not required to perform impairment testing under AASB 136 because 'current replacement cost' under AASB 13 (used to measure fair value) is the same as what would be used to determine 'fair value less costs of disposal'.





# New developments (continued)

New income recognition standard - AASB 1058

On 20 December 2016, the Australian Accounting Standards Board issued the highly anticipated new standard dealing with income recognition, AASB 1058 Income of Not-for-Profit Entities, which applies to annual reporting periods ending on or after 1 January 2019. The application date of the new revenue recognition standard, AASB 15 Revenue from Contracts with Customers has also been deferred to 1 January 2019 for NFPs.

AASB 1058 establishes principles and guidance when accounting for:

- Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives, and
- · The receipt of volunteer services.

Various practical examples are contained in the illustrative examples that accompany AASB 1058, and Application Guidance has been added to AASB 15 *Revenue from Contracts with Customers* to enable NFPs to be able to apply AASB 15 in a not-for-profit context.

On initial recognition of an asset received by a NFP, any related amounts, including contributions by owners, liabilities or revenue, are to be recognised in accordance with other Australian Accounting Standards. This includes the additional new accounting standards, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases.

The combined operation of AASB 1058, AASB 15 and AASB 16 provides specific guidance for NFPs on the principles for recognising various forms of income. For example:

- If the consideration given, or to be given, by an NFP for an asset is significantly less than the fair value of the asset,
   AASB 1058 addresses the accounting for the difference
- When government grants are received under an enforceable agreement, and there are sufficiently specific performance obligations imposed on the NFP, the components of the grant that relates to those performance obligations would potentially be deferred until the obligations are satisfied
- If the performance obligations are not sufficiently specific, the NFP is potentially faced with recognising the grant upon receipt





# New developments (continued)

New income recognition standard - AASB 1058 (continued)

- If the NFP acquired the right to use a property by way of a lease, and the fair value of the right to use the property is significantly greater than the consideration to be given (e.g. a peppercorn lease), the NFP potentially will be required to recognise income for the difference
- Certain government NFPs will be required to recognise the financial effect of volunteer services where the fair value of the services can be measured reliably, and the services would have been purchased if they had not been donated. This requirement is not mandatory for private sector NFP entities.

Key issues in implementing the new standard, together with other related amendments, will include:

- · Determining the fair value of assets acquired, particularly where the transaction is on non-commercial terms
- Determining whether contracts for government grants contain sufficiently specific performance obligations to allow deferral of any component of the grants.

In implementing the new requirements, NFPs will also need to:

- Review all significant income streams to determine the impact on the financial report
- Consider the need to change accounting policies and internal financial reporting processes
- · Consider the impact on reporting to stakeholders regarding the NFP's financial position and performance
- Ensure proper guidance is provided to boards and audit committees.



We have prepared this report solely for the use of the City of Unley. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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# ANNUAL ACCOUNTS FOR THE YEAR ENDED $30^{TH}$ JUNE 2017

#### **Centennial Park Cemetery Authority**

760 Goodwood Road, Pasadena, South Australia 5042 Telephone: (08) 8276 6011 – Facsimile: (08) 8275 2266

Email: <a href="mailto:enquiry@centpark.org.au">enquiry@centpark.org.au</a>
Website: <a href="mailto:www.centennialpark.org.au">www.centennialpark.org.au</a>

# General Purpose Financial Reports for the year ended 30 June 2017

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Audit Report - Financial Statements Authority Certificate of Audit Independence Audit Certificate of Audit Independence

#### **CENTENNIAL PARK CEMETERY AUTHORITY**

# **ANNUAL FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 June 2017

#### **CERTIFICATION OF FINANCIAL STATEMENTS**

We have been authorised by the Centennial Park Cemetery Authority 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 the Australian Accounting Standards.
- The financial statements present a true and fair view of the Authority's financial position at 30
  June 2017 and the results of its operations and cash flows for the financial year.
- Internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- The financial statements accurately reflect the Authority's accounting and other records.

Jane Miller
CHIEF EXECUTIVE OFFICER

CHAIR OF THE BOARD

Dated this 31st day of August 2017

# STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
INCOME			
User charges - Sales	2	9,924,155	9,350,477
Investment income	2	259,550	292,091
Total Income		10,183,705	9,642,568
EXPENSES			
Employee costs	3	4,131,208	3,830,297
Materials, contracts & other expenses	3	4,196,181	4,003,615
Depreciation, amortisation & impairment	3 _	1,553,349	1,639,020
Total Expenses	_	9,880,738	9,472,931
OPERATING SURPLUS / (DEFICIT)		302,968	169,636
Net gain (loss) on disposal or revaluation of assets	4	(38,738)	(40,287)
NET SURPLUS / (DEFICIT)	_	264,230	129,349
Other Comprehensive Income Changes in revaluation surplus Total Other Comprehensive Income	7 _	8,489,891 <b>8,489,891</b>	
TOTAL COMPREHENSIVE INCOME	_	8,754,121	129,349
This Statement is to be read in conjunction with the attached Notes			

