

## **AUDIT & GOVERNANCE COMMITTEE**

### **AGENDA**

Meeting to be held on  
13 October 2015, at 4:00pm  
in the Unley Council Chambers, Civic Centre  
181 Unley Road Unley

### **MEMBERS:**

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

### **INVITED GUESTS:**

Mr Geoff Edwards – Partner Audit BDO  
Mr Sam Hilbink – Manager Audit BDO

### **REPORT TO COUNCIL:**

26 October 2015

## **COMMITTEE MEETING - ORDER OF BUSINESS**

### **APOLOGIES**

Mr Ed Parker (Independent Member)

### **CONFLICT OF INTEREST**

### **CONFIRMATION OF MINUTES**

MOVED:

SECONDED:

That the minutes of the Audit and Governance Committee meeting, held on Tuesday, 1 September 2015, as printed and circulated be taken as read and signed as a correct record.

## **BUSINESS ADJOURNED**

## **DEPUTATIONS / PRESENTATIONS**

## **REPORTS OF OFFICERS**

<b>ITEM NO.</b>		<b>PAGE NO.</b>
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## **PROPOSED AGENDA ITEMS FOR NEXT MEETING**

Work plan as yet to be approved

## **NEXT MEETING DATES**

The meeting calendar for 2016 is yet to be finalised

## DECISION REPORT

**REPORT TITLE:** 2014-15 GENERAL PURPOSE FINANCIAL STATEMENTS  
**ITEM NUMBER:** 20  
**DATE OF MEETING:** 13 OCTOBER 2015  
**AUTHOR:** MIKE CAREY  
**JOB TITLE:** MANAGER FINANCE AND ICT  
**PRESENTER:** GEOFF EDWARDS - BDO

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### 1. EXECUTIVE SUMMARY

The General Purpose Financial Statements 2014-15 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.

In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit and Governance Committee needs to review the General Purpose Financial Statements 2014-15 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 Annual Audit Completion Report and have indicated that subject to completion of the outstanding matters, their Audit Reports in relation to the Financial Statements and Internal Controls will be signed without reference to any qualification.

After certification by the Mayor and Chief Executive Officer and the Audit Report signed by external auditor, Mr Geoff Edwards of BDO, the General Purpose Financial Statements 2014-15 will then be presented to Council on 26 October 2015 for noting.

### 2. RECOMMENDATION

MOVED:

SECONDED:

That:

1. The report be received.

**2. The Audit and Governance Committee:**

- a) Having reviewed the City of Unley's General Purpose Financial Statements for 2014-15, contained in Attachment 1 and External Auditor BDO's Annual Audit Completion Report contained in Attachment 2, considers that the General Purpose Financial Statements present fairly the state of affairs of Council and can be presented to Council for noting on 26 October 2015.
  - b) Considers that the City of Unley's General Purpose Financial Statements for 2014-15, contained in Attachment 1, can be certified by the Chief Executive Officer and the Mayor.
  - c) Notes the draft Certification of Auditor Independence proposed by BDO as contained in Attachment 2 and considers that Council's Certification of Auditor Independence contained in Attachment 3 can be 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 2014-15, signed by Centennial Park's External Auditor, contained in Attachment 4.
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**3. RELEVANT CORE STRATEGIES/POLICIES**

- Local Government Act 1999 Sections 124-130
- Local Government (Financial Management) Regulations 2011 Regulation 11-6 and 19-22
- Organisational Strategy/Goal
  - 5.3 - Good Governance and Legislative Framework
  - 5.5 - Financially sustainable approach to business and planning activity.

**4. DISCUSSION**

The General Purpose Financial Statements 2014-15 are attached for Members' information and review (Attachment 1 to report 21/15).

*Attachment 1*

It is proposed the final signed copy will be tabled at the full Council meeting on 26 October 2015 for noting.

The following comments are made in relation to the General Purpose Financial Statements:

#### 4.1 Statement of Comprehensive Income

The Statement of Comprehensive Income shows an overall operating surplus of \$3.324m for 2014-15 compared with \$1.489m in the previous year.

Statement of Comprehensive Income	2014-15	2013-14	2012-13
	\$000s	\$000s	\$000s
Council	3 121	1 334	2 117
Centennial Park Net gain	202	155	484
<b>Operating Surplus</b>	<b>3 324</b>	<b>1 489</b>	<b>2 601</b>
<b>Net Surplus</b>	<b>4 962</b>	<b>1 766</b>	<b>4 269</b>
Other Comprehensive Income	16 862	(6 210)	52 101
Total Comprehensive Income	21 824	(4 444)	56 370

As shown above, Councils operating result has increased from the previous year by \$1.8m, as well as a minor increase in Centennial Park's result for the year of \$47k.

Overall Council's operating revenue increased by just over \$3.1m (7.5%), more than offsetting expenditure increases of \$1.3m (3.2%)

Key contributing factors for Council's increase in operating surplus include:

- General rates increase of \$1.8m, reflecting the general rates increase of 4.95% and rates growth of 0.55%
- A change in the timing of payment of Financial Assistance Grants by the Federal Government resulting in 2 quarters of the 2015-16 grant for \$611k being received in 2014-15 on 30 June 2015
- An decrease in depreciation of \$363k largely as a result of a reduction in depreciation for roads, lanes, kerb and watertable as a result of revaluations undertaken during the 2014-15 year
- Material, Contracts and other expenses increased by \$1.2m on 2013-14 largely as a result of:
  - Contribution to DPTI of \$525k for additional culvert works as part of Brown Hill Keswick Creek Project
  - Write-off of Stormwater Management Plan costs for Brown Hill Keswick Creek previously capitalised at \$199k
  - Increased waste management costs of \$475k as a result of previous contract being well below market rates
- Employee cost increases of \$485k were in line with enterprise bargaining agreement increases.

The above has been offset by reductions in expenditure for fleet, power and carbon tax.

## 4.2 Statement of Financial Position

The Statement of Financial Position shows the total assets and total liabilities held by Council. As at 30 June 2015 the overall net assets (total assets less total liabilities) held by Council was \$553m compared with \$531m for the previous year, representing an increase in equity of \$22m. The \$22m increase in equity is reflected in the net surplus of \$5m and an increase in asset valuation of \$17m.

In terms of the asset revaluation increase, this was a combination of the following:

- \$25.8m relating to the Roads, Lanes Kerb and Watertable revaluation;
- \$2.3m for the Traffic and Lighting valuation;
- a reduction of \$3.5m in the Pathways revaluation and
- a reduction of \$7.8m in the asset revaluation reserve for Centennial Park land.

Overall, borrowings increased by \$0.7m which was significantly lower than budgeted due to the favourable operating result. The increase was as a result of new borrowings of \$2.4m undertaken during the year (Katherine Street) offset by principal repayments of \$1.2m and a reduction in the short term draw down facility of \$0.5m at year end.

Statement of Financial Position	2014-15	2013-14	2012-13
	\$'000	\$'000	\$'000
Assets	572 268	550 012	555 527
Liabilities	19 002	18 570	19 618
Net Assets	553 226	531 442	535 909

## 4.3 Cash Flow Statement

Council generated \$9.211m from its Operating Activities during the financial year compared to \$8.549m during 2013-14. 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 \$10.831m on the construction and purchase of assets compared to \$11.492m in 2013-14.

As a result, the Cash Flow Statement shows an increase in cash held of \$1.467m, in essence reflecting the net cash flows from borrowing during the year.

## 4.4 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.

For Members' information, five years of comparative data has been provided.

Financial Indicators	2014-15	2013-14	2012-13	2011-12	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Surplus	\$3,323	\$1,489	\$2,601	\$981	\$842
Adjusted Operating Surplus Ratio*	8%	5%	7%	3%	3%
Net Financial Liabilities Ratio	35%	41%	36%	37%	31%
Asset Sustainability Ratio	97%	88%	89%	110%	153%

\*The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments.

Overall, given the 2014-15 result, Council is well positioned to continue to be financially sustainable, and meet the sectors' financial indicators. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

#### 4.5 Adjusted Operating Surplus Ratio

This ratio expresses the adjusted operating surplus as a percentage of general and other rates, net of the Natural Resource Management (NRM) levy.

The ratio for 2014-15 is above Council's target of 3%.

#### 4.6 Net Financial Liabilities Ratio

This ratio expresses the net financial liabilities as a percentage of total operating revenue less the NRM levy. Council's target is < 80%.

As a result of the improvement in operating surplus and subsequent cash and borrowing position, the Net Financial Liabilities ratio has reduced from 41% to 35% as at 30 June 2015.

#### 4.7 The Asset Sustainability Ratio

This is a ratio that describes the net cost of replacing assets compared to the infrastructure and asset management plan required expenditure. This calculation was changed last year through legislation where the cost of replacing assets is now compared to the Asset Management Plan as opposed to the annual depreciation expense.

As commented on last year, the change in requirements as per the legislated Model Set of Accounts does not appear to be particularly useful as the budgeted amount of replacement expenditure for most Councils is reflective of the amount derived from Council's infrastructure and asset management plan for that year.

In addition, the amount provided from the infrastructure and asset management plans is a gross amount whereas the legislative definition of the numerator, being net assets renewals is by its very nature, a net amount.

In summary, the 2014-15 ratio of 97% therefore largely reflects two elements:

- not all of the budgeted replacement expenditure was spent in 2014-15 (an amount of \$502k was carried forward to 2015-16)
- proceeds on sale of replaced assets of \$386k has been adjusted in the net asset renewals amount.

#### **4.8 Annual Audit Completion Report**

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 responsibility 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 2014 to 30 June 2015 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 (Annual Audit Completion Report) has indicated that subject to completion of the remaining outstanding matter, BDO anticipate issuing unqualified opinions in relation to the financial statements and internal controls.

*Attachment 2*

The audit clearance is subject to the following:

- BDO conducting a subsequent events review up to the date of signing of the General Purpose Financial Statements of Council
- the required letter 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 13 October 2015.

#### **4.9 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 this Statement to Council will be provided for inclusion in Council's financial statements as part of the finalisation of the audit.

*Attachment 2*

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*

#### **4.10 Centennial Park General Purpose Financial Statements**

A copy of Centennial Park's General Purpose Financial Statements 2014-15 is attached for Members' information (Attachment 4 to report 21/15). The financial statements shows a Net Surplus of \$405k compared to \$309k for the previous year.

In addition, cemetery land valuations were reviewed by the Board of Management at 30 June 2015. This resulted in a reduction in revaluation for cemetery land of \$15.7m upon consideration of an appropriate market discount rate for this type of land.

The surplus together with the change in revaluation has resulted in a decrease in net assets as at 30 June 2015 to \$21.955m compared to \$37.210m at 30 June 2014.

*Attachment 4*

### **5. POLICY IMPLICATIONS**

Option 1 will ensure that Council meets its requirements under Section 127(4) of the Local Government Act 1999. Council must, on or before 30 November, submit a signed copy of the audited financial statements to the Minister for Local Government and the Presiding Member of the South Australian Local Government Grants Commission.

## **6. ANALYSIS OF OPTIONS**

Option 1 – The Audit and Governance Committee having reviewed the City of Unley’s General Purpose Financial Statements for 2014-15 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 noting on 26 October 2015.

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 2014-15 and be satisfied that they 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 noting 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.

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 2015 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, Council may not be able to note the General Purpose Financial Statements at its October meeting or meet its legislative requirements under the Act.

## **7. RECOMMENDED OPTION**

Option 1 is the recommended option.

## **8. ATTACHMENTS**

1. General Purpose Financial Statements 2014-15.
2. Annual Audit Completion Report for the financial year ended 30 June 2015 – BDO.
3. Council’s certification of audit independence for year ended 30 June 2015.
4. Centennial Park General Purpose Financial Statements 2014-15.

**9.     REPORT AUTHORISERS**

<b><u>Name</u></b>	<b><u>Title</u></b>
Stephen Faulkner	General Manager Corporate Services
Peter Tsokas	Chief Executive Officer

# The City of Unley

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*Our City is recognised for its vibrant community spirit,  
quality lifestyle choices, diversity, business strength and  
innovative leadership.*



# The City of Unley

## General Purpose Financial Statements for the year ended 30 June 2015

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# The City of Unley

## General Purpose Financial Statements

for the year ended 30 June 2015

### 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 2015 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.

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Peter Tsokas

**CHIEF EXECUTIVE OFFICER**

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Lachlan Clyne

**MAYOR**

**Date: dd Month 2015**

# The City of Unley

## Statement of Comprehensive Income

for the year ended 30 June 2015

\$ '000	Notes	2015	2014
<b>Income</b>			
Rates Revenues	2a	35,902	34,113
Statutory Charges	2b	1,395	1,270
User Charges	2c	1,537	1,580
Grants, Subsidies and Contributions	2g	3,933	3,059
Investment Income	2d	16	21
Reimbursements	2e	294	239
Other Income	2f	1,014	763
Net Gain - Equity Accounted Council Businesses	19	202	155
<b>Total Income</b>		<b>44,293</b>	<b>41,200</b>
<b>Expenses</b>			
Employee Costs	3a	15,840	15,355
Materials, Contracts & Other Expenses	3b	18,150	16,993
Depreciation, Amortisation & Impairment	3c	6,448	6,811
Finance Costs	3d	531	552
<b>Total Expenses</b>		<b>40,969</b>	<b>39,711</b>
<b>Operating Surplus / (Deficit)</b>		<b>3,324</b>	<b>1,489</b>
Asset Disposal & Fair Value Adjustments	4	161	(8)
Amounts Received Specifically for New or Upgraded Assets	2g	1,477	285
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>4,962</b>	<b>1,766</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	24,692	(6,210)
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	(7,830)	-
<b>Total Other Comprehensive Income</b>		<b>16,862</b>	<b>(6,210)</b>
<b>Total Comprehensive Income</b>		<b>21,824</b>	<b>(4,444)</b>

<sup>1</sup> Transferred to Equity Statement

# The City of Unley

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	1,091	115
Trade & Other Receivables	5b	2,241	1,958
Other Financial Assets	5c	18	27
<b>Total Current Assets</b>		<b>3,350</b>	<b>2,100</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	41	61
Equity Accounted Investments in Council Businesses	6b	10,977	18,605
Infrastructure, Property, Plant & Equipment	7a	557,900	529,246
<b>Total Non-Current Assets</b>		<b>568,918</b>	<b>547,912</b>
<b>TOTAL ASSETS</b>		<b>572,268</b>	<b>550,012</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	5,042	5,582
Borrowings	8b	5,932	6,692
Provisions	8c	1,806	1,557
<b>Total Current Liabilities</b>		<b>12,780</b>	<b>13,831</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	5,466	4,003
Provisions	8c	575	583
Other Non-Current Liabilities	8e	181	153
<b>Total Non-Current Liabilities</b>		<b>6,222</b>	<b>4,739</b>
<b>TOTAL LIABILITIES</b>		<b>19,002</b>	<b>18,570</b>
<b>Net Assets</b>		<b>553,266</b>	<b>531,442</b>
<b>EQUITY</b>			
Accumulated Surplus		126,656	121,694
Asset Revaluation Reserves	9a	426,610	409,748
<b>Total Council Equity</b>		<b>553,266</b>	<b>531,442</b>

Statement of Changes in Equity  
for the year ended 30 June 2015

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2015					
Balance at the end of previous reporting period		121,694	409,748	-	531,442
a. Net Surplus / (Deficit) for Year		4,962	-	-	4,962
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	24,692	-	24,692
- Share of OCI - Equity Accounted Council Businesses	19	-	(7,830)	-	(7,830)
Other Comprehensive Income		-	16,862	-	16,862
Total Comprehensive Income		4,962	16,862	-	21,824
Balance at the end of period		126,656	426,610	-	553,266
2014					
Balance at the end of previous reporting period		119,928	415,958	23	535,909
a. Net Surplus / (Deficit) for Year		1,766	-	-	1,766
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(6,210)	-	(6,210)
- Ron Young Reserve fully expended in line with bequest requirements		-	-	(23)	(23)
Other Comprehensive Income		-	(6,210)	(23)	(6,233)
Total Comprehensive Income		1,766	(6,210)	(23)	(4,467)
Balance at the end of period		121,694	409,748	-	531,442

# The City of Unley

## Statement of Cash Flows for the year ended 30 June 2015

\$ '000	Notes	2015	2014
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Operating Receipts		43,572	41,378
Investment Receipts		6	21
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(33,836)	(32,293)
Finance Payments		(531)	(557)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>9,211</b>	<b>8,549</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,477	285
Sale of Replaced Assets		386	458
Repayments of Loans by Community Groups		29	46
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(7,518)	(8,128)
Expenditure on New/Upgraded Assets		(3,313)	(3,364)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(8,939)</b>	<b>(10,703)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		2,425	-
<u>Payments</u>			
Repayments of Borrowings		(1,229)	(1,150)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>1,196</b>	<b>(1,150)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>1,468</b>	<b>(3,304)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	(5,348)	(2,044)
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>(3,880)</b>	<b>(5,348)</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 1. Summary of Significant Accounting Policies

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

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

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

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

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

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

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

##### 1.4 Rounding

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

#### 2 The Local Government Reporting Entity

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.

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

The actual amounts of untied grants received during the reporting periods are disclosed in Note 2.

#### 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

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

#### 5 Inventories

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

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

##### 6.1 Initial Recognition

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

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

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset which is \$3000. 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.

##### 6.3 Subsequent Recognition

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

##### 6.4 Depreciation of Non-Current Assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

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

Equipment, Furniture & Fittings	2 to 15 years
Buildings	50 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 50 years
Other Assets	5 to 20 years

##### 6.5 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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

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of the present value of future cash inflows or value in use).

For 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, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

#### 6.6 Borrowing Costs

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

#### 8 Payables

##### 8.1 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.

##### 8.2 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.

#### 9 Borrowings

Loans 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.

#### 10 Employee Benefits

##### 10.1 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	3% (2014, 2.5%)
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##### 10.2 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

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 2015

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

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#### 12 Leases

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

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

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

#### 13 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

#### 14 Interests in Other Entities

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 Cemetery Authority on August 2011, all distributions paid by the Authority to

Council are recorded as revenue in the Statement of Comprehensive Income. Distributions paid by the Authority to Council are regarded as payments for guaranteeing the liabilities of the Authority and accordingly are treated as an expense in the Statement of Comprehensive Income in the Financial Statements of Authority.

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.

#### 15 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.

#### 16 New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory and have not been adopted, for reporting periods ending 30 June 2015.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

AASB	Title
9	Financial Instruments
15	Revenue from Contracts with Customers
119	Employee Benefits
124	Related Party Disclosures
2014	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations (AASB 1 & AASB 11)
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 (Dec 2014) – Application of AASB 9 (Dec 2009) and AASB 9 (Dec 2010)
2014-10	Sale or contribution of Assets between an Investor and its Associates or Joint Venture
2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
2015-3	Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
2015-6	Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-For-Profit Public Sector Entities

The Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in these financial statements.

### 17 Early Adoption AASB 13 Fair Value Measurement

The Authority has elected to early adopt the amendments to AASB 13 *Fair Value Measurement* for the annual reporting period commencing 1 July 2014. The amendments provide relief for not-for-profit public sector entities from making certain specified disclosures about the fair value measurement of assets within the scope of AASB 116 *Property Plant and Equipment* which are primarily held for their current service potential rather than to generate future net cash flows.

The amendments are mandatory for the annual reporting periods commencing on or after 1 July 2016.

As a result of early adopting, the Authority is no longer required to disclose the following information:

- For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, quantitative information about the significant unobservable inputs used in the fair value measurements;
- For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of total gains and losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to the assets held at the end of the reporting period, and then line item(s) in profit or loss in which those unrealised gains or losses are recognised; and
- For recurring fair value measurement categorised within level 3 of the fair value hierarchy, a narrative description of the sensitivity of the fair measurement to changes in unobservable inputs if a change in these inputs to a different amount might result in a significantly higher or lower fair value measurement. Where there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, the disclosure of a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs of the fair value measurement.

