

COUNCIL AGENDA

Council Meeting

Notice is hereby given pursuant to the provisions of the *Local Government Act, 1999*, that the next Meeting of City of Unley will be held in the Council Chambers, 181 Unley Road, Unley on

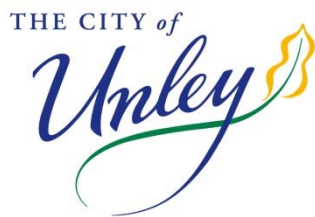
Monday

5 November 2018

7.00pm

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

Peter Tsokas
Chief Executive Officer



OUR VISION 2033

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

COUNCIL IS COMMITTED TO

- Ethical, open honest behaviours
- Efficient and effective practices
- Building partnerships
- Fostering an empowered, productive culture – “A Culture of Delivery”
- Encouraging innovation – “A Willingness to Experiment and Learn”

ACKNOWLEDGEMENT

We would like to Acknowledge that the land we meet on today is the traditional lands for the Kaurna people and that we respect their spiritual relationship with their Country.

We also acknowledge the Kaurna people as the traditional custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kaurna people today.

PRAYER AND SERVICE ACKNOWLEDGEMENT

Almighty God, we humbly beseech Thee to bestow Thy blessing upon this Council. Direct and prosper our deliberations for the advancement of Thy Kingdom and true welfare of the people of this city.

Members will stand in silence in memory of those who have made the Supreme Sacrifice in the service of their country, at sea, on land and in the air.

Lest We Forget.

WELCOME

ORDER OF BUSINESS

ITEM NO

PAGE NO

APOLOGIES

- Nil

LEAVE OF ABSENCE

- Nil

1328 CONFLICT OF INTEREST

Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and, if so, a Conflict of Interest Disclosure Form is to be submitted for each Item

1329 MINUTES

Minutes of the Council meeting held on
22 October 2018

Minutes issued separately

DEFERRED / ADJOURNED ITEMS

- Nil

PETITION

- Nil

DEPUTATIONS

- Nil

PRESENTATION

- Nil

1330 REPORTS OF COMMITTEES

- Audit and Governance Committee
29 October 2018

5-10

REPORTS OF OFFICERS

ITEM NO**PAGE NO**

1331	2017-18 Financial Statements	11-130
1332	First Quarter Budget Review 2018-19	131-140
1333	CEO Quarterly Report – Centennial Park Cemetery Authority	141-146

MOTIONS OF WHICH NOTICE HAS BEEN GIVEN

- Nil

1334 MOTIONS WITHOUT NOTICE

Acting Mayor to ask the Members if there are any motions without notice

QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN

- Nil

1335 QUESTIONS WITHOUT NOTICE

Acting Mayor to ask the Members if there are any questions without notice

CORRESPONDENCE

- Nil

MAYOR'S REPORT

- Nil

DEPUTY MAYOR'S REPORT

- Nil

REPORTS OF MEMBERS

- Nil

CONFIDENTIAL ITEMS

- Nil

NEXT MEETING

Monday 26 November 2018 – 7.00pm

REPORT OF COMMITTEE

REPORT TITLE:	MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE – 29 OCTOBER 2018
ITEM NUMBER:	1330
DATE OF MEETING:	5 NOVEMBER 2018
ATTACHMENTS:	1. AUDIT AND GOVERNANCE COMMITTEE MINUTES – MEETING HELD 29 OCTOBER 2018

1. **EXECUTIVE SUMMARY**

The minutes and recommendations of the Audit and Governance Committee meeting held on 29 October 2018 are presented for Council's consideration.