# STATEMENT OF FINANCIAL POSITION as at 30 June 2017

ASSETS Current Assets	Notes	2017 \$	2016 \$
Cash and cash equivalents	5	10,637,562	9,536,493
Trade & other receivables	5	698,029	937,899
Inventories	5	697,444	759,941
Total Current Assets		12,033,035	11,234,333
Non-current Assets Infrastructure, Property, Plant & Equipment	7	24 070 500	00 007 740
Other Non-current Assets	6	34,678,586	26,307,719
Total Non-current Assets	٠.	757,447	731,684
Total Assets	-	35,436,033	27,039,403
Total Assets		47,469,068	38,273,736
LIABILITIES Current Liabilities Trade & Other Payables Provisions Total Current Liabilities	8 -	1,827,313 200,386 2,027,699	1,391,415 172,736 1,564,151
Non-current Liabilities			
Provisions	8	14,614,170	14,636,507
Total Non-current Liabilities	-	14,614,170	14,636,507
Total Liabilities	-	16,641,869	16,200,658
NET ASSETS	_	30,827,199	22,073,078
EQUITY	-		22,010,070
Contributed Equity	16	48,702	48,702
Accumulated Surplus		7,520,631	7,633,085
Asset Revaluation Reserve	9	23,227,097	14,360,522
Other Reserves	9	30,769	30,769
TOTAL EQUITY	_	30,827,199	22,073,078
This Statement is to be read in conjunction with the attached N	lotes.		

Centennial Park Cemetery Authority	STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2017	Asset Accumulated Revaluation Other Contributed TOTAL Surplus Reserve Reserves Equity EQUITY Notes \$ \$	Ince at end of previous reporting period         7,633,085         14,360,522         30,769         48,702         22,073,078           Surplus / (Deficit) for Year         264,230         264,230         264,230           er Comprehensive Income         6ain on revaluation of infrastructure, property, plant & 8,489,891         8,489,891         8,489,891	Impairment (expense) / recoupments offset to asset (376,684) 376,684 revaluation reserve 7,520,631 23,227,097 30,769 48,702 30,827,199	2016	7,489,072 14,375,186 41,943 48,702 21,954,903 9eficit) for Year 129,349 129,349 129,349	upments offset to asset 14,664 (14,664) (11,174)	7 633 085 14 360 522 30 782 702 072 072 072 072
		20	Balance at end of previous reporting period Net Surplus / (Deficit) for Year Other Comprehensive Income Gain on revaluation of infrastructure, pr equipment	Impairment (expense) / rec revaluation reserve Balance at end of period	20	Balance at end of previous reporting period Net Surplus / (Deficit) for Year Other Comprehensive Income	Impairment (expense) / recrevaluation reserve	Balance at end of period

This Statement is to be read in conjunction with the attached Notes

#### STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

CASH FLOWS FROM OPERATING ACTIVITIES Receipts	Notes	2017 \$	2016 \$
Operating receipts Investment receipts		10,855,280 259,550	10,288,806 <b>2</b> 92,091
Payments Operating payments to suppliers & employees	···	(8,514,936)	(9,226,942)
Net Cash provided by (or used in) Operating Activities		2,599,894	1,353,955
CASH FLOWS FROM INVESTING ACTIVITIES Receipts			
Sale of replaced assets		131,020	67,740
Payments Expenditure on renewal/replacement of assets Expenditure on new/upgraded assets	14	(936,332) (693,513)	(844,216) (1,553,939)
Net Cash provided by (or used in) Investing Activities		(1,498,825)	(2,330,415)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash provided by (or used in) Financing Activities		= :(4)	*
Net Increase (Decrease) in cash held		1,101,069	(976,460)
Cash & cash equivalents at beginning of period Cash & cash equivalents at end of period	N-T	9,536,493 10,637,562	10,512,953 9,536,493

This Statement is to be read in conjunction with the attached Notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report covers Centennial Park Cemetery Authority ("the Authority") as an individual entity and regional subsidiary in South Australia under the Local Government Act.

The Authority is a regional subsidiary under the Local Government Act 1999 jointly controlled by the City of Mitcham and the City of Unley.

#### 1 Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 31<sup>st</sup> August 2017.

#### 1.2 Historical Cost Convention

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

#### 1.3 Critical Accounting Estimates

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

The Board evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Authority.

Key Estimates - Future Upkeep Provision

In relation to the Future Upkeep Provision recognised in the financial statements the Board have calculated the balance on the following basis:

Current costs have been applied to an anticipated future level of service based on reduced activity at the Authority. This includes estimating reductions in administration, staffing, gardening and maintenance costs for burial and memorial maintenance.

These estimated unit costs for memorials and burials were then discounted according to the expiry year of the interment right as the basis for measurement of the provision.

The underlying basis for this calculation has been adopted by the Board and included in the Future Upkeep Provision Policy which is reviewed annually.

#### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 1 - Significant Accounting Policies (cont)

#### 2 The Reporting Entity

The Centennial Park Cemetery Authority is established under the SA Local Government Act 1999 and has its principal place of business at 760 Goodwood Road, Pasadena.

The principal activities relating to the Authority's functions are:

Provision of cremation, cemetery, chapel services and memorial garden facilities.