### 18 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.

### 19 Disclaimer

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

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 2. Income

\$ '000	Notes	2015	2014
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		35,174	33,362
Less: Mandatory Rebates		(799)	(762)
Less: Discretionary Rebates, Remissions & Write Offs		(7)	(15)
<b>Total General Rates</b>		<b>34,368</b>	<b>32,585</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		1,088	1,076
Separate & Special Rates		324	303
<b>Total Other Rates</b>		<b>1,412</b>	<b>1,379</b>
<b>Other Charges</b>			
Penalties for Late Payment		98	94
Legal & Other Costs Recovered		24	55
<b>Total Other Charges</b>		<b>122</b>	<b>149</b>
<b>Total Rates Revenues</b>		<b>35,902</b>	<b>34,113</b>
<b>(b). Statutory Charges</b>			
Other Licences, Fees & Fines		1,395	1,270
<b>Total Statutory Charges</b>		<b>1,395</b>	<b>1,270</b>
<b>(c). User Charges</b>			
Sundry		1,537	1,580
<b>Total User Charges</b>		<b>1,537</b>	<b>1,580</b>
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		9	10
- Banks & Other		7	11
<b>Total Investment Income</b>		<b>16</b>	<b>21</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 2. Income (continued)

\$ '000	Notes	2015	2014
<b>(e). Reimbursements</b>			
Private Works		-	24
Other		294	215
<b>Total Reimbursements</b>		<b>294</b>	<b>239</b>

### (f). Other Income

Sundry		1,014	763
<b>Total Other Income</b>		<b>1,014</b>	<b>763</b>

### (g). Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets		1,477	285
Other Grants, Subsidies and Contributions		3,322	3,059
Individually Significant Item - Additional Grants Commission Payment (refer below)		611	-
<b>Total Grants, Subsidies, Contributions</b>		<b>5,410</b>	<b>3,344</b>

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

#### (i) Sources of grants

Commonwealth Government		1,882	1,831
State Government		2,351	1,500
Other		1,177	13
<b>Total</b>		<b>5,410</b>	<b>3,344</b>

#### (ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income		611	-
Contribution from Stormwater Management Authority Brown Hill Keswick Creek (included in Amounts Received Specifically for New or Upgraded Assets above)		1,152	-

On 30 June 2015 Council received payment of the first two instalments of the 2015-16 grant.

For the 2013-14 year, there were no advancements made.

This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt. A material adverse effect will be experienced when timing of these grant payments is resorted to the normal schedule. It is not known when this will occur.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

Note 2. Income (continued)

\$ '000	Notes	2015	2014
<b>(h). Conditions over Grants &amp; Contributions</b>			
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:			
<b>Unexpended at the close of the previous reporting period</b>		15	137
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Community		(15)	(137)
<b>Subtotal</b>		<b>(15)</b>	<b>(137)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Community		-	15
Assets and Environment		5	-
Other		15	-
<b>Subtotal</b>		<b>20</b>	<b>15</b>
<b>Unexpended at the close of this reporting period</b>		<b>20</b>	<b>15</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>5</b>	<b>(122)</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 3. Expenses

\$ '000	Notes	2015	2014
<b>(a). Employee Costs</b>			
Salaries and Wages		13,299	12,628
Employee Leave Expense		2,081	2,148
Superannuation - Defined Contribution Plan Contributions	18	1,367	1,056
Superannuation - Defined Benefit Plan Contributions	18	-	244
Workers' Compensation Insurance		477	436
Less: Capitalised and Distributed Costs		(1,384)	(1,157)
<b>Total Operating Employee Costs</b>		<b>15,840</b>	<b>15,355</b>
Total Number of Employees (full time equivalent at end of reporting period)		189	183
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Current Year Audit Fees		32	31
- Prior Year Audit Fees		-	28
- Other Auditors		28	-
Elected Members' Expenses		262	250
Election Expenses		134	-
<b>Subtotal - Prescribed Expenses</b>		<b>456</b>	<b>309</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contracts		8,964	8,622
Energy		909	953
Legal Expenses		288	264
Levies Paid to Government - NRM levy		1,090	1,073
Parts, Accessories & Consumables		2,939	2,975
Insurance		596	577
Work in Progress Written Off		202	-
Bad Debt (provided for)		(16)	27
Brownhill Keswick Creek Contributions		612	-
Other		2,110	2,193
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>17,694</b>	<b>16,684</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>18,150</b>	<b>16,993</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 3. Expenses (continued)

\$ '000	Notes	2015	2014
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Infrastructure			
- Stormwater Drainage		792	1,056
- Roads, Lanes, Kerb & Watertable		1,121	1,628
- Pathways		1,198	1,325
- Traffic and Lighting		162	107
- Bridges		126	79
Equipment, Furniture & Fittings		1,046	970
Buildings		1,259	1,268
Recycled Water		292	-
Other Assets		452	378
<b>Total Depreciation, Amortisation and Impairment</b>		<b>6,448</b>	<b>6,811</b>
<b>(d). Finance Costs</b>			
Interest on Loans		531	552
<b>Total Finance Costs</b>		<b>531</b>	<b>552</b>

### Note 4. Asset Disposal & Fair Value Adjustments

#### Infrastructure, Property, Plant & Equipment

<b>Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		386	458
Less: Carrying Amount of Assets Sold		(225)	(466)
<b>Gain (Loss) on Disposal</b>		<b>161</b>	<b>(8)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>161</b>	<b>(8)</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 5. Current Assets

\$ '000	Notes	2015	2014
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		415	37
Deposits at Call		676	78
<b>Total Cash &amp; Cash Equivalents</b>		<b>1,091</b>	<b>115</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		674	400
Accrued Revenues		1	46
Debtors - General		1,207	868
GST Recoupment		228	507
Prepayments		112	136
Sundry		19	1
<b>Total Trade &amp; Other Receivables</b>		<b>2,241</b>	<b>1,958</b>
<b>(c). Other Financial Assets (Investments)</b>			
Loans to Community Organisations		18	33
Less: Allowance for Doubtful Debts		-	(6)
<b>Total Other Financial Assets (Investments)</b>		<b>18</b>	<b>27</b>

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

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 6. Non-Current Assets

\$ '000	Notes	2015	2014
<b>(a). Financial Assets</b>			
Loans to Community Organisations		41	82
Less: Allowance for Doubtful Debts		-	(21)
<b>Total Financial Assets</b>		<b>41</b>	<b>61</b>
<b>(b). Equity Accounted Investments in Council Businesses</b>			
Centennial Park Cemetery Authority	19	10,977	18,605
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>10,977</b>	<b>18,605</b>

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 2015

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2014					Asset Movements during the Reporting Period								as at 30/6/2015				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciatio n Expense (Note 3c)	Adjustments & Transfers	Other Movements Expense	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals									Dep'n	Impairment	
Capital Work in Progress*		-	1,157	-	-	1,157	2,487	586	-	-	(470)	(202)	-	-	-	4,490	-	-	4,490
- Stormwater Drainage	3	73,980	-	36,267	-	37,713	-	28	-	(792)	-	-	-	-	73,980	27	37,058	-	36,949
- Roads, Lanes, Kerb & Watertable	3	234,696	4,920	45,414	-	194,202	-	1,758	-	(1,121)	61	-	-	25,842	258,531	1,758	39,547	-	220,742
- Pathways	3	48,821	-	14,852	-	33,969	34	1,176	-	(1,198)	-	-	(3,516)	50	52,679	42	22,206	-	30,515
- Traffic and Lighting	3	4,407	1,046	3,008	-	2,445	-	29	-	(162)	(35)	2	-	2,316	5,575	54	1,034	-	4,595
- Bridges	3	8,960	-	5,296	-	3,664	-	144	-	(126)	-	-	-	-	8,961	144	5,423	-	3,682
Equipment, Furniture & Fittings	3	-	15,104	8,749	-	6,355	146	1,047	(225)	(1,046)	181	-	-	-	-	13,932	7,474	-	6,458
Land	2	43,394	2,351	-	-	45,745	239	-	-	-	-	-	-	-	43,394	2,590	-	-	45,984
Land	3	152,648	-	-	-	152,648	-	-	-	-	-	-	-	-	152,649	-	-	-	152,649
Buildings	2	50,081	824	24,050	-	26,855	-	1,081	-	(960)	-	-	-	-	50,081	1,905	25,010	-	26,976
Buildings	3	16,605	-	7,508	-	9,097	-	-	-	(299)	-	-	-	-	16,605	-	7,808	-	8,797
Recycled Water	3	-	11,429	42	-	11,387	-	-	-	(292)	(88)	-	-	-	-	11,304	297	-	11,007
Other Assets	3	8,700	797	5,488	-	4,009	407	738	-	(452)	351	3	-	-	8,700	2,331	5,975	-	5,056
Total Infrastructure, Property, Plant & Equipment		642,292	37,628	150,674	-	529,246	3,313	6,587	(225)	(6,448)	-	(197)	(3,516)	28,208	671,155	38,577	151,832	-	557,900
Comparatives		583,230	96,852	148,839	-	531,243	3,364	8,129	(466)	(6,811)	-	(2)	(6,210)	-	642,292	37,628	150,674	-	529,246

\* Includes assets associated with the Brownhill Keswick Creek Project. Refer to Note 19.

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

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\$ '000

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#### 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.

#### 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

#### **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.

## The City of Unley

### Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

\$ '000

##### Valuation of Assets (continued)

###### **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 2014.

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 market data 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 market data and subsequently adjusted to reflect the level of risk associated with alienating the Land to make it available for disposal.
Buildings	Coast 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 2015. 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.

##### **Infrastructure**

###### *Roads, Lanes, Kerb and Water Table*

- Date of valuation: 1 July 2014
- Valuer: Internal Council valuation
- 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.
- All acquisitions made after the valuation date are recorded at cost.

The result of the revaluation was to decrease depreciation by an estimated \$445,000 for the 2014-15 year.

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

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\$ '000

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#### Valuation of Assets (continued)

##### Infrastructure (continued)

###### *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.

The result of the revaluation was to decrease depreciation by an estimated \$136,000 for the 2014-15 year.

###### *Drainage (Stormwater Drains & Creeks)*

- Date of valuation: 30 June 2014
- Valuer: Tonkin Consulting
- Basis of valuation: Level 3, please refer to summary table below

###### *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.

The result of the revaluation was to increase depreciation by an estimated \$23,000 for the 2014-15 year.

###### *Bridges*

- Date of valuation: 30 June 2014
- Valuer: Tonkin Consulting
- Basis of valuation: Level 3, please refer to summary table below

###### *Recycled Water*

- Date of valuation: N/A, assets have not been revalued as yet
- Valuer: N/A
- Basis of valuation: Cost

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### 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: 1 July 2013
- Valuer: Internal Council valuation
- 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 - Pathways - Other Assets	Depreciated Replacement Cost (DRC) being the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the assets
Infrastructure - Bridges	Current Replacement Cost (CRC) of the infrastructure asset minus any accumulated depreciation and impairment 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 - Drains	Current Replacement Cost (CRC) of the infrastructure asset minus any accumulated depreciation and impairment losses. The valuation of assets were based on rates provided by the 2014 Rawlinson's handbook and rates obtained from Humes.

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 8. Liabilities

\$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		1,965	-	3,176	-
Payments Received in Advance		302	-	146	-
Accrued Expenses - Employee Entitlements		1,918	-	1,755	-
Accrued Expenses - Finance Costs		173	-	182	-
Accrued Expenses - Other		676	-	323	-
Deposits, Retentions & Bonds		8	-	-	-
<b>Total Trade and Other Payables</b>		<b>5,042</b>	<b>-</b>	<b>5,582</b>	<b>-</b>
<b>(b). Borrowings</b>					
Short Term Draw Down Facility		4,971	-	5,463	-
Loans		961	5,466	1,229	4,003
<b>Total Borrowings</b>		<b>5,932</b>	<b>5,466</b>	<b>6,692</b>	<b>4,003</b>
All interest bearing liabilities are secured over the future revenues of the Council					
<b>(c). Provisions</b>					
Employee Entitlements (including oncosts)		1,806	575	1,557	583
<b>Total Provisions</b>		<b>1,806</b>	<b>575</b>	<b>1,557</b>	<b>583</b>
<b>(d). Other Liabilities</b>					
Carpark Contribution Fund		-	148	-	144
Urban Tree Fund		-	33	-	9
<b>Total Other Liabilities</b>		<b>-</b>	<b>181</b>	<b>-</b>	<b>153</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 9. Reserves

\$ '000	1/7/2014	Increments (Decrements)	Transfers	Impairments	30/6/2015
<b>(a). Asset Revaluation Reserve</b>					
Infrastructure					
- Stormwater Drainage	20,036	-	-	-	20,036
- Roads, Lanes, Kerb & Watertable	127,849	25,842	-	-	153,691
- Pathways	21,134	(3,466)	-	-	17,668
- Traffic and Lighting	364	2,316	-	-	2,680
- Bridges	2,500	-	-	-	2,500
Land	187,588	-	-	-	187,588
Buildings	33,066	-	-	-	33,066
Other Assets	2,217	-	-	-	2,217
JV's / Associates - Other Comprehensive Income	14,994	(7,830)	-	-	7,164
<b>Total Asset Revaluation Reserve</b>	<b>409,748</b>	<b>16,862</b>	<b>-</b>	<b>-</b>	<b>426,610</b>
<b>Comparatives</b>	<b>415,958</b>	<b>(6,210)</b>	<b>-</b>	<b>-</b>	<b>409,748</b>

\$ '000	1/7/2014	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2015
<b>(b). Other Reserves</b>					
<b>Total Other Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comparatives</b>	<b>23</b>	<b>-</b>	<b>(23)</b>	<b>-</b>	<b>-</b>

### PURPOSES OF RESERVES

#### Asset Revaluation Reserves

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

#### Other Reserves - Ron Young Foundation

A bequest that had been received where the funds are to be used to provide training and support in the use of information technology to residents in the City of Unley that meets the adopted policy criteria.

### 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.

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

\$ '000	Notes	2015	2014
<b>(a). Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	1,091	115
Less: Short-Term Borrowings	8	(4,971)	(5,463)
<b>Balances per Statement of Cash Flows</b>		<b>(3,880)</b>	<b>(5,348)</b>

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

<b>Net Surplus/(Deficit)</b>	<b>4,962</b>	<b>1,766</b>
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	6,448	6,811
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(202)	(155)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(1,477)	(285)
Net (Gain) Loss on Disposals	(161)	8
Net Increase/(Decrease) in Unpaid Employee Benefits	240	333
Expense of Capital Items	197	-
	<b>10,007</b>	<b>8,478</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	(283)	599
Change in Allowances for Under-Recovery of Receivables	-	(27)
Net (Increase)/Decrease in Other Current Assets	-	48
Net Increase/(Decrease) in Trade & Other Payables	(538)	(553)
Net Increase/(Decrease) in Ron Young Reserve	-	(23)
Net Increase/(Decrease) in Other Liabilities	25	27
<b>Net Cash provided by (or used in) operations</b>	<b>9,211</b>	<b>8,549</b>

### (c). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	50	50
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.

## The City of Unley

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

for the year ended 30 June 2015

#### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>\$ '000</b>										
City Management	415	362	1,675	1,295	(1,260)	(933)	-	-	10,977	18,605
Community	4,046	3,907	8,416	8,407	(4,370)	(4,501)	1,734	1,673	180,660	183,096
Economic Development & Planning	857	835	3,783	3,643	(2,926)	(2,807)	15	150	-	-
People & Governance	37,095	34,477	8,959	8,565	28,136	25,912	1,190	398	4,855	3,584
Assets & Infrastructure	1,880	1,619	18,137	17,802	(16,257)	(16,183)	994	838	375,776	344,727
<b>Total Functions/Activities</b>	<b>44,293</b>	<b>41,200</b>	<b>40,970</b>	<b>39,712</b>	<b>3,323</b>	<b>1,488</b>	<b>3,933</b>	<b>3,059</b>	<b>572,268</b>	<b>550,012</b>

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

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 12b. Components of Functions

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\$ '000

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

#### **CITY MANAGEMENT**

City Management, Centennial Park, Elected Members, Civic Events

#### **COMMUNITY SERVICES**

Community Planning, Community Grants, Festival Events, Community Management, Parking Control, Community Bus Program, Public & Environmental Health, Worm Farms, Immunisation, SRF Licencing, Food Premises Control, Noxious Insect Control, Arts & Culture Development, Recreation Development, Community Development, Community Care, Carers Support, Community Services Support, Aged Care Visitors Scheme, Eastern Region SRF Program, Social Transport, Exchanging Memories, Unley Community Centre, Ron Young Technology Trust, Home & Community Care, Home Assist Under 65, Youth & Children, Youth Sponsorship, Fullarton Park Community Centre, Goodwood Community Centre, Clarence Park Community Centre, Small Sponsorship & Donations, Grant Agreements, Open Space Management, Toy Library Service, Museum, Library Services, Home Library Services, Library Festival, Harmony Day, Swimming Centre

#### **ECONOMIC DEVELOPMENT & PLANNING**

Economic Development, Economic Development & Planning Management, Transport & Traffic, Development & Compliance, Urban Policy Planning

#### **PEOPLE & GOVERNANCE**

Governance, Customer Service, Records, Information Technology, People & Governance Administration, Corporate Support, Rates Administration, Organisational Development, Corporate Training, Communications, Unley Gourmet Gala, Procurement & Contract Administration, Finance, Health, Safety & Insurances, Volunteers, Marketing, Brand, Media Issues Management

#### **ASSETS & INFRASTRUCTURE**

Assets & Infrastructure Management, Environmental Projects, Parks & Reserves, Waste Management, Stormwater & Drainage, Street Cleaning, Lighting, Streetscaping, Footpaths, Roads, Signs, Bus Shelters, Kerb & Watertable, Car Parks, Public Conveniences, Bridges, Bike paths, Buildings, Signs

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 13. Financial Instruments

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\$ '000

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#### Recognised Financial Instruments

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

##### Accounting Policy:

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

##### Terms & Conditions:

Deposits are returning fixed interest rates between 2.36% and 2.5% (2014: 2.5% and 3.25%). Short term deposits have an average maturity of 3 days and an average interest rate of 2.5% (2014: 30 days and 3%).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables

##### Rates & Associated Charges

(including legals & penalties for late payment)

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

##### Accounting Policy:

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

##### Terms & Conditions:

Secured over the subject land, arrears attract interest of 7.75% (2014: 8%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables

##### Fees & Other Charges

##### Accounting Policy:

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

##### Terms & Conditions:

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

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

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\$ '000

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**Recognised Financial Instruments**

**Receivables**

**Other Levels of Government**

**Accounting Policy:**

Carried at nominal value.

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Creditors and Accruals**

**Accounting Policy:**

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

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Interest Bearing Borrowings**

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4% and 7.08% (2014: 5.88% and 7.4%).

**Carrying Amount:**

Approximates fair value.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2015</b>					
<b>Financial Assets</b>					
Cash & Equivalents	1,091	-	-	1,091	1,091
Receivables	1,496	-	-	1,496	1,496
Other Financial Assets	18	-	-	18	18
<b>Total Financial Assets</b>	<b>2,605</b>	<b>-</b>	<b>-</b>	<b>2,605</b>	<b>2,605</b>

<b>Financial Liabilities</b>					
Payables	4,740	-	-	4,740	4,740
Current Borrowings	5,932	-	-	5,932	5,932
Non-Current Borrowings	-	4,134	1,332	5,466	5,466
<b>Total Financial Liabilities</b>	<b>10,672</b>	<b>4,134</b>	<b>1,332</b>	<b>16,138</b>	<b>16,138</b>

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2014</b>					
<b>Financial Assets</b>					
Cash & Equivalents	115	-	-	115	115
Receivables	1,455	-	-	1,455	1,483
Other Financial Assets	33	80	1	114	59
<b>Total Financial Assets</b>	<b>1,603</b>	<b>80</b>	<b>1</b>	<b>1,684</b>	<b>1,657</b>

<b>Financial Liabilities</b>					
Payables	5,281	-	-	5,281	5,436
Current Borrowings	6,692	-	-	6,692	6,692
Non-Current Borrowings	-	4,003	-	4,003	4,003
<b>Total Financial Liabilities</b>	<b>11,973</b>	<b>4,003</b>	<b>-</b>	<b>15,976</b>	<b>16,131</b>

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

	30 June 2015		30 June 2014	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.00%	11,398	6.44%	10,695
		<b>11,398</b>		<b>10,695</b>

**Net Fair Value**

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

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 13. Financial Instruments (continued)

\$ '000

#### Risk Exposures

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

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

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

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

### Note 14. Commitments for Expenditure

\$ '000

Notes

2015

2014

#### (a). Capital Commitments

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

Infrastructure	43	163
Plant & Equipment	53	207
Other	94	20
	<b>190</b>	<b>390</b>

##### **These expenditures are payable:**

Not later than one year	190	390
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>190</b>	<b>390</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

\$ '000	Notes	2015	2014
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		-	130
Waste Management Services		-	669
Other		192	74
		<b>192</b>	<b>873</b>
<b>These expenditures are payable:</b>			
Not later than one year		192	743
Later than one year and not later than 5 years		-	130
Later than 5 years		-	-
		<b>192</b>	<b>873</b>

The City of Unley is party to a Memorandum of Agreement (MOA) with the Cities of Burnside, West Torrens and the Corporation of the City of Adelaide through which the councils are collaborating to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. Provision exists for Mitcham Council to also to execute the agreement if it chooses.

The agreement requires the Councils to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of the Brown Hill Keswick Creek Catchment. Prior to the establishment of the regional subsidiary, the Agreement provides for a Steering Group with representatives of each Council to continue to carry out investigations and designs identified by a Storm Water Management Plan as required by legislation. The City of Mitcham is also represented on this Steering Group.

Since 2010, the five catchment councils have been acting in response to Notices and Orders issued by the Stormwater Management Authority (SMA) to produce a revised stormwater management plan catering for the 1 in 100 storm and subject to its direction from time to time in relation to this catchment.