2. **RECOMMENDATION**

That:

1. The minutes of the Audit and Governance Committee meeting held on 29 October 2018 be received and the following recommendations contained therein be adopted by Council:

a. Item 95 – Internal Audit – Use of Purchase Cards

1. The report be received.
2. The Audit and Governance Committee note the Action Plan contained in Attachment 1 to Item 95/18 and that progress against actions will be monitored by the Principal Risk Management Officer.

b. Item 96 – 2017-18 Financial Statements

1. The report be received.
2. The Audit and Governance Committee:
 - a. Having reviewed the City of Unley's 2017-18 General Purpose Financial Statements, contained in Attachment 1 and External Auditor BDO's Audit Completion Report contained in Attachment 2, considers that the 2017-18 General Purpose Financial Statements present fairly the state of affairs of Council and can be presented to Council for endorsement on 5 November 2018.
 - b. Considers that the City of Unley's 2017-18 General Purpose Financial Statements, contained in Attachment 1 to Item 96/18, can be certified by the Chief Executive Officer and the Acting Mayor.

- c. Notes the draft Certification of Auditor Independence proposed by BDO as contained in Attachment 2 to Item 96/18, and the Certification of Auditor Independence contained in Attachment 1 to Item 96/18, is certified by the Chief Executive Officer and the Presiding Member of the Audit and Governance Committee.
- d. Notes the Centennial Park General Purpose Financial Statements for 2017- 18, signed by Centennial Park's External Auditor, contained in Attachment 3 to Item 96/18.
- e. Notes the Brown Hill Keswick Creek General Purpose Financial Statements for 2017-18, signed by the subsidiaries External Auditor, contained in Attachment 4 to Item 96/18.

MINUTES

Minutes of the Audit & Governance Committee

Held Monday 29 October 2018 – 7.30pm

Civic 1st Floor Meeting Room 181 Unley Road Unley

MEMBERS PRESENT

Mr J Rawson, Presiding Member
Mr E Parker, Independent Member
Mr S Tu, Independent Member
Councillor Michael Rabbitt
Councillor Rob Sangster

OFFICERS PRESENT

General Manager Business Support and Improvement, Ms N Tinning
A/General Manager City Development, Mr A Wood
Executive Manager Office of the CEO, Ms T Norman
Manager Finance and Procurement, Mrs S Taylor
Executive Assistant to General Manager Business Support & Improvement,
Mrs L Blyth

OBSERVERS

Mr Geoff Edwards, BDO Auditors Partner Audit
Ms Chelsea Aplin, BDO Auditors Assistant Manager Audit

WELCOME

The meeting commenced at 7.30pm

The Presiding Member welcomed Committee Members, Observers and Staff to the meeting.

APOLOGIES

Nil

ITEM 93

CONFLICT OF INTEREST

Nil

ITEM 94

CONFIRMATION OF MINUTES

MOVED Councillor Rob Sangster

SECONDED Mr Ed Parker

That:

1. The minutes of the Audit and Governance Committee Meeting held on Tuesday 21 August 2018, as printed and circulated, be taken as read and signed as a correct record.

CARRIED UNANIMOUSLY

ITEM 95

INTERNAL AUDIT – USE OF PURCHASE CARDS

MOVED Councillor Michael Rabbitt

SECONDED Mr Sean Tu

That it be recommended to Council, that:

1. The report be received.
2. The Audit and Governance Committee note the Action Plan contained in Attachment 1 to Item 95/18 and that progress against actions will be monitored by the Principal Risk Management Officer.

CARRIED UNANIMOUSLY

ITEM 96

2017-18 FINANCIAL STATEMENTS

SUSPENSION OF MEETING PROCEDURES

The Presiding Member proposed that the meeting would benefit from a short-term suspension of meeting procedures, for up to 10 minutes, to enable discussion on the 2017 – 2018 Financial Statements.

This was agreed with a two-thirds majority.

Meeting procedures were suspended at 8.13pm.

Further extension to suspension of meeting procedures

A further extension to meeting procedures was proposed at 8.23pm for up to 10 minutes to continue discussion on the 2017 – 2018 Financial Statements.

This was agreed with a two-thirds majority.

Further extension to suspension of meeting procedures

A further extension to meeting procedures was required at 8.33pm for up to 5 minutes to continue discussion on the 2017 – 2018 Financial Statements.

This was agreed with a two-thirds majority.

Meeting procedures resumed at 8.38pm.