#### 3 Income recognition

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

All revenue is recognised when the transaction is completed. Cremation, burial interment and monumental permit fees are recognised when the service is performed. Plaque and base sales are recognised when payment is received. Cemetery and memorial interment right fees are regarded as the sale of the right of interment to the purchaser. The transaction is considered complete once the right of interment is granted and does not constitute a rental agreement. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

#### 4 Cash, Cash Equivalents and other Financial Instruments

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

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful. As at 30<sup>th</sup> June 2017 there were no doubtful debts (2016: \$0.00).

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 11.

#### 5 Inventories

All inventories are valued at the lower of cost or net realisable value. Costs are assigned on a specific identification basis and include costs and appropriate overheads if any.

#### 6 Infrastructure, Property, Plant & Equipment

#### 6.1 Initial Recognition

All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. Fair value is based on the exit price for an identical item likely to be achieved in an active market by a willing but not anxious seller.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed and ready for use.

#### 6.2 Materiality

The current policy is to expense all capital items less than \$1,000.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 1 - Significant Accounting Policies (cont)

#### 6.3 Subsequent Recognition

Certain 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 for a number of asset classes including land, buildings and other structures and infrastructure. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. 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 the Authority, best reflects the consumption of the service potential embodied in those assets.

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

Plant, Furniture & Equipment	
Plant & Equipment	2.5 to 10 years
Building & Other Structures	
Buildings	20 to 70 years
Other Structures	5 to 25 years
Infrastructure	
Infrastructure	12 to 100 years
Other Assets	
Motor Vehicles	4 to 10 years

#### 6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. 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 outflows or value in use).

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 the Authority were deprived thereof, are not subject to impairment testing.

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 the Asset Revaluation Reserve, any excess being recognised as an expense.

Land used for cemetery purpose is zoned Institutional and subject to legislative restrictions and considered to be impaired.

#### 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 within 30 days after the month of invoice. No interest is payable on these amounts.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 1 - Significant Accounting Policies (cont)

#### 7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered, or the amount is refunded as the case may be.

#### 8 Employee Benefits

#### 8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) 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 on costs) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as the Authority experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave, except when a staff member leaves and within 13 weeks of having done so, is engaged by an entity covered by the Local Government Act (SA) 1999.

Present values are calculated using the 10 year government bond rate of 2.69% (2016: 1.95%)

#### 8.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Superannuation Scheme (the Scheme), and other superannuation schemes selected by employees under the "choice of fund" legislation. The Scheme has two types of membership, each of which is funded differently. Details are included in Note 15.

#### 9 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117. Lease payments are charged to expense over the lease term.

#### 10 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.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense.

#### 11 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AASB 101

#### 12 Future Upkeep Provision

Interment Rights are issued for varying terms from 25 years up to and including perpetuity. Interment Rights can be extended in five year increments. Interment Right holders have an expectation that the Park environs will be maintained to an appropriate standard for the interment right period. The Authority considers this to be a constructive obligation.

In accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" a provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required and that outflow can be reliably measured.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 1 - Significant Accounting Policies (cont)

If the effect is material, a provision is determined by discounting the expected future cash flows required to settle the obligation at a rate that reflects current market assessments of the time value of money. The amount of the obligation is based on an independent actuarial calculation of current constructive obligations, technology and price levels. The provision is recognised fully in the financial statements on the basis of this calculation.

Actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can take place many years in the future. The carrying value of the provision is regularly reviewed and adjusted to take into account such change.

In general, the further into the future that a cash outflow for a liability is expected to occur, the greater the degree of uncertainty around the amount and timing of that cash outflow.

A change in the estimate of a recognised provision or liability would result in a charge or credit to the Statement of Comprehensive Income, in the period in which the change occurs.

#### 13 Payments to Constituent Councils

A Liability Guarantee fee of \$400,016 was paid to the Constituent Councils (2016 Liability Guarantee Fee \$413,211).

#### 14 Income Tax

Centennial Park is exempt from Income Tax by virtue of it satisfying the provisions of section 24AR of the Income Tax Assessment Act 1936 so as to constitute a State/Territory body (an STB).

#### 15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory, and have not been adopted, for the 30 June 2017 reporting period.

AASB	Title
9	Financial Instruments
15	Revenue from Contracts with Customers
16	Leases
2014-5	Amendments to Australian Accounting Standards arising from AASB 15
2014-7	Amendments to Australian Accounting Standards arising from AASB 9
2014-8	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010)
2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
2015-8	Amendments to Australian Accounting Standards - Effective Date of AASB 15
2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs (AASB 8, AASB 133 & AASB 1057)
2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
2016-3	Amendments to Australian Accounting Standards - Clarifications to AASB 15
2016-7	Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for- Profit Entities

The Authority is currently reviewing the introduction of AASB 15 and AASB 16 which may to have a material impact on the financial reports for 2018/19.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 2 - INCOME

	Notes	2017 \$	2016 \$
USER CHARGES - SALES			
Cremation Fees		1,468,646	1,355,405
Burial Fees		1,542,021	1,523,858
Monument Permit Fees		177,638	184,203
Cemetery Interment Right Fees		2,671,465	2,281,613
Memorial Interment Right Fees		1,973,159	1,978,213
Memorial Fees - Other		259,592	283,528
Chapel Fees		1,207,922	1,096,913
Plaque & Base Sales		590,729	616,763
Sundry	_	32,983	29,982
	_	9,924,155	9,350,477
INVESTMENT INCOME Interest on investments Local Government Finance Authority Banks & other	_	120,794 138,757 259,550	71,835 220,256 292,091