The 2012 Stormwater Management Plan produced by the 5 catchment councils and gazetted in March 2013, produced by the 5 catchment councils outlines a solution for Part A works whilst committing the councils to determine the flood mitigation works for the upper Brown Hill Creek catchment (Part B works).

In May 2015, a further notice was issued by the SMA for the five councils to prepare a revised Stormwater Management Plan for the catchment by 30 September 2015.

Project works under the 2012 Stormwater Management Plan have a preliminary estimated cost of \$148 million and a planned 10 year implementation period. However, any significant construction work is unlikely to be carried out until funding support is agreed between the three spheres of government; Commonwealth, State and Local Government. Unley's share of the local government contribution is currently set at 21%, which equates to approximately \$15 million.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2015	2015	2014	2013

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

#### 1. Operating Surplus Ratio

Operating Surplus	3,324	10%	5%	8%
Rates - General & Other Less NRM levy	34,814			

*This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.*

#### 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.

2,713	8%	5%	7%
34,814			

#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	15,611	35%	41%	36%
Total Operating Revenue	44,293			

*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.*

#### 3. Asset Sustainability Ratio

Net Asset Renewals	7,132	97%	88%	89%
Infrastructure & Asset Management Plan required expenditure	7,337			

*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.*

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 16. Uniform Presentation of Finances

\$ '000	2015	2014
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	44,293	41,200
less Expenses	(40,969)	(39,711)
<b>Operating Surplus / (Deficit)</b>	<b>3,324</b>	<b>1,489</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	6,586	8,128
less Depreciation, Amortisation and Impairment	(6,448)	(6,811)
less Proceeds from Sale of Replaced Assets	(386)	(458)
<b>Subtotal</b>	<b>(248)</b>	<b>859</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	3,313	3,364
less Amounts Received Specifically for New and Upgraded Assets	(1,477)	(285)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>1,836</b>	<b>3,079</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,736</b>	<b>(2,449)</b>
<b>Net Financial Liabilities at Beginning of Year</b>	(16,410)	(13,784)
Net (gain) / loss Joint Ventures & Associates	(202)	(155)
Decrease / (increase) in Other	(735)	(22)
<b>Net Financial Liabilities at End of Year</b>	<b>(15,611)</b>	<b>(16,410)</b>

### 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 2015

### Note 18. Superannuation

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\$ '000

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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 2014/15; 9.25% in 2013/14). 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 2014/15) 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.

## The City of Unley

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

for the year ended 30 June 2015

#### Note 19. Interests in Other Entities

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##### **Joint Operation - Brown Hill Keswick Creek Project**

The City of Unley is party to a Memorandum of Agreement (MOA) with the Cities of Burnside, West Torrens and the Corporation of the City of Adelaide through which the councils are collaborating to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. Provision exists for Mitcham Council to also execute the agreement if it chooses.

The agreement requires the Councils to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of the Brown Hill Keswick Creek Catchment. Prior to the establishment of the regional subsidiary, the Agreement provides for a Steering Group with representatives of each Council to continue to carry out investigations and designs identified by Storm Water Management Plans as required by legislation. The City of Mitcham is also represented on this Steering Group.

Each Party is responsible for its own direct costs of the Project. The Project is jointly controlled with assets, revenue and expenses shared on the basis set out in the agreement and Stormwater Management Plan documentation. Council's share of the Project's joint assets are included in Note 7 of the financial statements. City of Unley's joint share of revenue and expenses of the Project are included in Note 2 and 3 of the financial statements, respectively.

Under the Brown Hill Keswick Creek MOA, the City of Unley acts as "Host" to the Brown Hill Keswick Creek Project, providing for the administration and coordination of the performance of the agreement including:

- arranging the preparation of draft documents,
- entering into agreements with third parties as directed by the Steering Group,
- keeping records,
- employment of support staff as agreed by the Councils,
- liaison with stakeholders,
- 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 does not recognise the payments made on behalf of Brown Hill Keswick Creek nor the contributions received from other Councils in its role as Host in its Statement of Comprehensive Statement or Statement of Financial Position.

For the year ended 30 June 2015, the Brown Hill Keswick Creek Project made disbursements of \$8.208m and received contributions of \$7.061m.

##### **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.

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 19. Interests in Other Entities (continued)

\$ '000

	Council's Share of Net Income		Council's Share of Net Assets	
	2015	2014	2015	2014
Associates	202	155	10,977	18,605
<b>Total</b>	<b>202</b>	<b>155</b>	<b>10,977</b>	<b>18,605</b>

#### (i) ASSOCIATED ENTITIES

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2015	2014
Centennial Park Cemetery Authority	Cemetery Industry	10,977	18,605
<b>Total Carrying Amounts - Associate</b>		<b>10,977</b>	<b>18,605</b>

#### Centennial Park Cemetery Authority

##### (b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014
Centennial Park Cemetery Authority	50%	50%	50%	50%	50%	50%

##### (c) Movement in Investment in Associate

	Centennial Park Cemetery Authority	
	2015	2014
Opening Balance	18,605	18,450
Share in Operating Result	202	155
Share in Other Comprehensive Income	(7,830)	-
<b>Council's Equity Share in the Associate</b>	<b>10,977</b>	<b>18,605</b>

# The City of Unley

## Notes to and forming part of the Financial Statements for the year ended 30 June 2015

### Note 19. Interests in Other Entities (continued)

\$ '000

#### (d) Summarised Financial Information of the Associate

##### Statement of Financial Position

	Centennial Park Cemetery Authority	
	2015	2014
Cash and Cash Equivalents	10,513	10,639
Other Current Assets	1,571	941
Non-Current Assets	26,399	41,295
<b>Total Assets</b>	<b>38,483</b>	<b>52,875</b>
Current Trade and Other Payables	1,712	1,044
Current Provisions	201	167
Non-Current Provisions	14,615	14,455
<b>Total Liabilities</b>	<b>16,528</b>	<b>15,666</b>
<b>Net Assets</b>	<b>21,955</b>	<b>37,209</b>

##### Statement of Comprehensive Income

	Centennial Park Cemetery Authority	
	2015	2014
Other Income	9,341	8,738
Interest Income	355	401
<b>Total Income</b>	<b>9,696</b>	<b>9,139</b>
Employee Costs	3,544	3,603
Materials, Contracts & Other Expenses	4,090	3,617
Depreciation, Amortisation and Impairment	1,635	1,553
<b>Total Expenses</b>	<b>9,269</b>	<b>8,773</b>
<b>Operating Result</b>	<b>427</b>	<b>366</b>

#### 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 the 30th June 2015 is \$11,148,863. 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 licences account for approximately 6.82% of 51,431 burial licences currently issued.  
Total unused licences account for approximately 7.19% of 46,154 memorial licences currently issued.  
Once an interment or placement of a monument has occurred a licence cannot be redeemed.

### Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

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

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

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

##### 1. LAND UNDER ROADS

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

At reporting date, Council controlled xxx km of road reserves of average width xx metres.

##### 2. POTENTIAL INSURANCE LOSSES

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

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

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

##### 3. 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 1 appeal 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 2015

Note 22. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2015, 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 dd/mm/yy.

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

## The City of Unley

### General Purpose Financial Statements for the year ended 30 June 2015

### Auditor's Report - Financial Statements

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## The City of Unley

### General Purpose Financial Statements for the year ended 30 June 2015

### Auditor's Report - Financial Statements

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## The City of Unley

### General Purpose Financial Statements for the year ended 30 June 2015

#### Auditor's Report - Internal Controls

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## The City of Unley

### General Purpose Financial Statements

for the year ended 30 June 2015

### Statement by Auditor

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 2015, 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 Government (Financial Management) Regulations 2011*.

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Peter Tsokas  
**CHIEF EXECUTIVE OFFICER**

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John Rawson  
**PRESIDING MEMBER, AUDIT &  
GOVERNANCE COMMITTEE**

**Date:**

## The City of Unley

### General Purpose Financial Statements

for the year ended 30 June 2015

### Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2015, 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*.

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Geoff Edwards

**BDO**

Dated this            day of            2015.

A photograph of a suburban street with large trees, a red car, and houses. The street is paved and lined with mature trees. A red car is parked on the right side of the road. Houses with white fences and black gates are visible on the right. The sky is blue with some clouds.

# CITY OF UNLEY

## Audit Completion Report

Year ended 30 June 2015



# TABLE OF CONTENTS

SECTION	OVERVIEW	PAGE	KEY CONTACTS
1	Executive summary	3	Geoff Edwards Engagement partner Tel: +61 8 7324 6061 geoff.edwards@bdo.com.au
2	Key accounting and audit matters	5	
3	Internal control	10	Sam Hilbink Engagement manager Tel: +61 8 7324 6083 sam.hilbink@bdo.com.au
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# 1. EXECUTIVE SUMMARY

# 1. EXECUTIVE SUMMARY

## Introduction

We have set out in this document the significant matters arising from our audit of City of Unley for the year ended 30 June 2015. This summary covers those matters we believe to be material in the context of our work.

## Audit status

Our audit was conducted in accordance with Australian Auditing Standards , Local Government Act 1999, the Local Government (Financial Management) Regulations 2011 for the year ended 30 June 2015 and is in the process of being completed. Details of outstanding matters are set out in Appendix 3.

## Audit report

We anticipate issuing unqualified opinions on both financial statements and internal controls . Appendix 1 provides our proposed audit reports.

## Key accounting and audit matters

The risks of material misstatement we have identified along with the procedures performed and results from these procedures are detailed in section 2 - Key accounting and audit matters.

## Summary of misstatements

We have not identified any misstatements during our audit.

## Independence

We confirm that we have complied with the ethical requirements regarding our independence as auditor of City of Unley. Please refer to Appendix 2 for more details.

## Non-compliance with laws and regulations and fraud

We confirm that no matters have come to our attention that indicate material misstatement in the financial statements due to non compliance with laws and regulations or fraudulent activity. Management has confirmed that they are unaware of any fraudulent activity. Please refer to Appendix 4 for more details.

## 2. KEY ACCOUNTING AND AUDIT MATTERS



## 2. KEY ACCOUNTING 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.

1. Cut off of grant funding		
Risk	Findings	Our conclusion
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.	Note 2 (g) (ii) draws attention to an amount of \$0.611m untied financial assistance grant for the year ending 30 June 2016, received in advance during the year ended 30 June 2015. This has correctly been recorded as income in the year ended 30 June 2015.	The financial statements are presented fairly in all material respects, in relation to financial assistance grant income.

## 2. KEY ACCOUNTING AND AUDIT MATTERS

### 2. Revaluation and useful lives of infrastructure, land and buildings

Risk	Findings	Our conclusion
There is a risk that other comprehensive income for the year, and the value of infrastructure, property, plant and equipment, are misstated as a result of incorrect valuation of fixed assets, or calculation of depreciation based on the estimated useful lived of fixed assets.	<p>The Statement of Comprehensive Income shows a revaluation surplus of \$24.6m for the year ended 30 June 2015. This relates predominantly to the roads and kerbs, which were externally valued. Pathways were also externally valued.</p> <p>We have confirmed details of the external valuations to the reports provided by the firms of independent valuers engaged by Council.</p> <p>Traffic and lighting assets were revalued by Council officers, and we have testing this to their supporting spreadsheets. We noted some minor issues with these spreadsheets that we have reported to management, but these do not materially impact the written-down-value reported for these assets.</p> <p>We have performed a high-level recalculation of depreciation for the year to confirm that expense for the year of \$6.4m.</p>	The financial statements are presented fairly in all material respects, in relation to the revaluation of infrastructure, property, plant and equipment, and the depreciation of these assets.

## 2. KEY ACCOUNTING AND AUDIT MATTERS

### 3. Interest in Centennial Park Cemetery Authority

Risk	Findings	Our conclusion
There is a risk of error in regards to the accounting treatment and disclosure of amounts relating to the Council's interest in Centennial Park Cemetery Authority.	<p>The Council's investment in the Centennial Park Cemetery Authority continues to be accounted for using the equity method, which is appropriate in the circumstances. The Statement of Comprehensive Income shows Other Comprehensive Income of \$(7.83)m relating to City of Unley's share of the downward revaluation of assets by Centennial Park Cemetery Authority during the year.</p> <p>We have agreed the balances recorded by the Council back to the audited financial statements of the Authority.</p>	The financial statements are presented fairly in all material respects, in relation to Council's interest in Centennial Park Cemetery Authority.

## 2. KEY ACCOUNTING AND AUDIT MATTERS

### 4. Brown Hill Keswick Creek (BHKC) Stormwater Project

Risk	Findings	Our conclusion
There is a risk of error to the accounting of the project with reference to the project status and any associated costs.	<p>A regional subsidiary has not yet been set up for the BHKC Project. Council has recorded its obligations with respect to the project as a joint operation, consistent with the treatment in previous years.</p> <p>Note 19 to the financial statements provides details of the basis on which Council has accounted for amounts relating to BHKC, including drawing attention to other notes that record income, expenses and assets relating to the project.</p>	The financial statements are presented fairly , in all material respects, in relation to the Brown Hill Keswick Creek project.

### 5. Accounting treatment of items captured within Capital WIP

Risk	Findings	Our conclusion
Accounting treatment of items captured within Capital WIP.	<p>At 30 June 2015 capital work-in-progress amounted to \$4.49m, up from \$1.16m at the end of the previous year. This includes an amount of \$2.48m relating to BHKC. An additional expense of \$0.20m was expensed from capital WIP relating to BHKC during the year.</p> <p>Our testing of a sample of fixed asset additions for the year included a number of items transferred from capital work-in progress.</p>	The financial statements are presented fairly in all material respects, in relation to capital work-in-progress, and associated impairment charges.

### 3. INTERNAL CONTROL



## 3. 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 to this, in accordance with *ISA 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 financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the 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 other matters identified in our testing of internal controls are set out below:

### 3. INTERNAL CONTROL

## Current year (continued)

	Authorisation of journal entries	Potential effects	Recommendation	Management comments
1	<p>City of Unley's procedures require that general journals are authorised by a second user before they are posted to the general ledger. The 'Tech One' accounting module facilitates this control.</p> <p>This functionality in Tech One can be disabled by users with "system admin" status. We noted an instance after 30 June 2015 where the functionality for review of journals was disabled by a senior member of the finance team, and that person then posted journals to the ledger.</p>	<p>Financial fraud can occur where inappropriate general journals are posted to cover theft or misappropriation.</p> <p>In the situation we observed, the journal entries were subsequently reviewed and confirmed, and there is no suggestion of any impropriety.</p> <p>We reviewed journal entry records for the year and did not find any other similar instances.</p>	<p>The ability to disable the functionality for review of journals is removed completely, or at least from users who prepare and post journals to the general ledger.</p>	<p>Agreed.</p> <p>Within the Technology One finance system, users' role access configuration is undertaken through a single user authorisation screen with only System Administrators having access to this screen.</p> <p>It is proposed that we will review our processes to ensure that appropriate audit trails are developed and reviewed by persons independent of the relevant financial transactions and where possible, segregation of duties occurs.</p> <p>Completion Date October 2015</p>

### 3. INTERNAL CONTROL

#### Current year (continued)

	Purchasing and procurement policy	Potential effects	Recommendation	Management Comments
2	Council's current purchasing and procurement policy was not consistently being adhered to over the course of the financial year with respect to the use of purchase orders. Exceptions were largely confined to lower risk operational areas where purchase amounts are smaller, and the use of purchase orders may not always be practical.	Unauthorised liabilities for expenditure could be incurred by Council.	Consideration should be given to the appropriateness of the procurement and procurement policy, and potential revision to reflect the risks associated with purchase ordering.  Any changes to the policy should be properly communicated and enforced.	Agreed.  The Procurement Policy and Framework have been updated and approved by Council on 28 September 2015 to align council procurement with best market practice, including the issues raised as part of this audit.  A comprehensive training plan is scheduled to update procuring officers within council. This will be followed by an extended period of monitoring to ensure compliance with the revised Policy and Framework, with additional refresher training to be provided as necessary.

### 3. INTERNAL CONTROL

## Current year (continued)

	Review of reconciliations	Potential effects	Recommendation	Management Comments
3	The requirement for the formal monthly review of debtors reconciliation did not occur for a three month period, while the relevant member of staff was absent.	Errors and issues with debtors reconciliations may not be identified and investigated if the review does not take place.	An important aspect of a control framework is that it does not rely on one individual, and it continues to operate effectively when staff go on leave or move within the organisation. Controls and procedures should be reviewed and updated to ensure they are sufficiently robust.	<p>Agreed.</p> <p>We note that as highlighted, for a period the reconciliations were completed but not reviewed in detail. The Review of Reconciliations process will be updated to ensure that if a different user acts in the reviewer role, they clearly understand the need for timely review of all reconciliations and appropriate evidence.</p> <p>Confirmation that all reconciliations have been completed as well as reviewed and evidenced will be incorporated into the monthly performance reporting process via confirmation to the Manager Finance &amp; ICT.</p> <p>An ongoing commitment will be made to ensure that all internal controls and procedures are provide sufficient rigor to ensure that any staff member acting in positions with such responsibility understand the requirements within the role and placed upon them.</p>

## 3. INTERNAL CONTROL

### Prior year

#### 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
1	During the period 1 July 2013 to 30 June 2014 tender documents in relation to External Services Contracting were not kept locked up when they were not being viewed for evaluation purposes.	October 2014	Tenders are stored securely when not in use for evaluation purposes.
2	<p>Council has undertaken a detailed control self assessment process during the year ended 30 June 2014.</p> <p>This has identified a significant number of controls that have been rated by the nominated Council reviewer as less than “Effective” or “Majority Effective”.</p> <p>Action plans have been documented for these controls.</p>	October 2014	At 30 June 2015 there were 19 controls for which action plans were in place. None of these controls were classified as high risk areas. 13 of these action plans have been completed as at 30 September 2015.



### 3. INTERNAL CONTROL

#### Prior year (continued)

	Description of matter	Date previously communicated	Current status
3	In the assignment of roles in the control self assessment process we noted that the nominated “Reviewer” was not always a member of staff with the necessary experience or seniority to make an informed judgement regarding the rating assigned to a particular control by the Assessor.	October 2014	Allocation of assessors and reviewers in the 2015 process has provided a more informed and accurate assessment of controls as observed through the current year audit.

## 4. PRESENTATION OF YOUR FINANCIAL REPORT



## 4. PRESENTATION OF YOUR FINANCIAL REPORT

We have detailed below matters that have come to our attention relating to the presentation of your financial report.

Area affected	Description
Infrastructure, Property, Plant and Equipment	Council has elected to early adopt the amendments to AASB 13 <i>Fair Value Measurement</i> for the annual reporting period commencing 1 July 2014. The amendments provide relief for not-for-profit public sector entities from making certain specified disclosures about the fair value measurement of assets within the scope of AASB 16 <i>Property Plant and Equipment</i> which are primarily held for their current service potential rather than to generate future net cash flows.

# APPENDICES



# APPENDIX 1

## Proposed audit report

We have audited the accompanying financial report of City of Unley, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer and the Principal Member of the Council.

### **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 Management) Regulations 2011, and 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council's officers, as well as evaluating the overall presentation of the financial report.

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



## APPENDIX 1

# Proposed audit report (continued)

### Opinion

In our opinion, the financial report presents fairly, in all material respects, the Council's financial position as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

BDO Audit (SA) Pty Ltd

G K Edwards  
Director

Adelaide, XX Month 20XX



## APPENDIX 1

# Assurance report on Internal Controls

We have audited the compliance of City of Unley (the Council) with the requirements of Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2014 to 30 June 2015 have been conducted properly and in accordance with law.

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

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

### Our Responsibility

Our responsibility 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 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,. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to provide reasonable assurance that, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2014 to 30 June 2015. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies. Our procedures included assessing the controls of the Council based on the criteria in the Better Practice Model—Internal Financial Controls, specifically:

1. Obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities
2. Evaluating management's assessment of these controls
3. Assessing the risk that a material weakness exists
4. Testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks

These procedures have been undertaken to form a conclusion as to whether the Council has complied in all material respects, with the Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, for the period 1 July 2014 to 30 June 2015.



## APPENDIX 1

# Assurance report on Internal Controls (continued)

### Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with Section 125 of the Local Government Act 1999 in relation to the Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with Section 125 of the Local Government Act 1999 in relation to the Internal Controls specified above are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

### Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

### Conclusion

In our opinion, the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law for the period 1 July 2014 to 30 June 2015.

**BDO Audit (SA) Pty Ltd**

G K Edwards  
Partner

Adelaide, XX Month 20XX

## APPENDIX 2

# Auditor independence declaration

### Positive 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 the City of Unley for the year ended 30 June 2015, 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  
Partner

BDO Audit (SA) Pty Ltd  
Adelaide, XX Month 20XX



## APPENDIX 3

# Outstanding matters

Audit procedures still to be completed



Our audit will be concluded once:

- We have completed our usual review of events subsequent to 30 June
- Management have provided us with the usual written representations on various matters
- The financial statements are formally adopted



## APPENDIX 4

# 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 City of Unley.



## APPENDIX 4

### 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.

We have not identified any reportable matters during the course of our audit.