MOVED Mr Sean Tu

SECONDED Mr Ed Parker

That:

1. The report be received.
2. The Audit and Governance Committee:
 - a. Having reviewed the City of Unley's 2017-18 General Purpose Financial Statements, contained in Attachment 1 and External Auditor BDO's Audit Completion Report contained in Attachment 2, considers that the 2017-18 General Purpose Financial Statements present fairly the state of affairs of Council and can be presented to Council for endorsement on 5 November 2018.
 - b. Considers that the City of Unley's 2017-18 General Purpose Financial Statements, contained in Attachment 1 to Item 96/18, can be certified by the Chief Executive Officer and the Acting Mayor.
 - c. Notes the draft Certification of Auditor Independence proposed by BDO as contained in Attachment 2 to Item 96/18, and the Certification of Auditor Independence contained in Attachment 1 to Item 96/18, is certified by the Chief Executive Officer and the Presiding Member of the Audit and Governance Committee.
 - d. Notes the Centennial Park General Purpose Financial Statements for 2017- 18, signed by Centennial Park's External Auditor, contained in Attachment 3 to Item 96/18.
 - e. Notes the Brown Hill Keswick Creek General Purpose Financial Statements for 2017-18, signed by the subsidiaries External Auditor, contained in Attachment 4 to Item 96/18.

CARRIED UNANIMOUSLY

NEXT MEETING DATE

The next meeting will take place on 22 November 2018 and is closed to the Public.

The Meeting closed at 9.03pm

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DECISION REPORT

REPORT TITLE: 2017-18 FINANCIAL STATEMENTS
ITEM NUMBER: 1331
DATE OF MEETING: 5 NOVEMBER 2018
AUTHOR: SARAH TAYLOR
JOB TITLE: MANAGER FINANCE & PROCUREMENT

1. **EXECUTIVE SUMMARY**

The City of Unley's financial statements were presented to the Audit and Governance Committee at its meeting on 29 October 2018. They have been prepared in accordance with the model statements prescribed in the *Local Government (Financial Management) Regulations 2011*.

The Audit and Governance Committee resolved that the financial statements present fairly the state of affairs of Council and that they be signed and presented to Council.

The financial statements have subsequently been certified by the Acting Mayor and the Chief Executive Officer, and the Audit Reports have been signed by the external auditor, Mr Geoff Edwards of BDO. In addition, Council's Certificate of Auditor Independence has been certified by the Chief Executive Officer and Mr John Rawson, the Presiding Member of the Audit and Governance Committee.

This report also includes the Audited 2017-18 Financial results compared to Budget Report which is required by legislation to be presented by Council by no later than 31 December of the relevant year.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Audited 2017-18 Financial Results compared to Budget contained in Attachment 2 to Item 1331/18 (Council Meeting 05/11/2018) be noted.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

Organisational Strategy/Goal:

- 4.1 We have strong leadership and governance; and
- 4.3 Our business systems are effective and transparent.

4. **DISCUSSION**

The purpose of this report is to present to Council the audited Financial Statements that were endorsed by the Audit and Governance Committee at its meeting on 29 October 2018, and to inform Council of the 2017-18 Financial Results compared to Budget.

In accordance with the *Local Government (Financial Management) Regulations 2011*, the:

- Audit and Governance Committee resolved that the financial statements present fairly the state of affairs of Council;
- Council's Certificate of Auditor Independence has been certified by the Chief Executive Officer and Mr John Rawson, the Presiding Member of the Audit and Governance Committee;
- Financial statements have subsequently been certified by the Acting Mayor and the Chief Executive Officer; and
- Audit Reports have been signed by the external auditor, Mr Geoff Edwards of BDO.

The City of Unley's financial statements for 2017-18 are attached for Members' information in Attachment 1.

Attachment 1

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

4.1 Statement of Comprehensive Income

The Statement of Comprehensive income shows an operating surplus (including Centennial Park and Brown Hill Keswick Creek) of \$4.9M for 2017-18 compared with \$5M in the previous year.