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### **Note 3 - EXPENSES**

EMPLOYEE COSTS	Notes	2017 \$	2016 \$
Salaries and Wages		3,087,103	2,934,670
Employee leave expense		571,819	522,663
Superannuation - defined contribution plan contributions	15	369,766	345,924
Workers' Compensation Insurance Other		118,675	117,292
Less: Capitalised and distributed costs		(16,155)	(90,252)
Total Operating Employee Costs	_	4,131,208	3,830,297
Total Number of Employees (Full time equivalent at end of reporting period)		49	49
MATERIALS, CONTRACTS & OTHER EXPENSES Prescribed Expenses Auditor's Remuneration			
- Auditing the financial reports		16,000	15,000
Subtotal - Prescribed Expenses	_	16,000	15,000
Other Materials, Contracts & Expenses			
Contractors		653,004	556,128
Energy		213,439	201,732
Insurance		94,164	105,497
Maintenance		589,801	517,275
Legal Expenses		47,008	34,940
Parts, accessories & consumables		1,457,765	1,531,288
Professional services		337,843	289,736
Sundry		387,139	338,807
Individually Significant Items			
- Liability Guarantee Fee	_	400,016	413,211
Subtotal - Other Materials, Contracts & Expenses		4,180,181	3,988,615
	_	4,196,181	4,003,615
INDIVIDUALLY SIGNIFICANT ITEMS			
Liability Guarantee Fee	_	400,016	413,211

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 3 - EXPENSES (cont)

Hoto o Est Elloco (cont)		
	2017	2016
	Notes \$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation	30	
Buildings & Other Structures	306,843	273,999
Infrastructure	655,658	610,163
Plant & Equipment	428,975	593,102
Other Assets	161,873	161,756
	1,553,349	1,639,020

Note:

There is no Amortisation.

There is no Impairment that affects the Statement of Comprehensive Income.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2017 \$	2016 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT  Assets renewed or directly replaced  Proceeds from disposal  Less: Carrying amount of assets sold  Gain (Loss) on disposal	_	131,020 169,758	67,740 108,027
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	por	(38,738)	(40,287)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS Cash on Hand and at Bank Deposits at Call Short Term Deposits & Bills, etc	Notes	2017 \$ 168,881 868,681 9,600,000 10,637,562	2016 \$ 391,472 419,772 8,725,249 9,536,493
TRADE & OTHER RECEIVABLES Accrued Revenues Debtors - general Prepayments & Other Receivables Total		506,258 191,771 698,029	76,184 472,237 389,478 937,899
INVENTORIES Stores & Materials Trading Stock	_	78,926 618,518 697,444	67,043 692,898 759,941

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 6 - NON-CURRENT ASSETS

2017

2016

OTHER NON-CURRENT ASSETS

Capital Works-in-Progress

757,447

731,684

757,447

731,684

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

# Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING	5,650,000 129,132 12,879,588 296,453 14,465,310 578,735 679,368	34,678,586
2017	ACCUM DEP'N	(7,438,084) (7,438,084) (689) (57,584,747) (2,288,784) (671,915)	(47,984,477)
	AT COST	. 104,390 272,142 2,867,519 1,351,283	4,595,334
	AT FAIR VALUE	5,650,000 25,000 20,317,672 25,000 52,050,057	78,067,729
	CARRYING AMOUNT	771,763 1,740,000 4,149,618 8,742,888 - 9,433,794 786,833 682,823	26,307,719
2016 \$	ACCUM DEP'N	(255,228) (1,279,097) (13,114,794) (2,158,558) (670,027)	(17,477,704)
	AT COST	2,945,391	4,298,241
	AT FAIR VALUE	771,763 1,740,000 4,404,846 10,021,985 22,548,588	39,487,182
	FAIR VALUE LEVEL	000000	
		Land Land Buildings & Other Structures Buildings & Other Structures Infrastructure Infrastructure Plant & Equipment Motor Vehicles	TOTAL PROPERTY, PLANT & EQUIPMENT

This Note continues on the following pages.

The Authority's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in

circumstances that cause the transfer occurred.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

# Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2016 5		CARRYING	CARRYING AMOUNT MOVEMENTS DURING YEAR \$	ENTS DURING	YEAR		2017
	Eair Value	CHINGS	Additions	ons	Disposals				
	Level	AMOUNT	New/Upgrade	Renewals	Carrying Amount	Depreciation	Transfers	Net Revaluation	AMOUNT
Land	2	771,763					1,740,000	3,138,237	5.650,000
Land	n	1,740,000					(1,749,000)		
Buildings & Other Structures	2	4,149,618	358,268	104,599		(112,149)	(4,371,254)		129.132
Buildings & Other Structures	ന	8,742,888			(41,940)	(301,009)	4,371,204	108,445	12,879,588
Infrastructure	2		273,781	487,274		(15,192)	(449,410)		296,453
Infrastructure	n	9,433,794			(20,637)	(640,466)	449,410	5,243,209	14,465,310
Plant & Equipment		786,833	50,220	66,860	(2,518)	(322,660)			578.735
Motor Vehicles		682,823	11,244	251,837	(104,663)	(161,873)			679,368
adirondra dam taror									
PROPERTY, PLANT &		26,307,719	693,513	910,570	(189,758)	(1,353,349)	,	8,489,891	34,678,586
EQUIPMENT						_			
2016 Totals	· ·	25,638,844	1,553,939	867,983	(108,027)	(1,639,020)	1		26,307,719