#### 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.

# APPENDIX 5

## New and emerging 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 [Issues and Trends](#) page on our website also includes resources regarding new and emerging areas.

Title of standard	Brief overview and impact
AASB 15 <i>Revenue from Contracts with Customers</i>	Introduces a new approach to recognition and measurement of revenue and replaces the current requirements relating to revenue recognition. This standard is likely to change both the pattern of revenue recognition and the pattern of profit recognition for many entities. Although IFRS 15 is not mandatory until 1 January 2017, it would be a mistake to procrastinate as to dealing with its implementation. For many entities, it will require the roll-out of an implementation plan, looking at changes in processes and systems. An Australian Accounting Standard based on IFRS 15 is likely to be applicable to your financial statements for the first time in the year ending 30 June 2018.
AASB 9 <i>Financial Instruments</i>	Amends the requirements for classification and measurement of financial assets and liabilities, introduces new impairment requirements and less complex hedging principals. This is not expected to have a significant impact on Council financial statements.
Leases	Two exposure drafts have been issued on leases to date and a final standard is expected to be released in late 2015. It appears likely that Council's operating leases will eventually be required to be booked on the balance sheet with an annual expense reflecting depreciation on the leased asset and interest expense, which would vary from period to period, depending on the outstanding balance of the lease liability (i.e. front-end loaded expense).
AASB 2015-6 <i>Amendments to Australian Standards - Extending Related Party Disclosures to Not-for-profit Public Sector Entities</i>	In a significant change from current requirements, from 1 July 2016 Australian government and local government entities will have to disclose related party information in the same way that private sector entities have to now.

## APPENDIX 5

# New and emerging developments

### AASB 15



The new revenue recognition standard, AASB 15 *Revenue from Contracts with Customers* is a result of a joint project of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB). It is effective for annual periods beginning on or after 1 January 2017, however it has been deferred in the US and the IASB has indicated that it will also defer the effective date to 1 January 2018. Early adoption is permitted.

This new revenue standard will therefore apply for the first time to your 30 June 2019 year end and supersedes all existing revenue-related Accounting Standards and Interpretations. Although the transition date for full retrospective restatement is 1 July 2017, there is an option of selecting 1 July 2018 as the transition date if the cumulative effect of initial application is recognised as a single entry in opening retained earnings on 1 July 2018 (the modified retrospective restatement method) and additional disclosures are made.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 *Revenue*. Included in AASB 15 is a new 'Five Step Model' for recognising revenue. An overview is included below:

Step 1 - Identify the contract

Step 2 - Identify separate performance obligations

Step 3 - Determine transaction price

Step 4 - Allocate transaction price to performance obligations

Step 5 - Recognise revenue when each performance obligation satisfied

## APPENDIX 5

# New and emerging developments

### AASB 15



Some of the key practical implications may result in:

- Unbundling of sales incentives from original sale
- Mobilisation fees not being recognised as revenue
- Changes to recognition of licence revenue
- Financing taken into account when payments made in advance, and
- More in-depth analysis of new sales contracts / modification of sales contracts.

It is further anticipated there may be flow-on effects to other commercial areas such as, but not limited to:

- Bonuses based on profits
- Banking covenants
- Deferred consideration based on profit/revenue
- Calculation of deferred tax balances

While certain industries such as property, technology and licensors may be more affected than others, we urge you to start familiarising yourself with the detailed requirements of AASB 15 so that you can make necessary changes to long-term contracts and accounting systems prior to the effective date of the standard.

Due to the significance of the change to revenue recognition under AASB 15, BDO has released several publications and articles for a number of industries that will be impacted by the change. Please refer to those listed below for more information.

[Need to Know](#)

[IFRS in Practice - General](#) and [IFRS in Practice - Transition](#)

Please contact your partner to discuss implementation issues.

## APPENDIX 5

# New and emerging developments

### AASB 9



The financial instrument standard, AASB 9 *Financial Instruments* was issued as a complete standard in Australia in December 2014. It is effective for annual periods beginning on or after 1 January 2018 and early adoption is permitted. The main requirements of AASB 9 are summarised below.

#### Classification and measurement

Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL). They can only be measured at amortised cost or at FVTOCI if certain restrictive conditions are met. Otherwise they must be measured at FVTPL. Equity instruments will always be measured at fair value and, if not held for trading, there is an irrevocable election to present gains/losses on OCI. Dividends will be recognised in profit or loss.

#### Impairment

AASB 9 contains new impairment requirements based on an 'expected loss' model rather than the current 'incurred loss' model. A simplified impairment model applies to trade receivables and lease receivables.

#### Hedging

The new hedging principles are less complex. The removal of the 80-125% threshold for effectiveness testing, and the ability to hedge the benchmark pricing component of commodity contracts (e.g. crude oil benchmark component of jet fuel, benchmark component of diesel/iron ore contracts, etc.) make it easier to qualify for hedge accounting, and therefore less profit or loss volatility.

BDO has released several publications on the different aspects of the new financial instruments standard. Please refer to those listed below for more information.

Need to Know - [Financial Instruments - Classification and Measurement](#), [Hedge Accounting](#) and [Impairment of Financial Assets](#)

## APPENDIX 5

# New and emerging developments

### Leases

Two exposure drafts have been issued on leases to date (ED 202 in 2010 and ED 242 in 2013).

#### ED 202 proposals (2010)

Proposed one lease accounting model, with assets and liabilities arising under all lease contracts being recognised on balance sheet, with an annual expense reflecting depreciation on the leased asset and interest expense, which would vary from period to period, depending on the outstanding balance of the lease liability (i.e. front-end loaded expense).

#### ED 242 proposals (2013)

Proposed two types of leases for lessees and lessors, depending on the proportion of economic benefits consumed during the lease, and the type of leased asset (known as 'Type A' and 'Type B' leases). Type B leases (property leases) would have a single, straight-line, annual expense, whereas Type A leases would have a front-end loaded expense comprising asset depreciation and interest.

#### IASB's current position

After much deliberation and outreach, the IASB has reverted to the view that:

- All leases should be capitalised in the same way
- Operating lease expenses would be front-end loaded, and not straight-lined as for Type B leases above
- Contingent rentals on operating leases would not form part of the lease liability
- The current lessor accounting model in AASB 117 *Leases* would be retained
- Leases of 12 months or less and leases of small assets (e.g. laptops and furniture) need not be capitalised.

#### Financial statement impact for operating leases of lessees

- Balance sheet - Assets and liabilities will increase. Equity will decrease initially because of front-end loaded expenses
- Cash flows - Principal repayments will be classified as payments from financing activities. Interest payments can be shown as either part of operating, investing or financing activities
- Profit or loss - 'Earnings before interest and tax' (EBITDA) will increase as operating lease expense will no longer be disclosed as part of operating costs.

A final standard is expected late in 2015.

## APPENDIX 5

# New and emerging developments

### AASB 2015-6 Amendments to Australian Standards - Extending Related Party Disclosures to Not-for- profit Public Sector Entities

The Australian Accounting Standards Board has just released AASB 2015-6 Amendments to Australian Standards - Extending Related Party Disclosures to Not-for-profit Public Sector Entities. This extends the scope of AASB 124 to remove the current exemption for not-for-profit public sector entities such as Government Departments, Universities and Local Councils.

The new standard adds implementation guidance with a series of examples specifically tailored to the Australian environment. In each of these examples there is discussion about who may and may not fall under the definition of “key management personnel”, for whom the new disclosure requirements apply. Typically this group comprises the executives and senior management, along with the members of boards, councils or other equivalent governing structures.

Related party transactions will have to be disclosed to the extent necessary for users to understand the potential effect of the relationship on the financial statements. The standard does suggest that in some circumstances, certain related party transactions may be determined to not be material and so not need disclosure - such as transactions occurring during the course of delivering public service objectives, on the same terms as to the public generally. But other than for this, the same level of disclosure will apply as currently does for public companies.

Entities in this sector will need to give prompt consideration to this new standard - who the new disclosure requirements apply to, what transactions are likely to be material, and what information systems are needed to ensure that all the necessary supporting information is captured. Key management personnel will have to be educated to understand what additional information about them will now be put in the public domain, and consideration will have to be given to the likely response from the users of financial statements to this new information.

We have prepared this report solely for the use of 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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[www.bdo.com.au](http://www.bdo.com.au)

## The City of Unley

### General Purpose Financial Statements

for the year ended 30 June 2015

### 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 2015, 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 Government (Financial Management) Regulations 2011*.

---

Peter Tsokas

**CHIEF EXECUTIVE OFFICER**

---

John Rawson

**PRESIDING MEMBER, AUDIT & GOVERNANCE  
COMMITTEE**

**Date:**



Centennial Park  
Cemetery Authority

Telephone 08 8276 6011  
Facsimile 08 8275 2266  
enquiry@centpark.org.au  
www.centennialpark.org  
760 Goodwood Road  
Pasadena South Australia 5042

31<sup>st</sup> August 2015

Mr Peter Tsokas  
Chief Executive Officer  
City of Unley  
PO Box 1  
UNLEY SA 5061

Dear Peter,

**Re: Annual Accounts – Year ended 30 June 2015**

Please find enclosed the Audited Annual Accounts for the year ended 30 June 2015.

In reading these accounts the following information should be noted.

The Income Statement for the year reveals an operating surplus of \$404,957 compared to \$309,037 recorded for the previous year. The Future Upkeep Provision was increased by \$146,000 during the current financial year compared to a nil increase in the prior year. The surplus for financial year 2014 – 2015 adjusted for the Future Upkeep Provision was \$550,957 in comparison.

As you would also be aware a Liability Guarantee payment has been made to the Constituent Councils. Reversing the impact of this transaction would have resulted in a reported surplus of \$796,595 for 2014 – 2015, compared to \$700,963 for the prior year. This is a 14% increase in the underlying result from one year to the next, when a true comparative basis is used. Total revenue increased by 6% (\$9,696,374 compared to \$9,139,179 prior year). "No service" cremations continue to be a much contested segment of the market.

Should you have any questions on this matter, please do not hesitate to contact me.

Yours sincerely

Eva Salib  
Manager Business & Corporate Services



**ANNUAL ACCOUNTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2015**

**Centennial Park Cemetery Authority**

760 Goodwood Road, Pasadena, South Australia 5042

Telephone: (08) 8276 6011 – Facsimile: (08) 8275 2266

Email: [enquiry@centpark.org.au](mailto:enquiry@centpark.org.au)

Website: [www.centennialpark.org.au](http://www.centennialpark.org.au)

# **Centennial Park Cemetery Authority**

## **General Purpose Financial Reports for the year ended 30 June 2015**

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**Audit Report - Financial Statements**

**Authority Certificate of Audit Independence**

**Audit Certificate of Audit Independence**

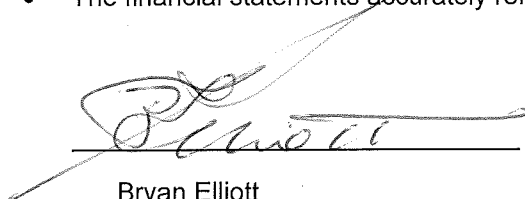
# CENTENNIAL PARK CEMETERY AUTHORITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

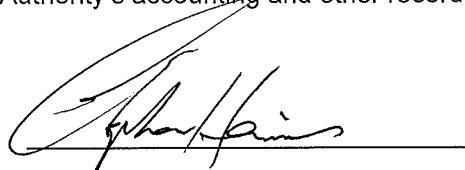
### CERTIFICATION OF FINANCIAL STATEMENTS

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 2015 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.



Bryan Elliott  
CHIEF EXECUTIVE OFFICER



Stephen Hains  
CHAIR OF THE BOARD

Dated this 27<sup>th</sup> day of August 2015

# Centennial Park Cemetery Authority

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>INCOME</b>			
User charges - Sales	2	9,341,520	8,738,557
Investment income	2	354,854	400,622
<b>Total Income</b>		<u>9,696,374</u>	<u>9,139,179</u>
<b>EXPENSES</b>			
Employee costs	3	3,544,096	3,602,748
Materials, contracts & other expenses	3	4,090,295	3,616,824
Depreciation, amortisation & impairment	3	1,634,885	1,553,500
<b>Total Expenses</b>		<u>9,269,277</u>	<u>8,773,072</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		427,097	366,107
Net gain (loss) on disposal or revaluation of assets	4	(22,140)	(57,070)
<b>NET SURPLUS / (DEFICIT)</b>		<u>404,957</u>	<u>309,037</u>
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result.			
Changes in revaluation surplus	7	(15,617,460)	-
<b>Total Other Comprehensive Income</b>		<u>(15,617,460)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(15,212,503)</u>	<u>309,037</u>

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

**Centennial Park Cemetery Authority**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	10,512,953	10,639,273
Trade & other receivables	5	789,783	760,735
Inventories	5	781,144	180,671
<b>Total Current Assets</b>		<b>12,083,880</b>	<b>11,580,679</b>
<b>Non-current Assets</b>			
Infrastructure, Property, Plant & Equipment	7	25,638,844	40,965,617
Other Non-current Assets	6	760,625	329,176
<b>Total Non-current Assets</b>		<b>26,399,469</b>	<b>41,294,793</b>
<b>Total Assets</b>		<b>38,483,349</b>	<b>52,875,472</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	1,712,274	1,043,569
Provisions	8	201,198	167,142
<b>Total Current Liabilities</b>		<b>1,913,472</b>	<b>1,210,711</b>
<b>Non-current Liabilities</b>			
Provisions	8	14,614,974	14,454,815
<b>Total Non-current Liabilities</b>		<b>14,614,974</b>	<b>14,454,815</b>
<b>Total Liabilities</b>		<b>16,528,446</b>	<b>15,665,526</b>
<b>NET ASSETS</b>		<b>21,954,903</b>	<b>37,209,946</b>
<b>EQUITY</b>			
Contributed Equity	16	48,702	48,702
Accumulated Surplus		7,489,072	7,126,655
Asset Revaluation Reserve	9	14,375,186	29,992,646
Other Reserves	9	41,943	41,943
<b>TOTAL EQUITY</b>		<b>21,954,903</b>	<b>37,209,946</b>

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

# Centennial Park Cemetery Authority

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	Contributed Equity	TOTAL EQUITY \$
2015						
Balance at end of previous reporting period		7,126,655	29,992,646	41,943	48,702	37,209,946
Restated opening balance		7,126,655	29,992,646	41,943	48,702	37,209,946
Net Surplus / (Deficit) for Year		404,957				404,957
Other Comprehensive Income						
Impairment (expense) / recoupments offset to asset revaluation reserve		(42,540)	(15,617,460)			(15,660,000)
Balance at end of period		7,489,072	14,375,186	41,943	48,702	21,954,903

2014

Balance at end of previous reporting period	6,817,618	29,992,646	41,943	48,702	36,900,909
Adjustment to give effect to changed accounting policies					-
Restated opening balance	6,817,618	29,992,646	41,943	48,702	36,900,909
Net Surplus / (Deficit) for Year	309,037				309,037
Other Comprehensive Income					
Balance at end of period	7,126,655	29,992,646	41,943	48,702	37,209,946

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

# Centennial Park Cemetery Authority

## STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		10,228,316	9,721,152
Investment receipts		354,854	400,622
<u>Payments</u>			
Operating payments to suppliers & employees		(8,287,788)	(8,108,452)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,295,382</b>	<b>2,013,322</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Sale of replaced assets		51,406	63,323
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(314,808)	(571,728)
Expenditure on new/upgraded assets	14	(2,158,300)	(541,904)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,421,702)</b>	<b>(1,050,309)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(126,320)</b>	<b>963,013</b>
Cash & cash equivalents at beginning of period		10,639,273	9,676,260
<b>Cash &amp; cash equivalents at end of period</b>		<b>10,512,953</b>	<b>10,639,273</b>

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

# Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

## 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 27<sup>th</sup> August 2015.

#### 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.

The Future Upkeep Provision has been calculated using the following assumptions; investment earnings of 2.85% and cost inflation of 1.20%.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

These estimated unit costs for memorials and burials were then discounted according to the expiry year of the licence 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. As a result of the desktop actuarial assessment in 2015 the Future Upkeep Provision has increased by \$146,000 to \$14,526,000.

#### 1.4 Rounding

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

#### 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:

Provides 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 three 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 2015 there were no doubtful debts (2014: \$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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

**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.

**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 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 50 years
Other Assets	
Motor Vehicles	5 to 10 years

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

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

**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).

For 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, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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.

**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.

**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.

Present values are calculated using the 10 year government bond rate of 3.02% (2014: 2.51%)

**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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

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

**Accumulation Fund Members**

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Defined Benefit Members**

The Authority makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently 6.3% (6.3% in 2013/2014) of superannuation salary. 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 Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by 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.

**9 Leases**

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117. The Authority has no lease arrangements.

**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 issued for grave and memorial positions have a limited life of 50 and 30 - 99 years respectively. 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 2015

**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 \$391,638 was paid to the Constituent Councils (2014 Liability Guarantee \$391,926).

**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 Financial Instruments**

**15.1 Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**15.2 Financial Assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**15.3 Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**15.4 Held-to-maturity investments**

These investments have fixed maturities, and it is the Authority's intention to hold these investments to maturity. Any held-to-maturity investments held by the Authority are stated at amortised cost using the effective interest rate method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

**16 New Accounting Standards**

Certain new accounting standards and IJG interpretations have been published that are not mandatory, and have not been adopted, for the 30 June 2015 reporting period.

AASB	Title
9	Financial Instruments
15	Revenue from Contracts with Customers
119	Employee Benefits
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
2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

The Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in these financial statements.

**17 Early Adoption AASB 13 Fair Value Measurement**

The Authority has elected to early adopt the amendments to AASB 13 *Fair Value Measurement* for the annual reporting period commencing 1 July 2014. The amendments provide relief for not-for-profit public sector entities from making certain specified disclosures about the fair value measurement of assets within the scope of AASB 116 *Property Plant and Equipment* which are primarily held for their current service potential rather than to generate future net cash flows.

The amendments are mandatory for the annual reporting periods commencing on or after 1 July 2016.

As a result of early adopting, the Authority is no longer required to disclose the following information:

- for recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, quantitative information about the significant unobservable inputs used in the fair value measurements;
- for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of total gains and losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to the assets held at the end of the reporting period, and then line item(s) in profit or loss in which those unrealised gains or losses are recognised; and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

- for recurring fair value measurement categorised within Level 3 of the fair value hierarchy, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in these inputs to a different amount might result in a significantly higher or lower fair value measurement. Where there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, the disclosure of a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs of the fair value measurement.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 2 - INCOME

	2015	2014
Notes	\$	\$
<b>USER CHARGES - SALES</b>		
Cremation Fees	1,405,019	1,252,808
Burial Fees	1,395,169	1,327,624
Monument Permit Fees	187,607	187,139
Cemetery Interment Right Fees	2,141,105	1,912,132
Memorial Interment Right Fees	1,930,825	1,867,527
Memorial Fees - Other	304,639	280,448
Vault Sales	114,546	114,545
Chapel Catering Fees	122,377	111,227
Chapel Hire Fees	1,067,256	994,923
Plaque & Base Sales	636,766	638,675
Sales - general	2,289	10,484
Sundry	33,923	41,025
	<u>9,341,520</u>	<u>8,738,557</u>
<b>INVESTMENT INCOME</b>		
Interest on investments		
Local Government Finance Authority	163,439	65,553
Banks & other	191,415	335,069
	<u>354,854</u>	<u>400,622</u>

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### Note 3 - EXPENSES

	Notes	2015 \$	2014 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		2,738,502	2,932,307
Employee leave expense		442,923	417,029
Superannuation - defined contribution plan contributions	15	324,088	299,097
Workers' Compensation Insurance		74,629	82,068
Other			
Less: Capitalised and distributed costs		(36,046)	(127,753)
<b>Total Operating Employee Costs</b>		<b>3,544,096</b>	<b>3,602,748</b>
<b>Total Number of Employees</b>		<b>46</b>	<b>45</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		15,000	14,500
Bad and Doubtful Debts		-	-
<b>Subtotal - Prescribed Expenses</b>		<b>15,000</b>	<b>14,500</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		636,459	831,550
Energy		228,725	237,825
Insurance		113,637	104,977
Maintenance		541,215	367,291
Legal Expenses		38,067	56,071
Parts, accessories & consumables		1,341,710	1,095,319
Professional services		310,985	276,239
Sundry		326,858	241,126
Individually Significant Items			
- Future Upkeep Provision		146,000	-
- Liability Guarantee		391,638	391,926
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>4,075,295</b>	<b>3,602,324</b>
		<b>4,090,295</b>	<b>3,616,824</b>
<b>INDIVIDUALLY SIGNIFICANT ITEMS - 2015 year only</b>		<b>537,638</b>	<b>391,926</b>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 3 - EXPENSES (cont)

	Notes	2015 \$	2014 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		250,006	226,481
Infrastructure		582,089	582,842
Plant & Equipment		645,645	585,356
Other Assets		157,145	158,821
		<u>1,634,885</u>	<u>1,553,500</u>

Note:

There is no Amortisation.