Statement of Comprehensive Income	2017-18	2016-17	Movement
	\$000s	\$000s	\$000s
Council Operating Surplus	3 890	4 432	(542)
Centennial Park Net gain	82	132	(50)
Brown Hill Keswick Creek Net gain	49	0	49
Operating Surplus	4 021	4 564	(543)
Net Surplus	4 881	4 965	(84)
Other Comprehensive Income	(39 172)	(22,811)	(16 361)
Total Comprehensive Income	(34 291)	(17,846)	(16 445)

As shown in the table above, Council's Net Operating Result (surplus) has decreased from the previous year by \$543K. The decrease in Council's net operating result is due to a myriad of items explained below.

Council's operating revenue increased by \$951K (2%) and expenditure increased by \$1.5M (3.48%). Other than the change in timing of the Financial Assistance Grant, other key movements from 2016-17 include:

Income:

- General rates increase of \$1.3M, reflecting the general rates increase of 2.9% and rates growth of 0.5%. (refer Note 2a in the Financial Statements).
- Other Grants, Subsidies and Contributions have reduced, however this is offset by the increase in grant amounts received for New or Upgraded assets.
- Other Income has increased by \$157K for 2017-18 as a result of insurance claims totalling \$83K, EPA contribution to raingardens of \$42K and a reimbursement from SA water to partially cover the cost of using drinking supply whilst the damaged recycled water main was repaired.

Expenditure:

- Employee costs have reduced by 2.8%, however, these savings have been partially offset by an increase in temporary labour costs. The Enterprise Bargaining Agreement increases were largely offset by vacant positions that occurred throughout the year.
- Materials, contracts and other expenses have generally increased in line with CPI; exceptions are for waste, which has increased by \$174K due to recycling cost increases, and Program expenses, which have increased by \$386K as a result of expenditure classification corrections.
- An increase in the cost of depreciation, of \$746K relates to the change in depreciation for Roads, Lanes and Kerb and Water table that have increased due to the removal of residual values (per revised Accounting Standard AASB13) for these assets and revisions to replacement costs.
- A decrease in finance costs has occurred. This is a result of lower use of the cash advance facility during the year, and no requirement to access new borrowings.

The Statement recognises the net movement in asset revaluations that have occurred this financial year. Further information about the revaluations are provided in the section below.

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 2018, the overall net assets (total assets less total liabilities) held by Council was \$506.4M compared with \$540.7M for the previous year, representing a decrease in total equity of \$34.3M.

The \$34.3M overall decrease in equity is due to the following movements:

Assets:

- An increase to Cash and Cash Equivalents of \$3.1M, received for Goodwood Oval \$2.5M, and \$530K for other Grant funded capital programs.
- A reduction to Trade and Other Receivables of \$499K, due to a reduction in outstanding debtors.

- A decrease in Infrastructure, Property, Plant and Equipment of \$36.9M.
 - Revaluations were undertaken on Roads during 2016-17 and then again in 2017-18. Most notably, the Roads have been revalued downwards by \$76.7M over the 2 year period (2016-17, \$27.1M and 2017-18, \$49.6M). This is a result of a number of factors, including the removal of residual values, the road assets being split into three components, to better reflect the composition of the asset, updates to unit rates and removal of non-Council owned assets.
 - Revaluation of Land and Buildings resulted in a reduction to Building values of \$7.5M and an increase to Land Value of \$17.9M.

Liabilities:

- An increase of \$1.3M in Trade and Other Payables related to the grant funding received for Goodwood Oval and other capital grant funded projects totalling \$3.1M not yet spent. Offset by a reduction in Goods and Services (outstanding creditors), accrued expenses and current employee entitlements.

Overall, Council total borrowings decreased by \$1.2M. This was significantly better than anticipated as higher repayments were made, due to the favourable operating result, and new borrowings not required due to capital works delays. Borrowings are \$5.2M at the end of June 2018.

Statement of Financial Position	2017-18	2016-17	Movement
	\$'000	\$'000	\$'000
Assets	524 217	558 442	(34 225)
Liabilities	17 855	17 789	66
Net Assets	506 362	540 653	(34 291)

4.3 Cash Flow Statement

Council generated nearly \$13.7M from its Operating Activities during the financial year compared to \$15M during 2016-17. 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 \$11.1M on the construction and purchase of assets compared to \$14.7M in 2016-17 (refer Note 7a of the Financial Statements).