Notre: | There were losses of \$62,577 in disposal of Level 3 assets during the financial year, comprising Buildings & Other Structures of \$41,940 and Infrastructure of \$20,637 (2015/16 \$47,083).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 7 (cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

#### Fair Value Measurement

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for recognition and measurement requirements 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 Authority can access at 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).

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to fair value measurement.

# Valuation techniques used to derive Level 2 and Level 3 fair values recognised in the financial statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Land	Sale price comparison approach. Sales prices of comparable land in a similar location are adjusted for differences in key attributes such as land size. The valuation model is based on price per square metre.
Buildings & Other Structures	Depreciated replacement cost being the current cost to construct the asset (or its modern engineering equivalent) less an allowance for depreciation that would have accumulated since original construction. Buildings and other structures have been allocated to Level 2 where unobservable inputs do not have a significant impact on the valuation.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 7 - Property, Plant & Equipment (cont)

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description	Valuation approach
Buildings & Other Structures	Depreciated replacement cost being the current cost to construct the asset (or its modern engineering equivalent) less an allowance for depreciation that would have accumulated since original construction.
Infrastructure	Depreciated replacement cost being the current cost to construct the asset (or its modern engineering equivalent) less an allowance for depreciation that would have accumulated since original construction.
Land	Sales price comparison with discounts based on market evidence.

Building & Other Structures and Infrastructure shown in fair value hierarchy level 2 and 3 were revalued as at 30 April 2017 by Martin Burns, Senior Commercial Valuer – Certified Practicing Valuer of Liquid Pacific. Subsequent additions at cost have been disclosed in the respective fair value hierarchy on the basis that cost is a material representation of fair value.

Land for cemetery purposes is zoned Institutional is considered a restricted asset. The valuation of the Land was based on sales of similarly zoned land which prohibit development.

Increases in the carrying amount arising on revaluation of land, buildings, improvements, plant, machinery and contents are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

#### Land & Land Improvements

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.

Land available for burials and memorials is a restricted asset as the Authority has issued interment rights to third parties for perpetuity and the site must be maintained for the term of the interment right.

#### **Buildings & Other Structures**

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 7 - Property, Plant & Equipment (cont)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Infrastructure

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Plant, Furniture & Equipment

Plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

#### All other assets

Motor vehicles are measured on the cost basis less depreciation.

#### Capitalisation Thresholds

All items where the purchase price is less than \$1,000 excluding GST are expensed.

#### **Estimated Useful Lives**

The range of useful lives for the classes of assets is shown below:

Class	Class				
Plant, Furniture & Equipment	Plant & Equipment	2.5 to 10 years			
Building & Other Structures	Buildings	20 to 70 years			
	Other Structures	5 to 25 years			
Infrastructure	Infrastructure	12 to 100 years			
Other Assets	Motor Vehicles	4 to 10 years			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### **Note 8 - LIABILITIES**

			017 \$	2	016 \$
TRADE & OTHER PAYABLES Goods & Services	Notes	Current <b>334,621</b>	Non-current	Current 241,091	Non-current
Payments received in advance		532,327	-	246,536	-
Accrued expenses - employee entitlements		265,008	_	235,560	-
Accrued expenses - other		430,700		436,192	er c
Other		264,657	_	232,036	-
	-	1,827,313	*	1,391,415	-
PROVISIONS Employee entitlements (including oncosts) Heritage Monuments Restoration Other - Future Upkeep Provision	)() 	200,386	57,670 30,500 14,526,000 14,614,170	172,736	85,407 25,100 14,526,000 14,636,507
Movements in Provisions - 2016 year only (current & non-current)					Future Upkeep Provision
Opening Balance Increase in amounts recognised					14,526,000
Closing Balance				-	14,526,000
Increase in amounts recognised				-	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/07/2016	Net Increments (Decrements)	Transfers	30/06/2017
Lond	Notes	\$	\$	\$	\$
Land Buildings & Other Structures		605,000 7,431,516	3,138,237 108,445	267 567	3,743,237
Infrastructure		7,431,510	100,440	367,567	7,907,528
- Roads, bridges, footpaths		6,324,006	5,243,209	9,117	11,576,332
Total Infrastructure, Property, F & Equipment	Plant	14,360,522	8,489,891	376,684	23,227,097
TOTAL		14,360,522	8,489,891	376,684	23,227,097
		1/07/2015	Net Increments (Decrements)	Transfers	30/06/2016
	_	14,375,186		(14,664)	14,360,522
20	016 Totals	14,375,186	_	(14,664)	14,360,522
OTHER RESERVES		1/07/2016	Transfers to Reserve	Transfers from Reserve	30/06/2017
E M M Kay		30,769			30,769
TOTAL OTHER RESERVES	_	30,769			30,769
20	16 Totals	30,769	÷	_	30,769

#### **PURPOSES OF RESERVES**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of noncurrent assets and available-for-sale financial assets.