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

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

	Notes	2015 \$	2014 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		51,406	63,323
Less: Carrying amount of assets sold		<u>73,546</u>	<u>120,393</u>
Gain (Loss) on disposal		<u>(22,140)</u>	<u>(57,070)</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		 <u>(22,140)</u>	 <u>(57,070)</u>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 5 - CURRENT ASSETS

	2015	2014
CASH & EQUIVALENT ASSETS	\$	\$
Cash on Hand and at Bank	69,885	131,647
Deposits at Call	512,147	1,503,607
Short Term Deposits & Bills, etc	9,930,921	9,004,019
	<u>10,512,953</u>	<u>10,639,273</u>
 TRADE & OTHER RECEIVABLES		
Accrued Revenues	11,336	129,950
Debtors - general	492,345	458,141
Prepayments	286,102	172,644
Total	<u>789,783</u>	<u>760,735</u>
 Less: Allowance for Doubtful Debts	<u>-</u>	<u>-</u>
	<u>789,783</u>	<u>760,735</u>
 INVENTORIES		
Stores & Materials	73,937	72,792
Trading Stock	707,207	107,879
	<u>781,144</u>	<u>180,671</u>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 6 - NON-CURRENT ASSETS

	2015	2014
OTHER NON-CURRENT ASSETS		
Capital Works-in-Progress	<u>760,625</u>	<u>329,176</u>
	<u>760,625</u>	<u>329,176</u>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	FAIR VALUE LEVEL	2014 \$				2015 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	2	17,400,000			17,400,000	771,763			771,763
Land	3				-	1,740,000			1,740,000
Buildings & Other Structures	2	4,229,154		(107,547)	4,121,607	4,269,373		(179,874)	4,089,499
Buildings & Other Structures	3	9,580,471		(424,499)	9,155,972	9,780,270		(942,092)	8,838,178
Infrastructure	3	20,727,365		(12,074,377)	8,652,988	21,154,659		(12,618,225)	8,536,434
Plant & Equipment			2,392,147	(1,565,507)	826,640		2,650,637	(1,743,372)	907,265
Motor Vehicles			1,286,850	(478,440)	808,410		1,348,761	(593,056)	755,705
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>51,936,990</b>	<b>3,678,997</b>	<b>(14,650,370)</b>	<b>40,965,617</b>	<b>37,716,065</b>	<b>3,999,398</b>	<b>(16,076,619)</b>	<b>25,638,844</b>

*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.*

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014	CARRYING AMOUNT MOVEMENTS DURING YEAR									2015
		\$	\$									\$
		CARRYING AMOUNT	Additions		Disposals			Depreciation	Transfers	Adjustments	Net Revaluation	CARRYING AMOUNT
			New/Upgrade	Renewals	Sales	Gains/(Losses) in P&L	Carrying Amount					
Land	2	17,400,000	771,763		Level 3 Only	Level 3 Only						771,763
Land	3							(17,400,000)			(15,660,000)	1,740,000
Buildings & Other Structures	2	4,121,607	38,319	1,900			(72,327)					4,089,499
Buildings & Other Structures	3	9,155,972	45,634	154,165		(1,925)	(5,815)	(316,038)		(195,740)		8,838,178
Infrastructure	3	8,652,988	323,694	146,420		(4,579)	(4,579)	(582,089)				8,536,434
Plant & Equipment		826,640	220,550	174,884			(3,263)	(507,286)		195,740		907,265
Motor Vehicles		808,410	70,142	94,188			(59,890)	(157,145)				755,705
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		40,965,617	1,470,102	571,557	-	(6,504)	(73,547)	(1,634,885)	-	-	(15,660,000)	25,638,844
2014 Totals		41,688,839	559,130	391,541		(35,186)	(120,393)	(1,553,500)	-	-	-	40,965,617

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 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.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### 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 2012 by Fred Taormina B.App.Sc (Val) A.A.P.I. Certified Practising Valuer of Valcorp Aust Pty Ltd. 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 was revalued by the Board of Management at 30 June 2015. In the course of revaluing Land, the nature of the inputs applied was reviewed in detail and where necessary the asset reassigned to the appropriate fair value hierarchy level. This revaluation incorporated the review of the discount that would be required for a market participant to acquire the land due to the identified costs associated with remedial work required prior to the disposal of cemetery land. This was revised to 90%. Such transfers take effect at the date of the revaluation.

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 periods of up to 50 years and the site must be maintained for 50 years after the last interment should the Authority cease to operate.

#### 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.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### 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 greater than \$1,000 excluding GST are capitalised.

#### Estimated Useful Lives

The range of useful lives for a range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Class		Useful Life
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 50 years
Other Assets	Motor Vehicles	5 to 10 years

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### Note 8 - LIABILITIES

		2015		2014	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		735,336	-	188,810	-
Payments received in advance		-	-	5,666	-
Accrued expenses - employee entitlements		249,526	-	237,198	-
Accrued expenses - other		506,972	-	383,804	-
Other		220,440	-	228,091	-
		<u>1,712,274</u>	<u>-</u>	<u>1,043,569</u>	<u>-</u>
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		201,198	69,174	167,142	60,215
Heritage Monuments Restoration			19,800		14,600
Other - Future Upkeep Provision			14,526,000		14,380,000
		<u>201,198</u>	<u>14,614,974</u>	<u>167,142</u>	<u>14,454,815</u>

*Movements in Provisions - 2015 year only  
(current & non-current)*

*Opening Balance*

*Increase in amounts recognised*

*Closing Balance*

*Future Upkeep  
Provision*

*14,380,000*

*146,000*

*14,526,000*

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/07/2014	Net Increments (Decrements)	Transfers on Sale	30/06/2015
	Notes	\$	\$	\$
Land		16,265,000	(15,660,000 )	605,000
Buildings & Other Structures		6,153,931	21,157	6,175,088
Infrastructure				
- Roads, bridges, footpaths		6,317,287	21,383	6,338,670
Plant & Equipment		1,256,428	-	1,256,428
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		29,992,646	(15,617,460 )	14,375,186
Available for Sale Investments		-	-	-
<b>TOTAL</b>		29,992,646	(15,617,460 )	14,375,186
<b>2014 Totals</b>		29,992,646	-	29,992,646

OTHER RESERVES	1/07/2014	Transfers to Reserve	Transfers from Reserve	30/06/2015
E M M Kay	41,943	-	-	41,943
<b>TOTAL OTHER RESERVES</b>	41,943	-	-	41,943
<b>2014 Totals</b>	41,943	-	-	41,943

### PURPOSES OF RESERVES

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current 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.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

(a) Reconciliation of Cash	Notes	2015 \$	2014 \$
Total cash & equivalent assets	5	10,512,953	10,639,273
Balances per Cash Flow Statement		<u>10,512,953</u>	<u>10,639,273</u>
 (b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		404,957	309,037
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,634,885	1,553,500
Future Upkeep Provision		146,000	-
Net increase (decrease) in unpaid employee benefits		55,343	26,975
Net (Gain) Loss on Disposals		<u>22,140</u>	<u>57,070</u>
		2,263,325	1,946,582
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(34,204)	112,584
Net (increase) decrease in inventories		(600,472)	17,942
Net (increase) decrease in other current assets		5,155	(25,280)
Net increase (decrease) in trade & other payables		668,705	(198,997)
Net increase (decrease) in other provisions		<u>(7,127)</u>	<u>160,491</u>
Net Cash provided by (or used in) operations		<u>2,295,382</u>	<u>2,013,322</u>
 (c) Financing Arrangements			
Unrestricted access was available at balance date to the following lines 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.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 11 - FINANCIAL INSTRUMENTS

##### Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms &amp; conditions: Deposits are returning fixed interest rates between 2.30% and 3.77% (2014: 3.70% and 3.77%). Short term deposits have an average maturity of 90 days and an average interest rate of 2.8% (2014: 90 days, 3.00%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>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.</p> <p>Terms &amp; conditions: Unsecured, and do not bear interest.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>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.</p> <p>Terms &amp; conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

2015	Floating Interest Rate	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$		\$	\$	\$
<b>Fair Value through P&amp;L</b>						
Cash Assets	581,332	9,931,621				10,512,953
<b>Loans &amp; Receivables</b>						-
Receivables						492,345
<b>Total</b>	<b>581,332</b>	<b>9,931,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,005,298</b>
<i>Weighted Average Interest Rate</i>	2.17%	2.85%				
<b>Financial Liabilities</b>						
Payables						955,776
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>955,776</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>581,332</b>	<b>9,931,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,049,522</b>

2014	Floating Interest Rate	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$	\$
<b>Fair Value through P&amp;L</b>						
Cash Assets	1,634,554	9,004,720				10,639,273
<b>Loans &amp; Receivables</b>						-
Receivables						458,141
<b>Total</b>	<b>1,634,554</b>	<b>9,004,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,097,414</b>
<i>Weighted Average Interest Rate</i>	2.62%	3.73%				
<b>Financial Liabilities</b>						
Payables						422,567
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422,567</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>1,634,554</b>	<b>9,004,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,674,847</b>

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### 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.

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

Liquidity Risk is the risk that 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 range of bank overdraft and short-term draw down facilities 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.

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### Note 12 - COMMITMENTS FOR EXPENDITURE

	2015	2014
	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land		
Buildings & Other Structures	21,700	75,693
Infrastructure	437,374	121,327
Plant & Equipment	12,357	116,704
	<u>471,431</u>	<u>313,724</u>
These expenditures are payable:		
Not later than one year	471,431	313,724
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>471,431</u>	<u>313,724</u>

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 JUNE 2015

Note 13 - FINANCIAL INDICATORS

	2015	2014	2013
<p>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.</p>			
<b>Operating Surplus</b>			
Net Surplus / (Deficit)	404,957	309,037	968,673
<p>The 2015 Net Surplus of \$404,957 (2014 \$309,037) includes the "Future Upkeep Provision" of \$146,000 (2014 - \$0); excluding that provision in 2015 the Net Surplus was \$523,900 and in 2014 the Net Surplus was \$309,037 in comparison.</p>			
<b>Operating Surplus / (Deficit) Ratio</b>			
Sales Revenue	2,281,795	2,191,327	2,203,837
Total Other Revenue	7,392,439	6,890,782	6,784,314
<b>Total Revenue</b>	<b>9,674,235</b>	<b>9,082,109</b>	<b>8,988,151</b>
<b>Net Surplus / (Deficit)</b>			
<b>Total Revenue</b>	<b>4.19%</b>	<b>3.40%</b>	<b>10.78%</b>
<p>This ratio expresses the operating surplus as a percentage of total revenue generated by the Authority. The adjusted ratio for 2015 discounting the impact of the adjustment for "Future Upkeep Provision" is 5.7% (2014 3.4%).</p>			
<b>Net Financial Liabilities</b>			
Total Liabilities	16,528,446	15,672,805	15,684,336
Less:			
Current Cash and cash equivalents	(10,512,953)	(10,639,273)	(9,676,260)
Current trade & other receivables	(789,783)	(768,014)	(855,318)
<b>Net Financial Liabilities</b>	<b>5,225,710</b>	<b>4,265,518</b>	<b>5,152,758</b>
<b>Net Financial Liabilities</b>	<b>5,225,710</b>	<b>4,265,518</b>	<b>5,152,758</b>
<p>Net Financial Liabilities are defined as total liabilities less non-equity financial assets.</p>			
<b>Net Financial Liabilities Ratio</b>			
Total Revenue	9,674,235	9,082,109	8,988,151
(Profit) / Loss on sale of fixed assets	22,140	57,070	(18,322)
<b>Total Operating Revenue</b>	<b>9,696,375</b>	<b>9,139,179</b>	<b>8,969,829</b>
<b>Net Financial Liabilities</b>			
<b>Total Operating Revenue</b>	<b>53.89%</b>	<b>46.67%</b>	<b>57.45%</b>
<p>Total operating revenue excludes profit on disposal of non-current assets.</p>			
<b>Asset Sustainability Ratio</b>			
Payment for Property, Plant and Equipment	2,473,108	1,113,632	3,451,603
Less Improvements at cost	(1,470,102)	(559,130)	(5,311,109)
Plus improvements that are replacements	571,557	391,541	1,044,617
less: Sale of replaced assets	(51,406)	(63,323)	(171,531)
<b>Net Asset Renewals</b>	<b>1,523,157</b>	<b>882,720</b>	<b>(986,420)</b>
<b>Depreciation and amortisation</b>	<b>1,634,885</b>	<b>1,553,500</b>	<b>1,370,345</b>
<b>Net Asset Renewals</b>			
<b>Depreciation and amortisation</b>	<b>93.17%</b>	<b>56.82%</b>	<b>(71.98%)</b>
<p>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.</p>			
<p>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.</p>			

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### 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.

	2015 \$	2014 \$
Operating Revenues	9,696,374	9,139,179
<i>less</i> Operating Expenses	<u>(9,269,277)</u>	<u>(8,773,072)</u>
Operating Surplus / (Deficit)	427,097	366,107
<b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	2,473,108	1,113,632
<i>less</i> Depreciation, Amortisation and Impairment	(1,634,885)	(1,553,500)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(51,406)</u>	<u>(63,323)</u>
	786,817	(503,191)
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
<b>Net Lending / (Borrowing) for Financial Year</b>	<u><b>(359,720)</b></u>	<u><b>869,298</b></u>

Borrowings are internally funded.

# **Centennial Park Cemetery Authority**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015**

### **Note 15 – SUPERANNUATION**

The Authority makes employer superannuation contributions in respect of its employees to 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 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 2014/15; 9.25% in 2013/14). 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 2013/14) 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.

## Centennial Park Cemetery Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

#### Note 16 - CONTRIBUTED EQUITY

	2015	2014
<b>Contributed Equity</b>	\$	\$
City of Unley	9,333	9,333
City of Mitcham	9,333	9,333
Premium - City of Mitcham	30,036	30,036
<b>Total Contributed Equity</b>	<u>48,702</u>	<u>48,702</u>

# **Centennial Park Cemetery Authority**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015**

### **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 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 the 30<sup>th</sup> June 2015 is \$11,148,863. 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 licences account for approximately 6.82% of 51,431 burial interment rights currently issued.

Total unused licences account for approximately 7.19% of 46,154 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.

# **Centennial Park Cemetery Authority**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015**

### **Note 18 - FUTURE COMMITMENTS**

An arrangement is available to the public whereby any service currently offered by the Authority is capable of being prepaid. Resultant funds are 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 2015 total \$940,399 (2014 \$921,461).

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<sup>th</sup> June the value of the pre-paid certificates was \$51,936. Income will be recognised only when the service has been provided.

# **Centennial Park Cemetery Authority**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2015

### **Note 19 – SEGMENT REPORTING**

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

# Centennial Park Cemetery Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 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 \$391,638 (2013/2014 Liability Guarantee \$393,926).

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.
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.
Mr M Ward	Representing Mitcham Council appointed November 2012 to June 2014. Reappointed to the next Local Government elections November 2014. Reappointed November 2014 for a period of two years.
Mr. G Vogt	Independent appointed June 2011 to June 2013. Reappointed July 2013 to June 2016.
Ms. L Bishop	Independent appointed July 2011 to June 2014. Reappointed July 2014 to June 2016.
Mr. L. Smolucha	Representing Unley Council appointed January 2015 for a period of two years.
Ms. A. Christopoulos	Representing Mitcham Council appointed November 2014 for a period of two years.
Mr. M Hudson	Representing Unley Council appointed November 2008 to next Local Government elections November 2010. Reappointed November 2010 to November 2012. Reappointed November 2012 to the next Local Government elections November 2014.
Mr C Adcock	Representing Mitcham Council appointed December 2012 to November 2014.

All Board members receive payments for services rendered ranging from \$6,520 to \$19,560 per annum. A total of \$68,506 was paid during the 2014/2015 financial year (\$69,700 2013/2014).

No other transactions occurred with Board members.



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AUSTRALIA

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

### Report on the Financial Report

We have audited the accompanying financial report of Centennial Park Cemetery Authority, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of financial statements.

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

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*. The Board of Management's responsibility also includes internal control as the Board of Management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the responsible entities' preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.



### Opinion

In our opinion the financial report of Centennial Park Cemetery Authority presents fairly, in all material respects, Centennial Park Cemetery Authority's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

A stylized, handwritten signature of the BDO firm, written in black ink.

BDO Audit (SA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 28 August 2015

# **Centennial Park Cemetery Authority**

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015**

### **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 2015, 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*.



.....  
Bryan Elliott  
**CHIEF EXECUTIVE OFFICER**



.....  
Geoff Vogt  
**PRESIDING MEMBER**  
**AUDIT & RISK MANAGEMENT COMMITTEE**

Date: 27<sup>th</sup> August 2015



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AUSTRALIA

## 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 2015, 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.

A handwritten signature in black ink, appearing to read 'Andrew Tickle', is written over a horizontal line.

Andrew Tickle  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 28 August 2015

## DECISION REPORT

**REPORT TITLE:** DRAFT LONG TERM FINANCIAL PLAN  
2015-16 TO 2024-25

**ITEM NUMBER:** 21

**DATE OF MEETING:** 13 OCTOBER 2015

**AUTHOR:** MIKE CAREY

**JOB TITLE:** MANAGER FINANCE AND ICT

---

### 1. **EXECUTIVE SUMMARY**

This report is to provide the Audit and Governance Committee with the draft Long Term Financial Plan (LTFP) for review and feedback.

In accordance with Section 122(1a) of the *Local Government Act 1999*, Council must adopt a LTFP for a period of at least 10 years as soon as practicable after the adoption of the Annual Business Plan.

The City of Unley's LTFP has been updated to reflect the 2015-16 Annual Business Plan and Budget and the financial statements for the year ended 30 June 2015.

As part of the review of the LTFP, it is proposed to update the current financial indicator, incorporating a minor change to the financial liabilities ratio to align with the statutory financial indicators required to be reported in Council's financial and budget statements.

The draft revised LTFP indicates that the Council will maintain financial sustainability over the next 10 years.

It is currently proposed that the draft LTFP is updated, as required following the review and feedback from the Audit and Governance Committee to be forwarded to Council for adoption.

### 2. **RECOMMENDATION**

MOVED:

SECONDED:

That:

1. The report be received.

2. Comments from the Audit and Governance Committee relating to the Draft Long Term Financial Plan be noted.
  3. The Draft Long Term Financial Plan 2015-16 to 2024-25 (Attachment 1 to report 22/15) be endorsed.
  4. The following financial indicators of the Long Term Financial Plan be adopted:
    - an Operating Surplus Ratio of the greater of 3% or 100% of principal repayments
    - the Net Financial Liabilities Ratio does not exceed 80% of the Total Operating Revenue
    - the Asset Sustainability Ratio target of a 100% average over a 10 year period be calculated using both infrastructure and asset management plan required expenditure and annual depreciation expense.
- 

### **3. RELEVANT CORE STRATEGIES/POLICIES**

- Local Government Act 1999 Sections 122 & 126
- Local Government (Financial Management) Regulations 2011 Regulation 5.
- Organisational Strategy/Goal
  - 5.3 - Good Governance and Legislative Framework
  - 5.5 - Financially sustainable approach to business and planning activity

### **4. DISCUSSION**

The LTFP is used to assist in financial decision making. Consideration is given to what services are to be provided, the level of those services, the rating impost, income from other sources and the level of funding required from borrowings.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while achieving the objectives and outcomes detailed in the Community Plan.

The City of Unley LTFP has been developed based on a series of assumptions and information available, which includes:

- Council's Community Plan (City of Unley's Community Plan 2033)
- Council's 4 Year Plan 2013-2016
- Infrastructure Asset Management Plans (IAMP)

- Current levels of service
- Projected rating strategies
- Local Government Price Indices (LGPI) and CPI forecasts.

Under Section 126 (4) of the Local Government Act 1999, the functions of Council's Audit Committee include proposing and providing information relevant to a review of Council's strategic management plans which by definition includes the LTFP.

This is also referenced in the Audit and Governance Committee's Terms of Reference under the heading of Financial Sustainability and Business Reporting which states that the Committee shall review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the LTFP.

The LTFP has been updated using the 2015-16 Adopted Budget as the base budget, and reviewing assumptions and factors impacting on future revenue and expenditure estimates.

*Attachment 1*

Council also uses the LTFP to develop future Annual Business Plan and Budgets by setting the high level parameters and targets that will assist Council in maintaining the current level of services without unplanned significant increases to the rates paid by ratepayers or cuts to services.

The general influences affecting all operating revenue and expenditure include the following:

- Local Government Price Index increases on relevant goods and services, which in the past has tracked above the CPI
- Current Enterprise Agreements for most staff which provide for wages and salary increases in line with current and proposed wage agreements
- The requirement for asset management (replacement) expenditure to be maintained at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets at required standards based on detailed condition assessments of each asset class
- Increased maintenance requirements as a result of an increase in the capital works program over the last number of years and the construction of public realm assets requiring increased quality of presentation
- Commitments to major projects and partnership initiatives over more than one year, including Goodwood Road, King William Road, Unley Central and Brown Hill Keswick Creek.