As a result, the Cash Flow Statement shows an increase in cash held of \$2.1M, reflecting the net cash flows received for capital works including Goodwood Oval, to be delivered in 2018-19.

4.4 Financial Key Performance Indicators

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

Financial Indicators	2017-18	2016-17	Adopted
	\$'000	\$'000	Target
Operating Surplus	4 021	4 564	
Adjusted Operating Surplus Ratio*	7%	8%	5%
Net Financial Liabilities Ratio	27%	32%	<80%
Asset Sustainability Ratio	84%	116%	100% over 10 years

*The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments in 2017-18.

The Financial Indicators have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. The Financial Indicators were revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Overall, given the 2017-18 result and reduction in asset value, Council is still well positioned to continue to be financially sustainable. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

4.5 End of Year Result Compared to Budget

Council is required, pursuant to *Regulation 10 of the Local Government (Financial Management) Regulations 2011* to consider a report showing the audited financial results of the Council for the Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

The Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators and associated commentary for 2017-18 are shown as Attachment 2.

Attachment 2

4.6 Centennial Park Financial Statements

A copy of Centennial Park Cemetery Authority's (CPCA) financial statements for 2017-18 is attached for information (Attachment 3). A copy of Centennial Park Cemetery Authority's (CPCA) financial statements for 2017-18 is attached for information (Attachment 3).

The Financial Statements have been extracted from the Centennial Park Annual Report, consequently pages 1-22 of that document have been removed as they have no bearing on the annual accounts provided herein for consideration.

Trade and other payables have increased to \$2.3M for 2017-18 from \$1.6M in 2016-17. This increase to Liabilities primarily relates to growth in the total provision for accrued expenses \$402K, payments received in advance of \$210K and goods and services of \$154K.

The equity accounted value of CPCA reflected in the City of Unley's Statement of Financial Position has increased by \$82K.

Attachment 3

4.7 Brown Hill Keswick Creek Financial Statements

A copy of Brown Hill Keswick Creeks Stormwater Board (BHKC) financial statements for 2017-18 is attached for information (Attachment 4). The financial statements show a Net Surplus of \$243K.

The BHKC Board was established 27 February 2018 by Gazettal, and is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The equity accounted value of BHKC reflected in the City of Unley's Statement of Financial Position is \$49K.

Attachment 4

5. ANALYSIS OF OPTIONS

Option 1 – Council notes the Audited 2017-18 Financial Results compared to Budget Report contained in Attachment 2 to Item 1331/18.

In accordance with Section 126(4) of the *Local Government Act 1999*, the Audit and Governance Committee has reviewed the General Purpose Statements 2017-18 and are 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 is required to receive the General Purpose Statements 2017-18 and pursuant to *Regulation 10 of the Local Government (Financial Management) Regulations 2011*, consider a report showing the audited financial results of the Council for the previous financial year compared with the estimated financial results set out in the 2017-18 budget presented in a manner consistent with the Model Financial Statements by 31 December 2018.

In accordance with legislation a copy of the financial statements will be sent by Council to the Minister for Local Government and the SA Local Government Grants Commission by 30 November 2018. The financial statements and relevant information will also be incorporated within the 2017/18 Annual Report.

There are no further options proposed.

6. RECOMMENDED OPTION

Option 1 is the recommended option.

7. POLICY IMPLICATIONS

Council must, on or before 30 November, submit a signed copy of the audited financial statements of Council to the Minister for Local Government and the Presiding Member of the South Australian Local Government Grants Commission.