A reserve has been recognised for a bequest received from the estate of a deceased interred at the Park to maintain the site. The Board has resolved that the expenses incurred on an annual basis maintaining the site will be charged against the reserve. Interest accrued from the reserve will be absorbed in general operating revenue to offset the administration of the same. During Financial Year 2015 - 2016 the interment right for E M M Kay was converted to perpetuity and costs offset against the reserve.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash	Notes	2017 \$	2016 \$
Total cash & equivalent assets	5	10,637,562	9,536,493
Balances per Cash Flow Statement	_	10,637,562	9,536,493
	-		
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		264,230	129,349
Non-cash items in Income Statement			•
Depreciation, amortisation & impairment	3	1,553,349	1,639,020
Net increase (decrease) in unpaid employee benefits		(29,362)	(26,125)
Net (Gain) Loss on Disposals	4	38,738	40,287
		1,826,955	1,782,531
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(34,021)	20,108
Net (increase) decrease in inventories		62,497	21,203
Net (increase) decrease in other current assets		73,890	31,777
Net increase (decrease) in trade & other payables		635,898	(520,860)
Net increase (decrease) in other provisions		34,675	19,196
Net Cash provided by (or used in) operations	-	2,599,894	1,353,955
(c) Financing Arrangements	_	-	
Unrestricted access was available at balance date to the f	ollowing li	nes of credit:	
Bank Overdrafts		50,000	50,000
Corporate Credit Cards		30,000	30,000

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### **Note 11 - 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: Short term deposits are returning fixed interest rates between 1.84% and 2.96% (2016: 2.96% and 3.08%) with an average maturity of 125 days and an average interest rate of 2.80% (2016: 90 days, 3.01%). Bank, Petty Cash and Deposits at Call are returning interest rates between 0.0% and 2.00% (2016: 0.0% and 2.00%).				
	Carrying amount: approximates fair value due to the short term to maturity.				
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts.  An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.				
	Terms & conditions: Unsecured, and do not bear interest.				
	Carrying amount: approximates fair value (after deduction of any allowance).				
iabilities - 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 Authority.				
	Terms & conditions: Liabilities are normally settled on 30 day terms.				
	Carrying amount: approximates fair value.				

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 11 (cont) - FINANCIAL INSTRUMENTS Liquidity Analysis

2017		Floating Interest Rate	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		\$	\$	\$	\$	\$	\$
Fair Value through P&L Cash Assets Loans & Receivables		1,037,562	9,600,000				10,637,562
Receivables						_	506,258
	Total		9,600,000		-		11,143,820
Weighted Average Interest Rate Financial Liabilities		1.31%	2.56%				
Payables							1,131,605
	Total	3	3	ş			1,131,605
EXCESS OF FINANCIA ASSETS OVER LIABILITI		1,037,562	9,600,000	w	-	-	10,012,215
2016		Floating Interest Rate	Due < 1 year	Due > 1 year <u>&lt;</u> 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets Fair Value through P&L		\$	\$	\$	•		
				Φ	\$	\$	\$
Cash Assets		811,244	8,725,249	Φ	Þ	\$	\$ 9,536,493
Cash Assets  Loans & Receivables  Receivables		811,244	8,725,249	Φ	Þ	\$	·
Loans & Receivables Receivables	Total ]	811,244	8,725,249	-		\$ 	9,536,493
Loans & Receivables Receivables  Weighted Average Interest Rate Financial Liabilities	Total			- -		\$ 	9,536,493 - 472,237 10,008,730
Loans & Receivables Receivables Weighted Average Interest Rate	Total ๋	811,244	8,725,249			-	9,536,493 - 472,237
Loans & Receivables Receivables  Weighted Average Interest Rate Financial Liabilities Payables	Total .	811,244	8,725,249	- -	-	-	9,536,493 - 472,237 10,008,730

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 11 (cont) - FINANCIAL INSTRUMENTS

#### **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 Authority.

#### **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 Authority is the carrying amount, net of any allowance for doubtful debts. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

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

<u>Liquidity Risk</u> is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a bank overdraft that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority incomes or expenditures.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 12 - COMMITMENTS FOR EXPENDITURE

	1	lotes	2017 \$		2016 \$
Capital Commitments					
Capital expenditure committed for at the reporting statements as liabilities:	g date	but	not recogn	nised in the	financial
Land					
Buildings & Other Structures			11,216		138,264
Infrastructure			77,013	3	
Plant & Equipment			53,925	;	14,490
		_	142,154		152,754
These expenditures are payable:		-			
Not later than one year			128,154	,	152,754
Later than one year and not later than 5 years			14,000		_
Later than 5 years			:=		_
•		_	142,154		152,754
					·