#### **4.1 New Asset Management Framework (including an Information System)**

Council's asset replacement program in this draft LTFP is still based on updated information from Council's Strategic Asset Management Plans.

Council is currently undertaking a new approach to asset management driven from a service perspective with a number of asset categories being reviewed for implementation in the 2016 calendar year. Over the next few years the management of assets will be based more directly on the declared levels of service for each specific asset and this will determine the long term costs.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset replacement, maintenance and depreciation calculations in the future.

## **4.2 4 Year Plan Implications**

Council's '4 Year Strategic Plan 2013-2016' was adopted in June 2013. From this a 4 Year Forward Estimates Financial Plan has been rolled forward to cover the period from 2016-17 to 2019-20. This 4 Year Plan takes into account the following:

- Agreed 4 Year Plan projects and priorities updated to take into account any subsequent Council decisions pertaining to those projects
- Council's 2015-16 Budget particularly relating to those projects that will span more than the 2015-16 financial year
- Other Council decisions and direction relating to the four year period from 2016-17 to 2019-20.

This included the following key projects, master plans and studies:

- Unley Central
- Brown Hill Keswick Creek Project
- King William Road Project
- Goodwood Road Streetscape
- Local Area Traffic Management (LATM) – Local Areas Prioritisation Study.

## **4.3 Financial Sustainability**

Overall, the LTFP indicates that the Council will maintain financial sustainability over the next 10 years.

The LTFP has been updated for changes in scope of some major projects including Goodwood Road streetscape and the King William Road Masterplan implementation as well as the significant impact of Brown Hill Keswick Creek (BHKC) expenditure (in the order of \$15m over 8 years). This has resulted in a reduced flexibility and tightness in the availability of funds for New Capital and Operating Projects.

Based on current service levels, new projects and expenditure requirements from strategies currently being developed may result in delays to other priority projects included in the LTFP.

As a result, Council needs to continue to regularly monitor its financial performance and continue its work and review of service sustainability.

It is proposed that the LTFP be reviewed twice per year to ensure the plan is timely and relevant to Council forecasts. The next presentation of the LTFP will be timed to be prior to adopting the Annual Business Plan and Budget for the purposes of community consultation. This timing will allow further work to be undertaken by Council in relation to scoping of major projects, related funding options and the costing of strategies currently being developed such as the Ageing Strategy.

#### 4.4 Existing Financial Indicators

In relation to the previous adopted LTFP, the City of Unley has a set of financial indicators and targets defined in the following table:

Financial Indicator	Target
Operating Surplus Ratio	Minimum of 3.0% of Rates General and Other (excluding NRM) or 100% of principal repayments, whichever is higher
Net Financial Liabilities Ratio	=<80% of Total Operating Revenue less NRM Levy
Asset Sustainability Ratio	100% over a 10 year average calculated using both: <ul style="list-style-type: none"><li>• infrastructure and asset management plan required expenditure and</li><li>• annual depreciation expense</li></ul>

These targets were adopted by this Committee as a part of the LTFP report presented in October 2014.

In the Model Financial Statements 2015 published in June 2015, the Net Financial Liabilities ratio has changed from previous years. It is now calculated as the Net Financial Liabilities compared to Total Operating Revenue. As shown above, the Net Financial Liabilities were previously compared to Total Operating Revenue less NRM Levy.

It is considered appropriate to continue to align Council's financial indicators with the statutory financial indicators required to be reported in Council's financial statements and budget documents and therefore adjust Council's net financial liabilities ratio calculation accordingly.

It is proposed that the other financial indicators relating to Operating Surplus Ratio and Asset Sustainability Ratio remain as previously endorsed.

#### **4.5 Long Term Financial Plan Adoption**

Section 122(4)(a)(i) of the Local Government Act 1999 requires a council to undertake a review of its LTFP as soon as practicable after adopting the Council's Annual Business Plan for a particular financial year.

Additionally, Section 122(4a) of the Local Government Act 1999 requires a council for the purposes of the above review to take into account a report from the Chief Executive Officer on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plan.

It is currently proposed that the draft LTFP is updated, as required following the review and feedback from the Audit and Governance Committee.

It is then proposed that the 2015-16 LTFP be adopted by Council in October 2015.

#### **5. POLICY IMPLICATIONS**

Council is required under Section 122 (1)(a) of the Local Government Act 1999 to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, to form part of its suite of Strategic Management Plans.

Pursuant to Section 122 (1a) of the Local Government Act 1999:

- A council must, in conjunction with the plans required under subsection (1), develop and adopt:
  - a) a long-term financial plan for a period of at least 10 years, and
  - b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years.

Further, pursuant to Section 122 (4) of the Local Government Act 1999:

- A council may review its strategic management plans under this section at any time but must:
    - a) undertake a review of:
      - (i) its long-term financial plan, and
      - (ii) any other elements of its strategic management plans prescribed by the regulations for the purposes of this paragraph
- as soon as practicable after adopting the council's annual business plan for a particular financial year.

## **6. ANALYSIS OF OPTIONS**

Option 1 – That the draft Long Term Long Term Financial Plan 2015-16 to 2024-25 and updated financial indicators be endorsed and comments from the Audit and Governance Committee relating to the Draft Long Term Financial Plan be presented to the Council prior to adoption.

The Audit and Governance Committee provides valuable support to the Council in its strategic financial planning. Input to the Draft LTFP at this time will provide opportunity for the Council to adopt the updated LTFP having considered Audit and Governance Committee feedback.

Option 2 – That the draft Long Term Long Term Financial Plan 2015-16 to 2024-25 and updated financial indicators be endorsed with amendments and comments from the Audit and Governance Committee relating to the Draft Long Term Financial Plan be presented to the Council prior to adoption.

The Audit and Governance Committee may determine that some amendments are required to the Draft LTFP prior to being presented to Council for adoption.

## **7. RECOMMENDED OPTION**

Option 1 is the recommended option.

## **8. ATTACHMENTS**

1. Draft Long Term Financial Plan 2015-16 to 2024-25.

## **9. REPORT AUTHORISERS**

<b><u>Name</u></b>	<b><u>Title</u></b>
Stephen Faulkner	General Manager Corporate Services
Peter Tsokas	Chief Executive Officer



# **Long Term Financial Plan 2015-16 to 2024-25**

**2015-16 Adopted Budget Update**

**Adopted by Council x xx 2015**

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## Executive Summary

The City of Unley spans 14 square kilometres, has a population of around 38 000 and has over 18 000 rateable properties. The City contains 5 vibrant shopping precincts nestled in character residential setting boast a City of Villages feels with infrastructure assets worth in excess of 530m.

Under Section 122(1)(a) of the Local Government Act 1999, Council is required to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for the City of Unley from 2015-16 to 2024-25, based on information available at the time.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

The Plan has been developed based on a series of assumptions and information available, which includes:

- Council's Community Plan (City of Unley's Community Plan 2033)
- Council's 4 Year Plan 2013-2016
- Council's Strategic Asset Management Plan (SAMP)
- Current and future levels of service
- Projected rating strategies
- Local Government Price Indices (LGPI) and CPI forecasts

The following table provides a financial overview of the Plan (from 2015-16 to 2024-25):

<b>LTFP Averages</b>	
General Rate Increase	3.51%
General Rates Growth	0.61%
<b>Total Increase in Revenue from Rates</b>	<b>4.12%</b>
Operating Income	52,213
Operating Expenses	50,464
<b>Operating Surplus</b>	<b>\$1,749</b>
Operating Surplus Ratio	3.9%
Net Financial Liabilities Ratio - Current	65%
Net Financial Liabilities Ratio - Proposed	63%
Asset Sustainability Ratio to Depreciation	97%
<b>LTFP Totals</b>	
Capital Replacement Expenditure	\$88.0m
New Capital Expenditure	\$39.3m
<b>Total Capital Expenditure</b>	<b>\$127.3m</b>
<b>At Year 10 (2024-25)</b>	
Total Borrowings	\$28.5m

## **Chief Executive Officer's Report on Financial Sustainability**

Overall, the LTFP indicates that the Council will maintain financial sustainability over the next 10 years.

However, the inclusion in the LTFP of some new major projects as well as the significant impact of Brown Hill Keswick Creek (BHKC) expenditure (in the order of \$15m over 8 years) has resulted in a reduced flexibility and tightness in the availability of funds for New Capital and Operating Projects.

The delivery of New Capital Projects already included in the LTFP currently requires proposed borrowings of approximately \$24m over the four year forward estimates period from 2016-17 to 2019-20. This is at the upper level of Council's ability to fund these projects under current policy settings and assumptions without consideration of other funding mechanisms such as additional rates or other sources of income.

Based on current service levels, new projects and expenditure requirements from strategies currently being developed may result in delays to current priority projects included in the LTFP such as the implementation of the King William Road Master Plan, Unley Central, and Goodwood Road Streetscape.

Nevertheless, the plan indicates that the Council is financially sustainable provided a number of master plan implementations and strategy actions plans are spread over a number of years. This position can be maintained while Council continues to fund the existing services provided. However, additional funding will be required should Council decide to increase major project spending over its current term or introduce new services.

As a result, Council needs to continue its work and review of service sustainability. The Council has developed a service improvement model and framework to review services and the level as to which they are offered. Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

This means that the focus should not just be on "how much should we spend," but on what outcomes are required or agreed by Council for specific services and then determining the most economic, efficient and effective way to achieve those outcomes.

It is proposed that the LTFP be reviewed twice per year to ensure the plan is timely and relevant to Council forecasts. The next presentation of the LTFP will be timed to be prior to adopting the Annual Business Plan and Budget for the purposes of community consultation. This timing will allow further work to be undertaken by Council in relation to scoping of major projects, related funding options and the costing of strategies currently being developed such as the Ageing Strategy.

## Strategic Context

Under Section 122 (1a) of the Local Government Act 1999, each council must adopt a LTFP for a period of at least 10 years.

The LTFP is used to assist in financial decision making. Consideration is given to what services are to be provided, the level of those services, the rating impost, income from other sources, the level of funding required from borrowings and the ability to service those borrowings.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

Council uses the LTFP to develop its Annual Business Plan and Budget as a base by setting the high level parameters and targets that will assist Council in maintaining the current level of services without unplanned or significant increases to the rates paid by ratepayers or unplanned cuts to services.

## Council's Community Plan and Long Term Objectives

To enable Council's Vision to be delivered, Council has identified five themes that describe the desired future for the City together with strategic directions and strategies required to deliver the outcomes.

<b>Emerging</b>	<b>Our path to a future city</b> New activities and technologies that support our business and residential communities	
<b>Long Term Strategic Objectives</b> <ul style="list-style-type: none"><li>• A thriving and prosperous business community</li><li>• Emerging technology is embraced</li><li>• A dynamic mix of uses and activities in selected precincts</li></ul>		
<b>Living</b>	<b>Our path to a thriving city</b> Reflecting issues of culture, diversity and lifestyle	
<b>Long Term Strategic Objectives</b> <ul style="list-style-type: none"><li>• An enviable and diverse lifestyle</li><li>• Activated places</li><li>• A City of cultural and artistic diversity</li><li>• Healthy and active community</li><li>• Collaborative and engaged community</li></ul>		

## Moving

### Our path to an accessible city Concerning accessibility and transport



#### Long Term Strategic Objectives

- Equitable parking throughout the City
- An integrated, accessible and pedestrian friendly City
- Alternative travel options

## Greening

### Our path to a sustainable city Covering concerns about environmental initiatives and sustainability



#### Long Term Strategic Objectives

- Renowned for lifestyle and environmental balance
- Leaders in waste reduction
- Functional open green space throughout the City

## Operational Excellence Our path to a robust and sustainable organisation

#### Long Term Strategic Objectives

- A constructive culture for all employees and volunteers
- A customer-centric approach
- Good governance and legislative framework
- An environment of continuous improvement and innovation
- A financially sustainable approach to business and planning activity
- Enabling information systems and robust reporting
- Uphold City of Unley's reputation

## Capital Projects

This plan provides for a total capital investment of \$126m (2014-15 LTFP \$120m) over the 10 year period, split between New Capital of \$39m ((2014-15 LTFP \$36m)) and Capital Replacement of \$87m (2014-15 LTFP \$84m).

### New Capital

Council's 4 Year Strategic Plan 2013-2016 was adopted in 2013 but a number of the 2013-2016 priority projects were not costed at that stage. This is the second year where a more detailed 4 Year Forward Estimates Financial Plan has been prepared. This has now been rolled forward to cover the period from 2016-17 to 2019-20. This 4 Year Plan takes into account the following:

- Agreed 4 Year Plan projects and priorities updated to take into account any subsequent Council decisions pertaining to those projects;
- Council's 2015-16 Budget particularly relating to those projects that will span more than the 2015-16 financial year;
- Other Council decisions and direction relating to the 4 year period from 2016-17 to 2019-20.

As shown at **Appendix C**, proposed major projects relating to new and upgraded assets include:

- Goodwood Rd Streetscape & Wayfinding Strategy Delivery
- King William Road Project
- Unley Central
- Brown Hill Keswick Creek Project
- Unley Oval Upgrade Plans
- Local Area Traffic Management (LATM) – Local Areas Prioritisation Studies

In the 2019-20 financial year, being the last year of the 4 Year forward estimate period, some funding has been allowed for the Unley Oval Upgrade Plan (\$1.5m) and Goodwood Oval & Millswood Oval Sporting Complex Improvement Plan (0.5m). Both of these plans were brought to Council in 2014 and recognised the need to pursue grant funding opportunities. Without such funding, Council is unlikely to have funds for the full implementation of these projects in the medium term without a change in priorities.

### Capital Replacement Expenditure

A new approach to asset management driven from a service perspective is currently being introduced to Council. Over the next few years the management of assets will be based more directly on the declared levels of service for each specific asset and this will determine the long term costs.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset replacement, maintenance and depreciation calculations in the future.

Asset management planning processes are on-going and up to date information is incorporated each year as the plans are updated.

Details of the 10 Year Capital Replacement Expenditure Summary by Asset Category is shown at **Appendix D**.

## What is Financial Sustainability?

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the LGA. Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

*"Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."*

This definition was subsequently adopted by the Australian Local Government Association at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation 'pays their way' for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (ie. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

## Maintaining Financial Sustainability

This plan maintains financial sustainability by using the following indicators and targets:

Financial Indicator	Target
Operating Surplus Ratio	The higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments
Net Financial Liabilities Ratio	Current =< 80% of Total Operating Revenue less NRM Levy Proposed = < 80% of Total Operating Revenue
Asset Sustainability Ratio	= 100% as an average over 10 years

The plan considers the following 'policy positions':

- Existing service levels are maintained;
- New services may only be introduced through a service review process incorporated as part of the annual business planning process;
- New capital assets may only be considered if they form part of an adopted council strategy;
- Capital replacement will be in accordance with Council's SAMPs.

The plan considers economic data from the following sources:

- Local Government Finance Authority;
- Reserve Bank of Australia;
- The Local Government Price Index (LGPI) ; and
- ABS Access Economics;

## **Initiatives to support Financial Sustainability**

Council has a number of other initiatives that are used to manage financial, asset and service sustainability. These include:

- Service Improvement Reviews
- Shared Service opportunities
- Treasury Management Policy
- New Asset Management Framework and System
- Risk and Opportunity Management

## **Long Term Financial Plan Assumptions**

The following assumptions have been used as part of the framework to develop the LTFP:

- Consistency with Council's Strategic Plan and SAMP
- Consideration of Council's financial targets
- No changes to recurrent service levels provided by Council
- Stability and predictability in determining future rate increases
- Allocation of funding for Operating Projects (based on Council's 4 Year Strategic Plan, endorsed strategies and Council decisions)
- Use of CPI and LGPI forecasts
- The use of borrowings to fund New Capital projects
- Consideration of legislative and regulated requirements of Council.

## **Risks Associated with the Long Term Financial Plan**

The LTFP has been developed based on the best information and assumptions available at the time. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates. In addition, the LTFP may be impacted by future changes such as new legislation that could materially affect the projected outcomes and results of the LTFP.

In order to reduce risk the plan is reviewed and updated on a regular basis to incorporate the best available information for a given point in time. In addition, the LTFP and its assumptions are reviewed by Council's Audit & Governance Committee.

Further, to ensure that the Plan is timely and relevant to Council forecasts, the LTFP will now be reviewed twice per year:

- prior to adopting the Annual Business Plan and Budget for the purposes of community consultation. This will help determine the financial parameters and rate increases for the upcoming financial year; and
- as soon as practicable after adopting the Council's Annual Business Plan for the relevant financial year (in accordance with Section 122(4)(a)).

## Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include:

1. an operating surplus ratio,
2. a Net Financial Liabilities ratio and
3. an Asset Sustainability ratio

presented in a manner consistent with the note in the “Model Financial Statements” titled “Financial Indicators”.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP. These targets were most recently adopted by Council at its 27 October 2014 meeting following the recommendation from the Audit & Governance Meeting on 13 October 2014.

In the Model Financial Statements 2015 published in June 2015, the Net Financial Liabilities ratio has changed from previous years. It is now calculated as the Net Financial Liabilities compared to Total Operating Revenue. Previously, the Net Financial Liabilities were compared to Total Operating Revenue less NRM Levy.

It is considered appropriate to continue to align Council's financial indicators with the statutory financial indicators required to be reported in Council's financial statements, LTFP and budget documents and therefore adjust Council's net financial liabilities ratio calculation accordingly.

Given that this proposed change has not been formally endorsed by the Audit & Governance Committee and adopted by Council both the current and proposed Financial Ratio are shown for comparison purposes and completeness.

### Financial Indicators Trend

Indicator	Target	Forward Estimates				
		2015-16	2016-17	2017-18	2018-19	2019-20
		%	%	%	%	%
Operating Surplus Ratio	= the higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments	0.1%	4.6%	4.3%	4.0%	4.0%
Net Financial Liabilities Ratio - Current	=< 80% of Total Operating Revenue less NRM Levy	46.1	58.6	63.8	67.1	74.8
Net Financial Liabilities Ratio - Proposed	=< 80% of Total Operating Revenue	45.0	57.1	62.1	65.4	72.9

Asset Sustainability Ratio	=100% as an average over 10 years					
	- Compared to SAMP *	100	111	100	100	100
	- Compared to Depreciation	114	105	106	102	118

\* = legislated asset sustainability ratio

DRAFT

### Target 1: Operating Surplus Ratio

The percentage by which rates vary from day to day expenses.

A positive ratio indicates the percentage of rates available to fund New Capital Expenditure, the provision of new services or to pay down existing debt

A negative ratio for this target indicates the percentage that rates would need to increase by to achieve a break even operating result.

How is this ratio calculated?

$$\frac{A}{B \text{ minus } C}$$

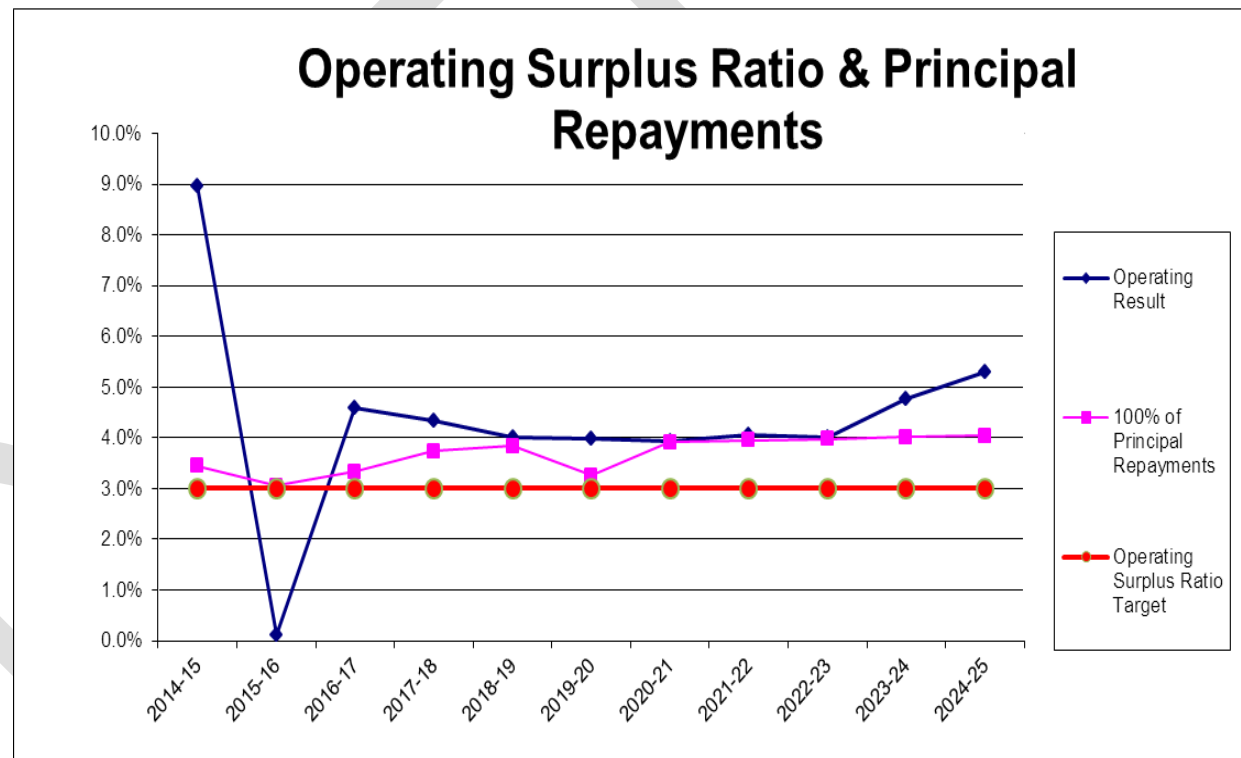
**A**= Operating Surplus

**B** = Rates Income

**C** = NRM Levy Raised

What is the LTFP Target?

The higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments



### Commentary on Projected Performance

From 2016-17 the projected Operating Surplus is above both 3% and 100% of principal repayments.

## Target 2: Current Net Financial Liabilities Ratio

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

How is this ratio calculated?

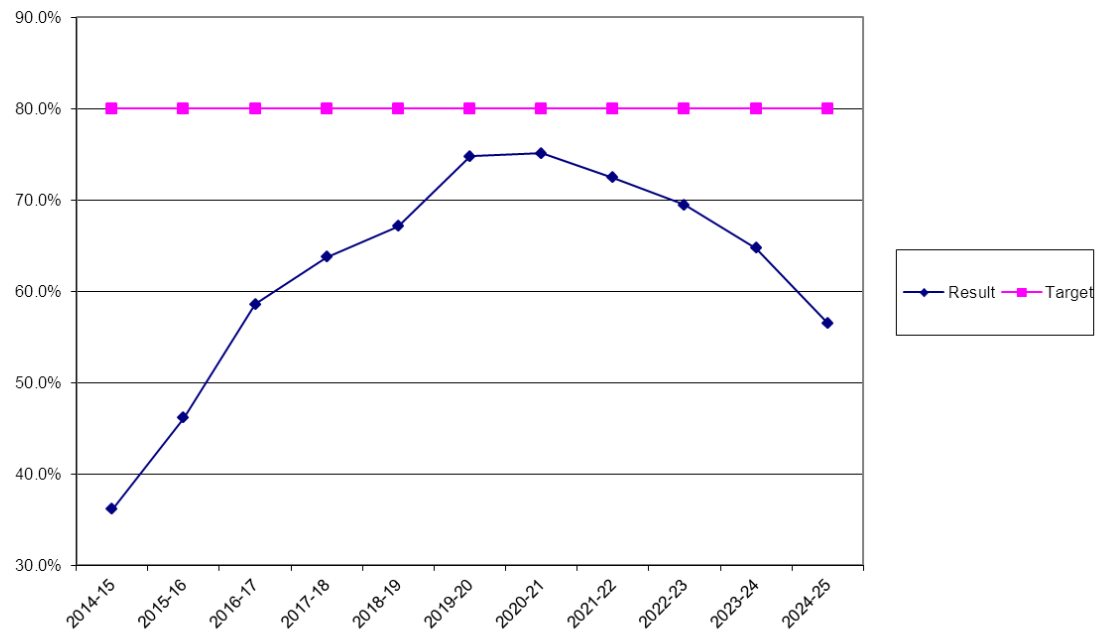
$$\frac{A}{B \text{ minus } C}$$

**A** = Net Financial Liabilities  
**B** = Total Operating Income  
**C** = NRM Levy Raised

What is the LTFP Target?

**Less than 80% of Council's annual operating income (less NRM Levy raised)**

### Net Financial Liabilities Ratio - Current



### Commentary on Projected Performance

Council's net financial liabilities will peak at 75% of Council's annual operating income in 2020-21, before reducing over the remaining life of the Plan.

## Target 2: Proposed Net Financial Liabilities Ratio

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

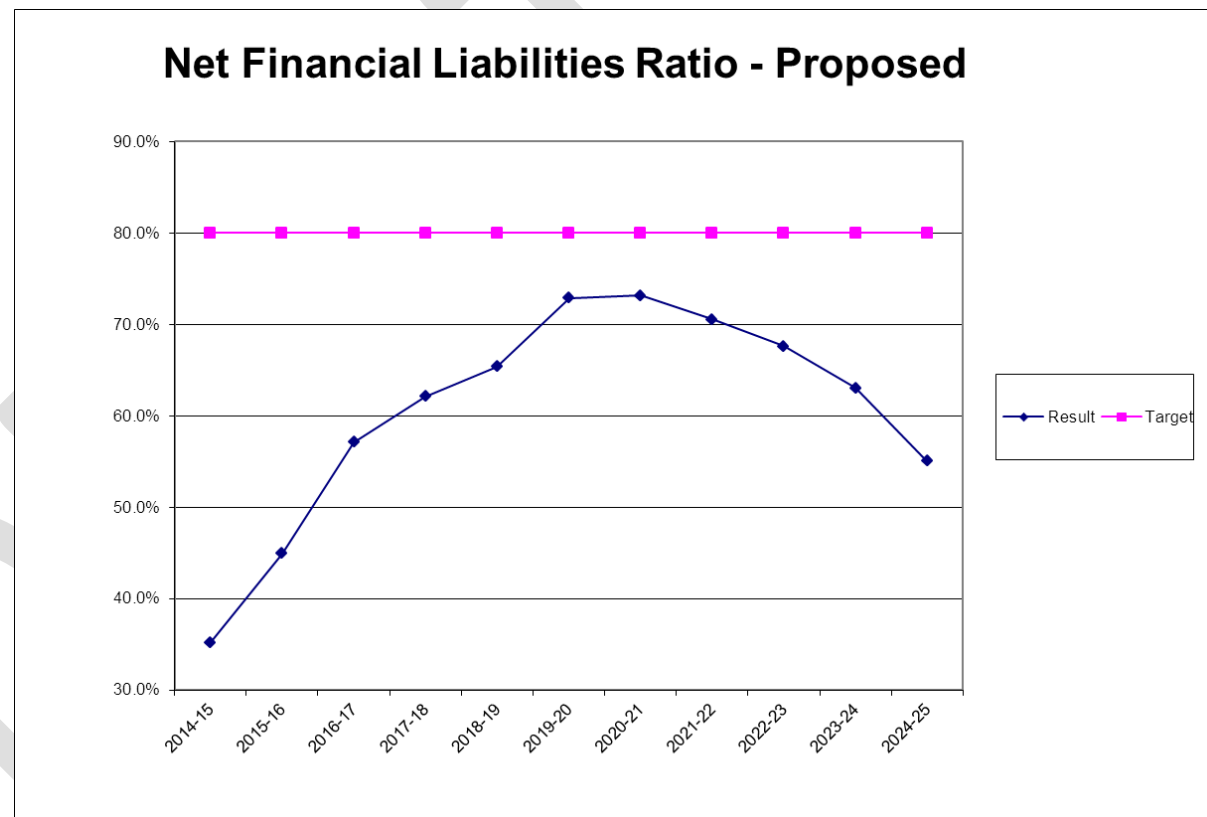
How is this ratio calculated?

$$\frac{A}{B}$$

A = Net Financial Liabilities  
B = Total Operating Income

What is the LTFP Target?

**Less than 80% of Council's annual operating income**



### Commentary on Projected Performance

Council's net financial liabilities will peak at 73% of Council's annual operating income in 2020-21, before reducing over the remaining life of the Plan.

### Target 3: Asset Sustainability Ratio

Are assets being replaced at the rate they are wearing out?

How is this ratio calculated?

$$\frac{A \text{ minus } B}{C}$$

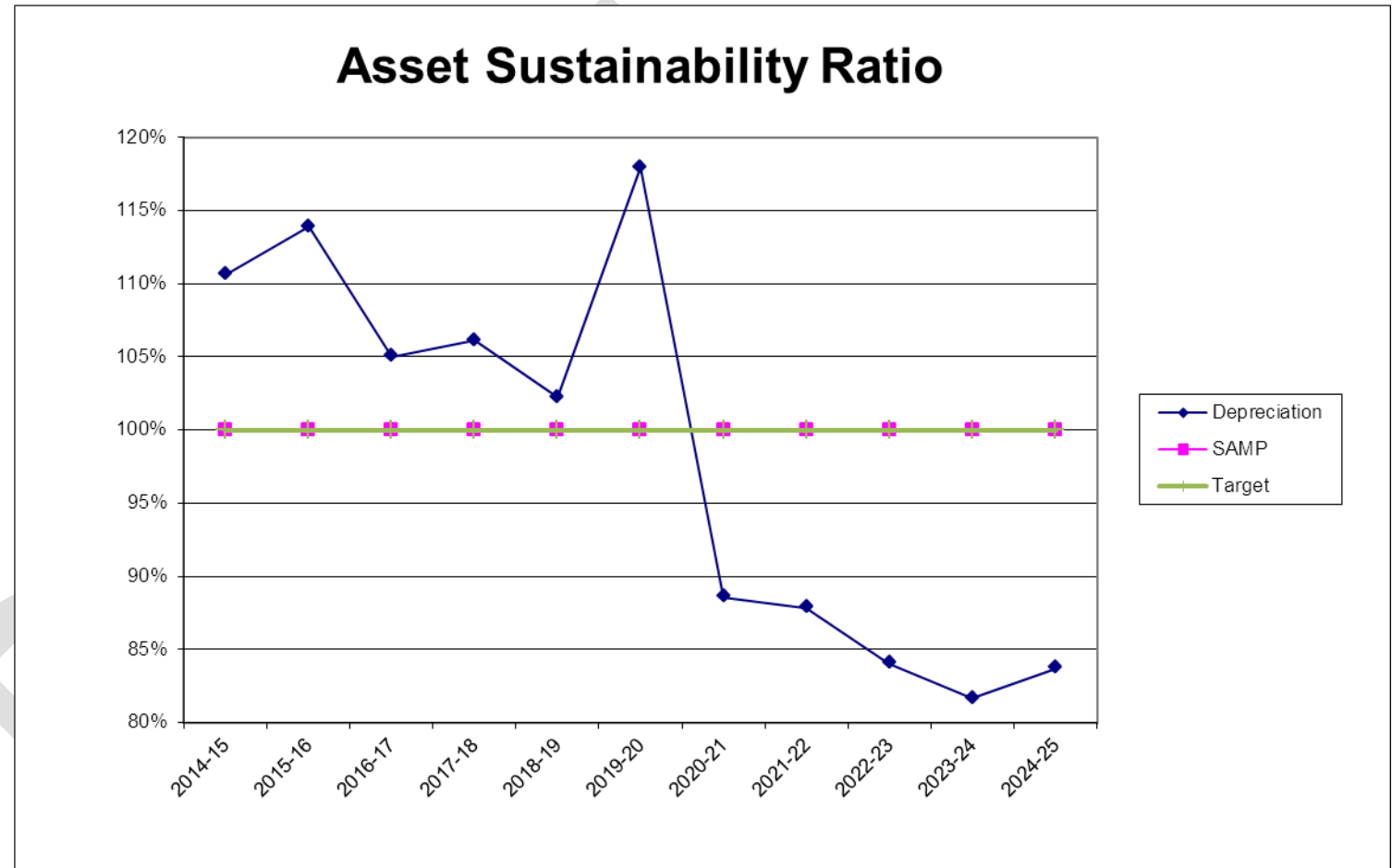
**A** = Capital Replacement Expenditure

**B** = Proceeds from the Sale of Replacement Assets

**C** = SAMP Expenditure

What is the LTFP Target?

= 100% over a 10 year average



### Commentary on Projected Performance

Council's expenditure for renewing and replacing its existing assets is in line with its SAMP with some fluctuation when compared to depreciation.

## Appendix A - LTFP Assumptions

### Financial Year Explanation

Year	Financial Year
Year 0	2014-15 Audited Financial Statements
Year 1 Base	2015-16 Adopted Budget
Year 2	2016-17
Year 3	2017-18
Year 4	2018-19
Year 5	2019-20
Year 6	2020-21
Year 7	2021-22
Year 8	2022-23
Year 9	2023-24
Year 10	2024-25

### Economic Influences

The Council's LTFP is affected by various external and internal influences for which assumptions have been made.

#### External

- Local Government Price Index
- Consumer Price Index
- Natural Resources Management Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment

#### Internal

- Enterprise Bargaining Agreements
- Treasury Management Policy and decisions on borrowings
- Service Improvement Review Projects
- Risk Management
- Asset Sustainability & Service levels
- Increase/decrease in Services

A full list of current services is provided as **Appendix G**

### Assumptions Table

Year	Financial Year	CPI <sup>1</sup>	LGPI <sup>2</sup>	EB/AWE	CAD Rate	Fixed Loan Rate	Increase in Rates	Rate Growth	Other Rate Adjustments	Increase in Rate Revenue
0	2014-15	1.6%	1.7%	3.2%	4.50%	4.25%	4.95%	0.55%	Nil	5.50%
1 Base	2015-16	1.7%	3.1%	3.0%	4.25%	4.25%	3.50%	1.20%	Nil	4.70%
2	2016-17	2.6%	2.7%	3.0%	4.50%	4.50%	3.70%	0.60%	Nil	4.30%
3	2017-18	2.7%	2.5%	3.0%	4.75%	4.75%	3.50%	0.60%	Nil	4.10%
4	2018-19	2.5%	2.4%	3.0%	5.00%	5.00%	3.40%	0.60%	Nil	4.00%
5	2019-20	2.4%	2.4%	3.0%	5.25%	5.25%	3.40%	0.55%	Nil	3.95%
6	2020-21	2.4%	2.5%	3.0%	5.75%	5.50%	3.50%	0.50%	Nil	4.00%
7	2021-22	2.5%	2.5%	3.0%	6.00%	5.75%	3.50%	0.50%	Nil	4.00%
8	2022-23	2.6%	2.5%	3.0%	6.00%	6.00%	3.50%	0.50%	Nil	4.00%
9	2023-24	2.4%	2.5%	3.0%	6.00%	6.25%	3.50%	0.50%	Nil	4.00%
10	2024-25	2.4%	2.5%	3.0%	6.25%	6.50%	3.50%	0.50%	Nil	4.00%
Average		2.4%	2.6%	3.0%	5.38%	5.38%	3.50%	0.61%		4.11%

<sup>1</sup> **Source:** Year 1 as per ABS (Adelaide December 2014) & then forecast CPI

<sup>2</sup> **Source:** Forecast is calculated as Rolling 5 year average of LGPI – now updated for June 2015.

## **Overview of Key Assumptions**

### **Key Assumptions**

#### **Operating Revenue**

##### **Rates**

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be at least the value of expenses incurred to deliver and maintain current services. When determining the level of rates income required any increase is primarily measured against the current costs of services largely involving increases in line with LGPI.

Over the life of this LTFP Council has considered an average increase of LGPI + 1% which has been calculated in the order of 3.5% to maintain desired services and servicing of its proposed debt.

In the model no adjustment has been made for any transfer of SA Housing Trust properties to housing associations. It is understood that the earliest that there may be an impact is 2017-18 after a trial is undertaken in other Council areas.

##### **Rates Growth**

Rates Growth has been 0.6% to 0.7% over a number of years although the 2015-16 year had an increase of 1.2% largely as a result of the Julia Farr (Living Choice) redevelopment.

For the 3 years ending 2016-17 to 2018-19, rates growth of 0.6% has been assumed

For subsequent years after 2018-19, rates growth of 0.5% has been assumed

##### **NRM Levy**

This has been assumed at a 4% increase each year with a corresponding increase on the expenditure side to reflect Council's role as a collection agency only.

##### **Operating Grants and Subsidies**

Operating Grants and Contributions have been based on confirmed external agency funding levels with a projected increase of CPI, where applicable. Given that the Federal Government has indicated that there will not be annual increases for financial assistance grants, there have been no increases factored in for these grants.

Advice has recently been received from the Federal Government for an increase in Roads to Recovery grants of \$858k over the 2015-16 and 2016-17 financial years as a result of fuel tax excise changes and this has been factored in the plan. Other than this additional amount, no annual increase has been assumed for Roads to Recovery in line with Federal Government advice.

In addition, Roads to Recovery Grants has only been confirmed up until 2018-19. As such, a conservative assumption has been made to remove these grants after that year.

### **Interest Received**

Any interest earned will be from short term investments. This will be minimal over the next 10 years as Council utilises its cash advance facility for cash flow support. As such, no interest earning increases are predicted over the life of the LTFP.

### **Statutory Charges**

Statutory charges are not within Council control; these are determined by other legislation and regulations. History shows that an increase in line with CPI is appropriate

### **User Charges**

User charges are for the use of Council facilities or services in a fee for use type arrangement. These have been increased by LGPI based on the assumption that they need to appropriately cover cost increases.

### **All other revenue**

Reimbursements and other revenue increases have been assumed as forecast CPI

### **Operating Expenditure**

#### **Finance Costs**

There are three components to finance costs. The first being the interest on existing loans and this is obtained from the current loan schedule.

The second is the interest incurred by accessing Council's cash advance drawdown facility.

In 2011 Council set up a \$12M cash advance drawdown facility. This funding source is being used to manage Council's cash flow commitments. The current drawdown rate is 4.25%. The plan has factored a range from 4.25% in the short term through to 6.50% in the longer term.

The third relates to the cost of financing new borrowing as a funding source for New Capital and balancing out capital replacement expenditure fluctuations. The plan has factored a range from 4.25% in the short term through to 6.50% in the longer term. Also refer to loans section below.

#### **Employee Costs**

The base budget for employee costs is linked to the current Work Place Agreements. At the end of the agreements employee costs are based on maintaining an increase in the order of 3%.

The May 2014 Federal Budget confirmed the delay of Superannuation Guarantee Levy increases from that previously announced. This was then further delayed when the legislation was subsequently passed. The updated changes have an increase of 0.5% per year for 5 years from 2021-22.

## **Depreciation**

Depreciation in the base year is as per the 2015-16 Budget. It has been adjusted by the LGPI on annual basis to reflect any increase in valuation plus new asset movements. The Asset Management Plans cost calculations are reviewed annually and any significant financial impacts are considered in this plan.

## **All other expenses (Materials, Contractual & Other Expenses)**

Materials, Contractual Services and Other Expenses have been linked to the LGPI to reflect the increase of external service provision trends on existing service levels.

In terms of adjustments to the base budget a 0.95% allowance for materials, contractual and other costs has been factored into the LTFP to cover maintenance on New Assets commissioned in the previous year.

## **Operating Projects / Initiatives**

These are one off type expenses to deliver an outcome in line with Council's endorsed strategies, discretionary expenditure that has been regularly budgeted in recent years (including Events, Tour Down Under and Unley Gourmet Gala) or increases to current services levels that are longer than one year.

For the four year forward estimates period 2015-16 to 2018-19, Council's 4 Year Plan and adopted strategy positions have been used to set the forecast Operating Projects. After 2018-19, the amount set aside for Operating Projects has been based on 2018-19 expenditure and then extrapolated using CPI. Local Government Election costs have also been factored in every 4 years.

## **Funding**

### **Capital Grants and Contributions**

Capital Grants and Contributions have been based on confirmed external agency funding levels. As a result no capital grants beyond 2015-16 have been assumed.

### **Capital Receipts**

These are amounts received for the trade-in of plant and equipment that are due to be replaced or surplus to current and future requirements. From a conservative perspective, the LTFP has only factored in trade-ins of plant & equipment for Year 1, being the current adopted budget.

## **Capital Replacement**

Council's asset replacement program in this draft LTFP has been based on updated information from Council's SAMPs.

A new approach to asset management driven from a service perspective is currently being introduced to Council. Over the next few years the management of assets will be based more directly on the declared levels of service for each specific asset and this will determine the long term costs. A new asset system, linked to the financial system will be implemented in 2015-16 to assist with this process.

A key feature of the system is a predictive modelling module which will further assist with providing a more integrated and strategic approach to management of assets, and in particular improving long term asset planning decisions.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset replacement, maintenance and depreciation calculations in the future.

It should be noted that the Road Replacement Program for 2019-20 includes an amount of nearly \$4.1m on the assumption that paving for some/all of King William Rd is due for renewal. Given that the normal road replacement program is in the order of \$1.7m this allows an additional \$2.5m in 2019-20.

In addition, as a result of increased Roads to Recovery funding for the 2015-16 and 2016-17 financial years, an amount of \$850k has been factored into the road replacement program for 2016-17. This may provide the opportunity to reduce road replacement expenditure in subsequent years.

## **New Capital**

For the four year forward estimates period 2016-17 to 2019-20, Council's 4 Year Plan and adopted strategy positions have been used to set the forecast New Capital Expenditure.

After 2019-20, the amount set aside for New Capital needs to be reviewed with the Executive Management Team (EMT) to determine an appropriate amount to be included in Council's LTFP. Currently Brown Hill Keswick Creek Capital (BHKC) Expenditure is assumed to continue until 2022-23.