Council must also consider a report showing the audited financial results of the Council compared with the estimated financial results set out in the budget, by no later than 31 December of each year

8. ATTACHMENTS

- Attachment 1 – 2017-18 General Purpose Financial Statements
- Attachment 2 – Audited 2017-18 Financial Results Compared to Budget Report
- Attachment 3 – Centennial Park General Purpose Financial Statements 2017-18
- Attachment 4 – Brown Hill Keswick Creek General Purpose Financial Statements 2017-18

9. REPORT AUTHORISERS

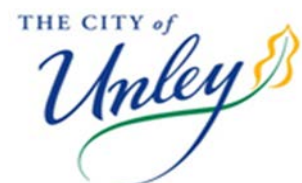
<u>Name</u>	<u>Title</u>
Nicola Tinning	General Manager Business Support and Improvement
Peter Tsokas	Chief Executive Officer

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The City of Unley

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

*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 2018

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The City of Unley

General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Peter Tsokas
CHIEF EXECUTIVE OFFICER

Peter Hughes
ACTING MAYOR

Date: **2018**

The City of Unley

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Income			
Rates Revenues	2a	40,010	38,585
Statutory Charges	2b	1,542	1,606
User Charges	2c	1,755	1,691
Grants, Subsidies and Contributions	2g	3,631	4,212
Investment Income	2d	14	20
Reimbursements	2e	423	466
Other Income	2f	940	783
Net Gain - Equity Accounted Council Businesses	19	131	132
Total Income		48,446	47,495
Expenses			
Employee Costs	3a	16,186	16,655
Materials, Contracts & Other Expenses	3b	20,003	18,701
Depreciation, Amortisation & Impairment	3c	8,011	7,265
Finance Costs	3d	225	310
Total Expenses		44,425	42,931
Operating Surplus / (Deficit)		4,021	4,564
Asset Disposal & Fair Value Adjustments	4	62	34
Amounts Received Specifically for New or Upgraded Assets	2g	798	367
Net Surplus / (Deficit) ¹		4,881	4,965
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(39,198)	(27,056)
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	26	4,245
Total Other Comprehensive Income		(39,172)	(22,811)
Total Comprehensive Income		(34,291)	(17,846)

¹ Transferred to Statement of Changes in Equity

The City of Unley

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	3,107	29
Trade & Other Receivables	5b	1,884	2,383
Other Financial Assets	5c	12	12
Total Current Assets		5,003	2,424
Non-Current Assets			
Financial Assets	6a	9	18
Equity Accounted Investments in Council Businesses	6b	15,571	15,414
Infrastructure, Property, Plant & Equipment	7a	503,634	540,586
Total Non-Current Assets		519,214	556,018
TOTAL ASSETS		524,217	558,442
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	9,607	8,292
Borrowings	8b	3,619	4,153
Provisions	8c	2,379	2,350
Total Current Liabilities		15,605	14,795
Non-Current Liabilities			
Borrowings	8b	1,568	2,237
Provisions	8c	448	538
Other Non-Current Liabilities	8d	234	219
Total Non-Current Liabilities		2,250	2,994
TOTAL LIABILITIES		17,855	17,789
Net Assets		506,362	540,653
EQUITY			
Accumulated Surplus		145,159	140,252
Asset Revaluation Reserves	9a	361,203	400,401
Total Council Equity		506,362	540,653

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

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Total Equity
2018				
Balance at the end of previous reporting period		140,252	400,401	540,653
Opening Balance		140,252	400,401	540,653
a. Net Surplus / (Deficit) for Year		4,881	-	4,881
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(39,198)	(39,198)
- Share of OCI - Equity Accounted Council Businesses	19	26	-	26
Other Comprehensive Income		26	(39,198)	(39,172)
Total Comprehensive Income		4,907	(39,198)	(34,291)
Balance at the end of period		145,159	361,203	506,362
2017				
Balance at the end of previous reporting period		131,042	427,457	558,499
Opening Balance		131,042	427,457	558,499
a. Net Surplus / (Deficit) for Year		4,965	-	4,965
b. Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(27,056)	(27,056)
- Share of OCI - Equity Accounted Council Businesses	19	4,245	-	4,245
Other Comprehensive Income		4,245	(27,056)	(22,811)
Total Comprehensive Income		9,210	(27,056)	(17,846)
Balance at the end of period		140,252	400,401	540,653