Cantennial Bark	Centennial Bark Cometery Authority		
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 JUNE 2017	OF THE FINANCIAL STA	TEMENTS	
Note 13 - FINAN 2017	NCIAL INDICATORS	20 20 20 20 20 20 20 20 20 20 20 20 20 2	1
		010	2015
The following indicators have been calculated in accordance with the procedures set out in information Paper 9 - Local Government Financial Indicators prepared for the LGA Financial Sustainability Program. Further information and explanations, including the use of the indicators can be found in that document.	the procedures set out in Infor Further information and explar	mation Paper 9 - Local Gover nations, including the use of the	mment Financial he indicators can
Operating Surplus Ratio			
Net Surplus / (Deficit)	264,230	129,349	404,957
Operating Surplus / (Deficit) Ratio			
Net Surplus / (Deficit) Total Revenue	2.59%	1.35%	4.19%
Net Financial Liabilities Ratio			
Net Financial Liabilities Total Operating Revenue	51.91%	29.39%	53,89%
Total operating revenue excludes profit on disposal of non-current assets.			
Asset Sustainability Ratio			
Net Asset Renewals Depreciation and amortisation	51.84%	47.37%	07
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.	e renewal and replacement of exi	sting assets, and excludes new c	apital expenditure
The Board of Management has resolved to use Depreciation in the Asset Sustainability Ratio to provide more meaningful information for users of the financial reports.	Sustainability Ratio to provide mo	re meaningful Information for use	rs of the financial

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### Note 14 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

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

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

The Authority has provided this information for the purpose of consolidation by the two constituent Councils.

	2017 \$	2016 \$
Operating Revenues  less Operating Expenses Operating Surplus / (Deficit)	10,183,705 (9,880,738) 302,968	9,642,568 (9,472,931) 169,637
less Net Outlays on Existing Assets Capital Expenditure on renewal and replacement of Existing Assets	936,332	844,216
less Depreciation, Amortisation and Impairment less Proceeds from Sale of Replaced Assets	(1,553,349) (131,020) (748,037)	(1,639,020) (67,740) (862,544)
less Net Outlays on New and Upgraded Assets Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	693,513 693,513	1,553,939 1,553,939
Net Lending / (Borrowing) for Financial Year	357,492	(521,758)
Borrowings are internally funded.		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

#### **Note 15 - SUPERANNUATION**

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has 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 Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

#### Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Authority 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. The Authority makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary. Effective from 24 November 2009 the Defined Benefit Plan was closed to new members.

In addition, the Authority makes a separate contribution of 3% of salary of Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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 the Authority's contribution rates at some future time.

#### Contributions to Other Superannuation Schemes

The Authority 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 Authority.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### **Note 16 - CONTRIBUTED EQUITY**

	2017	2016
Contributed Equity	\$	\$
City of Unley	9,333	9,333
City of Mitcham	9,333	9,333
Premium - City of Mitcham	30,036	30,036
Total Contributed Equity	48,702	48,702

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 17 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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

#### 1. CONTINGENT LIABILITY

The Authority has contingent liabilities with respect to the redemption of unused interment rights. The Burial and Cremation Act 2013 mandates the refund of unexercised interment rights at current prices less a provision for administration, maintenance and establishment costs; the calculation is determined in the regulations. The contingent liability as at the 30<sup>th</sup> June 2017 is \$11,823,040. An actual liability will only arise if a claim is made by existing interment right holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.10% of 47,508 burial interment rights currently issued.

Total unused interment rights account for approximately 7.40% of 40,490 memorial interment rights currently issued.

Once an interment or placement of a monument has occurred an interment right cannot be redeemed.

### 2. BANK OVERDRAFT

The Authority has a bank overdraft facility of \$50,000.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 18 - FUTURE COMMITMENTS

An arrangement is available to the public whereby any service currently offered by the Authority is capable of being prepaid.

Some funds were paid to Funeral Plan Management Pty Ltd with income to the Authority being recorded only when the service has been provided. Funds under management by Funeral Plan Management Pty Ltd at 30 June 2017 total \$816,796 (2016 \$876,526). From 1<sup>st</sup> December 2014 pre-paid products were no longer paid to Funeral Plan Management Pty Ltd.

During the 2014-2015 financial year the Authority introduced pre-paid products and services which enables members of the public to pre-pay fees for products or services provided by Centennial Park at current prices which can be redeemed upon the death of the beneficiary. As at  $30^{th}$  June the value of the pre-paid certificates was \$432,232. Income will be recognised only when the service has been provided.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 19 - SEGMENT REPORTING

The Authority operates in one business and geographical segment being burials, cremations and memorials within South Australia.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 20 - RELATED PARTY TRANSACTIONS

a) The Authority's Constituent Councils are: The City of Unley, and The City of Mitcham

During the year Liability Guarantee payments were made to the two Constituent Councils to the total value of \$400,016 (2015/2016 Liability Guarantee \$413,211).