## **New Capital – Brown Hill Keswick Creek**

Brown Hill Keswick Creek New Capital amounts included in the LTFP have been sourced from the "Brown Hill Keswick Creek Stormwater Project Expenditure Forecast for 10 Year Construction" dated March 2014 being the Part B Solution with a 50% Contribution from Councils. This has been confirmed with the BHKC Project Manager via Council's Manager Strategic Assets.

## **Loans & Borrowings**

Repayment of existing loans is from the current loan schedule.

Of note is that for a fixed term loan relating to the swimming pool construction there is a balloon payment in 2017-18 of \$1.3m to totally repay the loan. The annual principal and interest payments for that loan is \$298k. The proposed fixed term borrowing for that year of \$5.8m covers that balloon principal repayment.

The LTFP assumption indicates that additional funding through borrowings is required to meet New Capital commitments in the future.

Up until June 2015, the LGFA Cash Advance Debenture (CAD) Facility has been used to balance funding requirements in terms of borrowings. However, given that the facility is \$12m and the maximum cash outflows are in the order of \$5m during the year it is considered appropriate to assume a maximum year end Cash Advance Debenture balance of \$5m.

This results in new fixed term borrowings in the period 2016-17 through to 2019-20 ranging from \$4.3m to \$7.2m per annum to accommodate forecast New Capital.

#### New Fixed Term Projected Loans Assumptions

- Additional loans used to ensure that CAD facility at end of each financial year is no greater than \$5m for the period of forecast estimates (up to 2019-20), where applicable. From 2019-20 the maximum CAD facility has been increased to \$12m
- **Term of Loans** - 15 Years
- **Payments per Year** - 2
- **Rate of Interest** – 4.5% increasing over 10 Years to 6.5%

#### **Net Gain-Joint Ventures & Associates**

The amount included in Council's LTFP is in accordance with **Centennial Park's** 10 Year LTFP for the 2016-17 financial year. Given that Centennial Park projections beyond 2016-17 show a significant increase in profit from \$479k to \$4.5m, Council's LTFP has only assumed a constant \$239k (50% share of \$479k) from that period.

**Brown Hill Keswick Creek Joint Operation/Subsidiary.** No recognition of any change in accounting if a subsidiary is set up to reflect accounting for capital contributions, maintenance and the funding of operational shortfalls from the impact of depreciation has been factored into this LTFP.

#### **Amounts Received Specifically for New Assets**

Assumption - No income forecast from Year 2 onwards

#### **Asset Sales**

No profit/loss on sale of assets from Year 2 (2016-17)

No projections for the sale of land

No projections for the sale of buildings

## Appendix B Operating Projects 4 Year Forward Estimates

Strategy	Title	\$ 2016-17	\$ 2017-18	\$ 2018-19	\$ 2019-20	Total
G1	Unley Central	80,000	80,000	80,000		<b>240,000</b>
G1	Main Street Digital Economy Strategy	25,000	25,000	25,000	25,000	<b>100,000</b>
G2	Annual Events Program	100,000	105,000	105,000	110,000	<b>420,000</b>
G2	Unley Gourmet Gala (Net)	175,900	179,000	184,000	189,000	<b>727,900</b>
G2	Tour Down Under	70,030	71,000	73,000	75,000	<b>289,030</b>
G2	South Parklands Dog Park	150,000	-	-		<b>150,000</b>
G2	Healthy Communities Program	20,000	20,000	20,000	20,000	<b>80,000</b>
G2	New Residents Kit & Community Information Directory	25,000				<b>25,000</b>
G2	Disability Discrimination Act Action Plan	20,000				<b>20,000</b>
G2	Age Friendly Strategies	15,000	10,000			<b>25,000</b>
G3	Safer and Effective Designated Unley Cycle Transport Corridors	20,000				<b>20,000</b>
G3	Investigate opportunities to maximise east – west city transport connectivity	30,000				<b>30,000</b>
G4	Community fruit trees in parks	5,000	5,000	5,000		<b>15,000</b>
G4	CRC Water Sensitive Cities	10,000				<b>10,000</b>
G4	City Wide - Park Tree Risk Assessment Audit and implementation	30,000	30,000			<b>60,000</b>
G4	2nd Generation Street Tree Planting Program	75,000	75,000	75,000	75,000	<b>300,000</b>
G5	Customer Experience Program	98,900	101,910	104,950		<b>305,760</b>
G5	Identification of Encroachments	50,000	-	-		<b>50,000</b>
G5	Local Government Elections 2014 (including Induction)	-	-	194,000		<b>194,000</b>
G5	Unallocated	82,600	36,400	36,000	174,100	<b>329,100</b>
		<b>\$ 1,082,430</b>	<b>\$ 738,310</b>	<b>\$ 901,950</b>	<b>\$ 668,100</b>	<b>\$ 2,722,690</b>

## Appendix C New Capital 4 Year Forward Estimates

Strategy	Title	\$ 2016-17	\$ 2017-18	\$ 2018-19	\$ 2019-20	Total
G1	Implementation of Public Lighting & Energy Opportunities	-	-	-	-	-
G1	Mainstreet Improvement Program	130,000	130,000	130,000	130,000	<b>520,000</b>
G1	Unley Central - Civic Centre/Barzaar/Community Centre/Mornington Site	-	-	-	-	-
G1	Goodwood Rd Streetscape & Wayfinding Strategy Delivery	2,750,000	-	-	-	<b>2,750,000</b>
G1	Unley Central - Entrance Oxford Terr from Unley Rd	1,600,000	-	-	-	<b>1,600,000</b>
G2	Goodwood Oval/ Millswood Sporting Complex Improvement Plan	-	-	-	500,000	<b>500,000</b>
G2	Unley Oval Upgrade including Communication	-	-	-	1,500,000	<b>1,500,000</b>
G2	Implementation of King William Rd Master Plan	191,000	1,500,000	1,500,000		<b>3,191,000</b>
G2	Ridge Park 5 year improvement plan	-	-	-	-	-
G2	Public Art Strategy Implementation-Pilot Projects	61,000	60,000	125,000		<b>246,000</b>
G2	Events Infrastructure	15,000				<b>15,000</b>
G3	Local Area Traffic Management Study	41,200	42,450	43,730	45,111	<b>172,490</b>
G3	Traffic Control Devices	30,000	30,000	30,000	30,000	<b>120,000</b>
G3	Implementation of Local Area Traffic Management Studies	103,000	106,090	109,300	112,610	<b>430,999</b>
G3	Bus Shelters and New Seats	-	-	-	-	-
G4	Soldiers Memorial Garden - Redevelopment	-	-	-	-	-
G4	Street Tree Watering Well Program	68,400	71,800	74,000	76,300	<b>290,500</b>
G4	Irrigation Recycled Water					-
G4	Green Infrastructure Implementation	30,000	30,000	30,000	30,000	<b>120,000</b>
G4	Implementation of Stormwater & WSUD Opportunities	50,000	50,000	50,000	50,000	<b>200,000</b>
G5	ICT including Asset Management System	50,000	51,250	52,530	53,800	<b>207,580</b>
G5	Project Delivery Costs including Overheads	227,000	236,000	246,000	256,000	<b>965,000</b>
	<b>Subtotal excluding BHKC</b>	<b>5,346,600</b>	<b>2,307,590</b>	<b>2,390,560</b>	<b>2,783,820</b>	<b>12,828,570</b>
G4	Brown Hill Keswick Creek	2,786,000	1,898,000	1,752,000	2,107,000	<b>8,543,000</b>
	<b>Total New Capital</b>	<b>8,132,600</b>	<b>4,205,590</b>	<b>4,142,560</b>	<b>4,890,820</b>	<b>21,371,570</b>

## Appendix D - Capital Replacement 10 Year Expenditure Summary

Asset Category	year 1 2015-16 \$'000	year 2 2016-17 \$'000	year 3 2017-18 \$'000	year 4 2018-19 \$'000	year 5 2019-20 \$'000	year 6 2020-21 \$'000	year 7 2021-22 \$'000	year 8 2022-23 \$'000	year 9 2023-24 \$'000	year 10 2024-25 \$'000
Bridges	100	200	487	565	459	301	509	319	66	68
Buildings	1,031	1,595	822	847	874	901	929	958	987	1,011
Bus Shelters	40	64	66	68	70	72	74	77	79	81
Car Parks	20	43	44	45	47	48	50	51	53	54
Drains & Stormwater	500	500	1,272	1,336	932	961	991	1,021	1,053	1,079
Footways	1,634	1,263	1,041	847	774	801	829	858	887	1,011
IT Equipment	376	424	400	410	420	430	441	452	463	474
Kerb & Water	375	425	438	452	466	480	495	511	527	540
Office Furniture & Equipment includ Library	320	70	38	40	41	42	44	45	46	47
Plant and Equipment	660	829	855	881	909	937	966	996	1,027	1,052
Public Toilets	50	106	55	57	117	120	124	128	132	135
Reserves/ Recreation and Open Space	512	478	493	452	466	541	495	511	592	607
Roads	1,514	1,617	1,968	1,974	4,077	1,501	1,548	1,496	1,496	1,738
Signs	16	16	16	17	17	18	19	19	20	20
Streetlighting	26	16	16	17	17	18	19	19	20	20
Streetscape	100	80	110	85	117	90	124	96	132	135
Swimming Facility	52	53	55	57	59	248	62	64	66	68
Traffic Facilities	26	27	27	28	29	30	31	32	33	34
	7,352	7,806	8,203	8,178	9,891	7,539	7,750	7,653	7,679	8,175
Project Delivery Costs	579	603	627	652	678	705	733	762	793	825
<b>Total Expenditure</b>	<b>7,931</b>	<b>8,409</b>	<b>8,830</b>	<b>8,830</b>	<b>10,569</b>	<b>8,244</b>	<b>8,483</b>	<b>8,415</b>	<b>8,472</b>	<b>9,000</b>

## Appendix E – 10 Year Financial Summary

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## Appendix F – Statutory Uniform Presentation of Finances

UNIFORM PRESENTATION OF FINANCES	2014-15 Audited \$'000	2015-16 Base Year \$'000	2016-17 Year 2 \$'000	2017-18 Year 3 \$'000	2018-19 Year 4 \$'000	2019-20 Year 5 \$'000	2020-21 Year 6 \$'000	2021-22 Year 7 \$'000	2022-23 Year 8 \$'000	2023-24 Year 9 \$'000	2024-25 Year 10 \$'000
<b>Income</b>	44,091	44,062	46,499	47,581	49,309	50,803	52,747	54,692	56,701	58,779	60,958
<b>less Expenses</b>	40,969	44,021	44,758	45,870	47,665	49,105	51,004	52,824	54,785	56,401	58,211
<b>Operating Surplus</b>	3,122	41	1,741	1,711	1,644	1,698	1,743	1,868	1,916	2,378	2,747
<b>Net Outlays on Existing Assets</b>											
Capital Expenditure on renewal and replacement of existing assets	(7,518 )	(9,003 )	(8,409 )	(8,830 )	(8,830 )	(10,569 )	(8,244 )	(8,483 )	(8,415 )	(8,472 )	(9,000 )
Depreciation, amortisation & impairment	6,448	7,682	8,009	8,323	8,637	8,961	9,309	9,659	10,013	10,376	10,750
Proceeds from the Sale of Replaced Assets	386	254	0	0	0	0	0	0	0	0	0
	(684 )	(1,067 )	(400 )	(507 )	(193 )	(1,608 )	1,065	1,176	1,598	1,904	1,750
<b>Net Outlays in New and Upgraded Assets</b>											
Capital Expenditure on New or Upgraded Assets	(3,313 )	(3,633 )	(8,132 )	(4,205 )	(4,142 )	(4,890 )	(4,389 )	(3,014 )	(3,278 )	(2,973 )	(978 )
Amounts received specifically for New and Upgraded Assets	1,477	350	0	0	0	0	0	0	0	0	0
	(1,836 )	(3,283 )	(8,132 )	(4,205 )	(4,142 )	(4,890 )	(4,389 )	(3,014 )	(3,278 )	(2,973 )	(978 )
<b>Net Lending/ (Borrowing) for Financial Year</b>	602	(4,309 )	(6,791 )	(3,002 )	(2,691 )	(4,800 )	(1,582 )	31	236	1,309	3,519
In any one year, the financing transactions identified below are associated with either applying surplus funds from a net lending result or accommodating the funding requirements from a net borrowing result.											
<b>Financing Transactions</b>											
New Borrowings	2,425	5,423	7,200	5,800	4,300	6,200	0	0	0	0	0
Increase / (Decrease) in Short Term Draw Down	(492 )	0	859	18	(34 )	(12 )	3,320	1,789	1,671	688	(1,428 )
Principal Repayments on Borrowings	(1,229 )	(1,134 )	(1,278 )	(2,828 )	(1,586 )	(1,395 )	(1,739 )	(1,821 )	(1,907 )	(1,997 )	(2,091 )
Other Movements	(1,335 )	0	0	0	0	0	0	0	0	0	0
Loans repaid to us	29	20	11	11	11	6	1	1	0	0	0
	(602 )	4,309	6,791	3,002	2,691	4,800	1,582	(31 )	(236 )	(1,309 )	(3,519 )

## Appendix G - Services provided to the Community

The *Local Government Act 1999* prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Local Government Act and other relevant legislation. These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Provision of various environmental health services.

In response to community needs, Council provides the following services and programs:

- Aged and Social Care
- Animal Management
- Environmental Management
- Community Development
- Community Engagement
- Community Services
- Community Transport
- Community Event Programs
- Corporate Services
- Recreation and Open Space Management
- Environmental Management
- Economic Development
- Urban Policy and Planning
- Library Services
- Sustainable Landscapes
- Parking Control
- Community Centres
- Volunteers
- Sport and Recreation
- Youth Development
- Museum

The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:

- Unley Swimming Centre
- Home & Community Care (HACC) Program
- Ovals, courts, parks and reserves for hire.
- Community Bus Service
- Halls for hire

Council anticipates that existing service levels of all continuing services from 2015-16 will be maintained during the period of the LTFP.

## Appendix H - Glossary

**CPI (Consumer Price Index)** - The historical changes in the cost of a typical metropolitan household 'basket' of goods and services, prepared by the Australian Bureau of Statistics. (ABS).

**Depreciation** - The annual decline in the value of a council's non-financial assets (inventories, buildings, infrastructure, equipment, etc) due to the usage (and so deterioration) of those assets.

**Financial Assets** - Cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and assets held for sale.

**Financial Governance** – The process by which an elected council meets its accountability obligations for the sustainability of council finances.

**Financial Performance** – The state of a council's annual operating statement (ie. the surplus or deficit between its annual spending and revenue).

**Financial Position** – The state of a council's balance sheet (ie. the composition of its assets and liabilities).

**Forward Estimates** - Forward estimates period refers to the four years following the budget year

**Infrastructure Asset Management Plan** - A Plan that demonstrates responsive management of assets (and services provided from assets), compliance with regulatory requirements and to communicate the funding requirements to provide the required levels of service.

**Infrastructure** – Comprises the assets needed to provide people with access to facilities and services (roads, footpaths, open space etc).

**Intergenerational Equity** - Intergenerational equity (or fairness) involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated from that expenditure.

**LGPI (Local Government Price Index)** - Represents the movement in the price of goods and services consumed by Local Government in South Australia, prepared by the South Australian Centre for Economic Studies (SACES).

**LTFP** – Long Term Financial Plan.

**New Capital** - Where assets or infrastructure are added to Council's existing asset stock, or the component of an existing asset that provides additional capabilities or service.

**Net Financial Liabilities** – The financial obligations of a council to other sectors of the economy. This is calculated as total liabilities less financial liabilities (cash and amounts receivable).

**Net Interest Costs** – Total net interest paid.

**Operating Projects** - Projects, programs or services provided for the first time that may have consequences on future Council budgets, or a one-off or short term in nature. In addition, Operating Projects include programs/projects that are aligned to key Council strategies but are not core Council services/activities and there is some discretion in delivery over the medium term. Highlighting these as Operating Projects provides transparency to Elected Members and the Community

**Operating Surplus** - Where Council's operating income is greater than its operating expenses.

**Operating Deficit** – Occurs where a council's total annual expenses exceed its total annual income, meaning that costs are being transferred from today's ratepayers to tomorrow's ratepayers (leaving to a diminished intergenerational equity).

**Recurrent costs** - Provision for core services provided by Council on a day to day basis. Includes income and expenses of an administrative, maintenance or legislative nature.

**Replacement Capital** – Expenditure on renewal or replacement of existing assets having their service life extended through repair or replacement. This does NOT include expenditure on new assets or asset upgrades.

**Strategic Asset Management Plans (SAMP)** – see Infrastructure Asset Management Plan

**Total Operating Revenue** – Total revenue as shown on Council's annual financial statements

## DECISION REPORT

**REPORT TITLE:** AUDIT AND GOVERNANCE WORKPLAN 2016  
**ITEM NUMBER:** 22  
**DATE OF MEETING:** 13 OCTOBER 2015  
**AUTHOR:** MICHAEL CAREY  
**JOB TITLE:** MANAGER FINANCE AND ICT

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### 1. **EXECUTIVE SUMMARY**

The purpose of this report is to provide information, a plan of work (*Attachment 1*), to the Audit and Governance Committee in regards to the timing of work undertaken by Administration in relation to financial matters.

The aim of the work plan is to identify the priorities of the Committee and to assist Administration in providing support.

### 2. **RECOMMENDATION**

MOVED:  
SECONDED:

That:

1. The report be received.
  2. The Work Plan is endorsed by the Audit and Governance Committee.
-

### **3. RELEVANT CORE STRATEGIES/POLICIES**

- Long Term Financial Plan and Asset Management Plan.
- Organisational Goals
  - 5.3 - Good Governance and legislative framework
  - 5.5 - A financially sustainable approach to business and planning activity
  - 5.6 - Enabling information systems and robust reporting
  - 5.7 - Uphold the reputation of the City of Unley.
- Organisational Policies
  - Fraud and Corruption Prevention (Council)
  - Risk and Opportunity Management (Council)
  - Treasury Management (Council)
  - Whistleblowers' Protection (Council).

### **4. DISCUSSION**

The Committee has an important independent role in the financial reporting framework of Council. This includes consideration of the issues and approach being taken to address risk, corporate financial governance responsibilities and legal compliance in the areas of:

- Financial reporting
- Risk Management
- Whistle blowing
- External Audit
- Internal Audit.

To support the Audit and Governance Committee in fulfilling its responsibilities, a draft work plan has been developed and is now provided to Committee members for comment.

### **5. POLICY IMPLICATIONS**

#### **5.1 Stakeholder Engagement**

Community engagement is not required.

### **6. REPORT CONSULTATION**

The Finance department has been consulted in the preparation of the 2016 Workplan.

## **7. ANALYSIS OF OPTIONS**

Option 1 – The Audit Committee Work Plan (Attachment 1 to Report 102/14) be endorsed.

This will assist the Audit and Governance Committee in fulfilling its responsibilities and provide direction to Administration to assist and support.

Option 2 – The Audit Committee Work Plan (Attachment 1 to Report 102/14) with amendments be endorsed.

This will assist the Audit and Governance Committee in fulfilling its responsibilities and provide direction to Administration to assist and support.

This option provides an opportunity to the Audit and Governance Committee to review the proposed draft plan and to make amendments or additions to the work that has been proposed.

## **8. RECOMMENDED OPTION**

Option 1 is the recommended option.

## **9. ATTACHMENTS**

1. Workplan 2016

## **10. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Mike Carey	Manager Finance and ICT
Stephen Faulkner	General Manager

## CITY OF UNLEY – WORKPLAN – AUDIT & GOVERNANCE COMMITTEE 2016

MEETING DATE	RESPONSIBLE OFFICER	ITEM	COMPLETE
<b>FEB 2016</b>			
	GM People & Governance	Draft Internal Audit Plan	
	Manager Finance & ICT	2015-16 Long Term Financial Plan (2016)	
	Manager Finance & ICT	2015-16 External Audit Plan & Certification of Annual Financial Statements	
	Manager Finance & ICT	Savings Identified Report	
<b>JUNE 2016</b>			
	Manager Finance & ICT	Draft 2016-17 Annual Business Plan and Budget	
	Manager Finance & ICT	Savings Identified Report	
	Manager Governance & Risk	Internal Audit Update	
	Manager Governance & Risk	Business Continuity Plan	
	Manager Governance & Risk	Risk Framework Update	
<b>AUGUST 2016</b>			
	Manager Finance & ICT	External Audit - Interim Audit Report	
	Manager Finance & ICT	Savings Identified Report	
	Manager Governance & Risk	Internal Audit Update – topic to be confirmed	
<b>OCTOBER 2016</b>			
	Manager Finance & ICT	General Purpose Financial Statements 2015-16 Report <ol style="list-style-type: none"> <li>1. General Purpose Financial Statements 2015-16</li> <li>2. Audit Completion Report for year ended 30/06/16</li> <li>3. Centennial Park General Purpose Financial Statements for year ended 30/06/16</li> </ol>	
	Manager Finance & ICT	Draft 2016-17 Long Term Financial Plan	
	Manager Finance & ICT	Audit & Governance Committee Work Plan Report	