The City of Unley

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		54,288	48,110
Investment Receipts		14	20
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(40,353)	(32,755)
Finance Payments		(278)	(344)
Net Cash provided by (or used in) Operating Activities	11b	13,671	15,031
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		798	367
Sale of Replaced Assets		922	390
Repayments of Loans by Community Groups		9	11
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(7,654)	(8,811)
Expenditure on New/Upgraded Assets		(3,463)	(5,933)
Net Cash provided by (or used in) Investing Activities		(9,388)	(13,976)
Cash Flows from Financing Activities			
<u>Payments</u>			
Repayments of Borrowings		(2,211)	(1,018)
Repayment of Bonds & Deposits		(2)	-
Net Cash provided by (or used in) Financing Activities		(2,213)	(1,018)
Net Increase (Decrease) in Cash Held		2,070	37
plus: Cash & Cash Equivalents at beginning of period	11	(1,913)	(1,950)
Cash & Cash Equivalents at end of period	11	157	(1,913)
plus: Investments on hand - end of year	5a	12	12
Total Cash, Cash Equivalents & Investments		169	(1,901)

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

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n/a - not applicable

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income Recognition

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2015/16	\$548,459	\$1,159,584	- \$611,125
2016/17	\$1,745,941	\$1,152,315	+\$593,626
2017/18	\$1,427,527	\$1,186,184	+/- \$241,343

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

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

Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

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

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

5.2 Materiality

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

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

5.3 Subsequent Recognition

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

5.4 Depreciation of Non-Current Assets

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

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

Note 1. Summary of Significant Accounting Policies (continued)

should be used in interpreting financial information based on these estimates.

Equipment, Furniture & Fittings	1 to 10 years
Buildings	50 years
Building Fit Outs	15 years
Infrastructure:	
Roads, Lanes, Kerb & Watertable	20 to 100 years
Pathways	20 to 50 years
Drainage	35 to 100 years
Traffic and Lighting	5 to 20 years
Bridges	50 to 75 years
Recycled Water	5 to 100 years
Other Assets	5 to 20 years

5.5 Impairment

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

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

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

5.6 Borrowing Costs

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

6 Payables

6.1 Goods & Services

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

6.2 Payments Received in Advance & Deposits

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

7 Borrowings

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

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

8 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in

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

Note 1. Summary of Significant Accounting Policies (continued)

respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 2.24% (2017, 2.14%)

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

8.2 Superannuation

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

9 Equity Accounted Council Businesses

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

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

Council is party to an agreement with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide in relation to the Brown Hill Keswick Creek Project which is accounted for under AASB 11 Joint Arrangements as a joint

operation. As such, each Party is responsible for its own direct costs, and joint assets, revenue and expenses are shared on the basis set out in the agreement and Stormwater Management Plan documentation. Council's share has been recognised in the Financial Statements by including its share of joint revenue and expenditure in the Statement of Comprehensive Income and Council's share of joint assets within the Statement of Financial Position. Further details are provided in Note 19.

10 GST Implications

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

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

11 New accounting standards and UIG Interpretations

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

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

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time.

Some Australian Accounting Standards and Interpretations have been issued but are not yet

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

Note 1. Summary of Significant Accounting Policies (continued)

effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

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

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

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

- AASB 16 *Leases*

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. If this requirement had been adopted at 30 June 2018 management estimate that net assets would have decreased by \$29,000. This estimate is based on council's current obligations and various market and other assumptions.

The standards are not expected to have a material impact upon Council's future financial statements are:

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

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

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

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

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

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*

- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts (Appendix D)*

12 Comparative Figures

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

13 Disclaimer

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

The City of Unley

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

Note 2. Income

\$ '000	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		39,150	37,836
Less: Mandatory Rebates		(870)	(839)
Less: Discretionary Rebates, Remissions & Write Offs		(56)	(26)
Total General Rates		38,224	36,971
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,289	1,172
Separate & Special Rates		315	315
Total Other Rates		1,604	1,487
Other Charges			
Penalties for Late Payment		114	115
Legal & Other Costs Recovered		68	12
Total Other Charges		182	127
Total Rates Revenues		40,010	38,585
(b). Statutory Charges			
Other Licences, Fees & Fines		1,542	1,606
Total Statutory Charges		1,542	1,606
(c). User Charges			
Fees for services provided		1,755	1,691
Total User Charges		1,755	1,691
(d). Investment Income			
- Local Government Finance Authority		14	20
Total Investment Income		14	20
(e). Reimbursements			
Other		423	466
Total Reimbursements		423	466