All other transactions with the Constituent Councils were in the ordinary course on normal commercial terms and conditions and no more favourable than those to other parties unless otherwise stated.

b) The Board Members of the Authority during the year were:

Mr S Hains	Independent Chair appointed July 2013 to June 2015. Reappointed July 2015 for a period of two years until June 2017. Resigned June 2017.
Mr. A Lapidge	Representing Unley Council appointed November 2010 to November 2012. Reappointed November 2012 to the next Local Government elections November 2014. Reappointed January 2015 for a period of two years. Resigned January 2017.
Mr. P Hughes	Representing Unley Council appointed January 2017 to the next Local Government elections November 2018.
Mr. G Vogt	Independent appointed June 2011 to June 2013. Reappointed July 2013 to June 2016. Reappointed in July 2016 for a period of three years until June 2019.
Ms. L Bishop	Independent appointed July 2011 to June 2014. Reappointed July 2014 to June 2016. Reappointed in July 2016 for a period of two years until June 2018. Resigned February 2017.
Mr. A Kay	Independent appointed April 2017 to April 2019.
Mr. L. Smolucha	Representing Unley Council appointed January 2015 for a period of two years. Reappointed January 2017 to the next Local Government elections November 2018.
Ms. A. Christopoulos	Representing Mitcham Council appointed November 2014 for a period of two years. Reappointed November 2016 for a period of 2 years.
Mr. G Spear	Representing Mitcham Council appointed June 2016 to November 2016. Reappointed November 2016 for a period of 2 years.

All Board members receive payments for services rendered ranging from \$6,691 to \$20,072 per annum. A total of \$76,943 was paid during the 2016/2017 financial year (\$68,506 2015/2016).

No other transactions occurred with Board members.

Subsequent to 30 June 2017, Mr G Vogt, Independent, was appointed Chair and Ms Amanda Heyworth was appointed as an Independent for a period of two years.



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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTENNIAL PARK CEMETERY AUTHORITY

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Centennial Park Cemetery Authority (the Authority), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of Centennial Park Cemetery Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2017 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Authority, would be in the same terms if given to the Authority as at the time of this auditor's report.

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

#### Board of Management's responsibility for the Financial Report

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

In preparing the financial report, the Board of Management are responsible for assessing the Authority'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 the Board of Management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.



#### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<a href="http://www.auasb.gov.au/Home.aspx">http://www.auasb.gov.au/Home.aspx</a>) at: <a href="http://www.auasb.gov.au/auditors\_files/ar3.pdf">http://www.auasb.gov.au/auditors\_files/ar3.pdf</a>.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

**Andrew Tickle** 

Director

Adelaide, 31 August 2017

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2017, the Authority's Auditor, BDO Chartered Accountants, 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.

Janet Miller

CHIEF EXECUTIVE OFFICER

AUDIT & RISK MANAGEMENT COMMITTEE

Date: 31st August 2017

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2		



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CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of Centennial Park Cemetery Authority for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Andrew Tickle

Director

BDO Audit (SA) Pty Ltd

Adelaide, 31 August 2017

### The City of Unley

## General Purpose Financial Statements for the year ended 30 June 2017

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley for the year ended 30 June 2017, the Council's Auditor, BDO 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 Gov	ernment
(Financial Management) Regulations 2011.	

Peter Tsokas

CHIEF EXECUTIVE OFFICER

John Rawson
PRESIDING MEMBER, AUDIT COMMITTEE

Date:

### **INFORMATION REPORT**

**REPORT TITLE:** PROCUREMENT SAVINGS IDENTIFIED

**ITEM NUMBER:** ITEM 68

**DATE OF MEETING:** 9 OCTOBER 2017

**AUTHOR:** LETA NORTHCOTT

JOB TITLE: ACTING MANAGER FINANCE &

**PROCUREMENT** 

### **EXECUTIVE SUMMARY**

To inform the Audit and Governance Committee of contracts and tenders which have savings of more than \$10,000 and relate to quarter 4 of the 2016-17 financial year.

### **RECOMMENDATION**

MOVED:

SECONDED:

That it be recommended to Council, that:

1. The report be received.

### **DISCUSSION**

The Audit and Governance Committee requested that information on tenders and contract savings be reported to the Committee on a quarterly basis.

### Completed contract negotiations for quarter 4, 2017

There are no savings of greater than \$10,000 to report for this period.

Summary information pertaining to completed contract negotiations is provided in the table below:

Contract	Summary
King William Road – curated street design	The anticipated savings expected from negotiations were not realised. This was due to a late change of scope and the project will now be working to the approved budget.
Banking transactional services	The schedule of fees (based on transactional volumes) in which this contract is based makes it difficult to predict total savings expected.  However, based on the schedule of fees a savings is expected. This will be assessed at each budget review.
The Customer Contact Services (after hours)	This is a low value contract that does not meet the \$10,000 criteria but is achieved nearly a 50% savings compared to the previous contract.
Community Bus (replacement)	Savings of \$86,000 were achieved due to a smaller vehicle being procured. The smaller bus was a aligned to customer need and use.

The following tenders and contracts are underway but have not yet been finalised:

- Cleaning Services for Council Buildings & Facilities
- Telecommunications
- Storm water drainage project (Parkside)
- Street sweeping & side entry pit cleaning

Once concluded, any savings in excess of \$10,000, will be reported to this Committee.

### **Dispensation from Procurement Policy**

In accordance with Council Policy, any contracts over \$100,000 entered into, other than those resulting from a competitive process, will be reported to the Audit and Governance Committee.

There were no dispensations in excess of \$100,000 granted during the 4th quarter.

### **CONCLUSION**

Administration is committed to achieving best value for its Community when negotiating contract arrangement and conditions.