The City of Unley

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

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(f). Other Income			
Contributions, Rebates and Sundry		940	783
Total Other Income		940	783
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		798	367
Other Grants, Subsidies and Contributions		3,631	4,212
Total Grants, Subsidies, Contributions		4,429	4,579
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		1,969	1,985
State Government		1,660	2,131
Other		800	463
Total		4,429	4,579
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		644	593
On 22 June 2018 Council received payment of the first two installments of the 2018-19 Financial Assistance Grant (FAG). As has been done in the previous years, these amounts are recognised as income upon receipt. Similarly in June 2017 first two installments of 2017-18 grant was paid and recognised as income in that year.			
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		133	15
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
City Services		(30)	(15)
City Development		(103)	-
Subtotal		(133)	(15)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
City Services		6	30
City Development		-	103
Subtotal		6	133
Unexpended at the close of this reporting period		6	133
Net increase (decrease) in assets subject to conditions in the current reporting period		(127)	118

The City of Unley

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

Note 3. Expenses

\$ '000	Notes	2018	2017
(a). Employee Costs			
Salaries and Wages		13,791	13,831
Employee Leave Expense		1,968	2,243
Superannuation - Defined Contribution Plan Contributions	18	1,417	1,395
Workers' Compensation Insurance		441	419
Less: Capitalised and Distributed Costs		(1,431)	(1,233)
Total Operating Employee Costs		16,186	16,655
Total Number of Employees (full time equivalent at end of reporting period)		178	179
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Current Year Audit Fees		33	32
- Other Services		31	-
Elected Members' Expenses		259	271
Subtotal - Prescribed Expenses		323	303
(ii) Other Materials, Contracts and Expenses			
Contracts		4,596	4,585
Waste Contract		3,321	3,147
Maintenance Contracts		2,763	2,666
Legal Expenses		303	233
Levies Paid to Government - NRM levy		1,285	1,176
Parts, Accessories & Consumables		3,307	3,175
Valuation Fees (Property for Rating Purposes)		180	172
Insurance (Workers Compensation, Public Liability, Assets)		659	588
Brownhill Keswick Creek Contributions		135	38
Levies & Taxes		246	252
Other Contributions & Donations		44	57
Printing		59	47
Sitting Fees		34	45
Trader Associations Contributions		317	313
Electricity		893	944
Advertising		213	190
Bank Fees & Charges		113	100
Community Program Expenses		601	215
Economic Development Program Expenses		24	22
Community Grants & Sponsorship		275	198
Sundry Materials, Contract & Expenses		312	235
Subtotal - Other Material, Contracts & Expenses		19,680	18,398
Total Materials, Contracts and Other Expenses		20,003	18,701

The City of Unley

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

Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Stormwater Drainage		882	825
Roads, Lanes, Kerb & Watertable		1,916	1,192
Pathways		1,308	1,299
Traffic & Lighting		308	289
Bridges		133	131
Equipment, Furniture & Fittings		1,323	1,321
Buildings		1,327	1,305
Recycled Water		241	241
Other Assets		573	662
Total Depreciation, Amortisation and Impairment		8,011	7,265
(d). Finance Costs			
Interest on Loans		225	310
Total Finance Costs		225	310

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		922	356
Less: Carrying Amount of Assets Sold		(860)	(322)
Gain (Loss) on Disposal		62	34
Net Gain (Loss) on Disposal or Revaluation of Assets		62	34

The City of Unley

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

Note 5. Current Assets

\$ '000	Notes	2018	2017
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		4	4
Deposits at Call		3,103	25
Total Cash & Cash Equivalents		3,107	29
(b). Trade & Other Receivables			
Rates - General & Other		572	759
Accrued Revenues		15	9
Debtors - General		1,246	1,335
Prepayments		31	269
Sundry		20	11
Total Trade & Other Receivables		1,884	2,383
(c). Other Financial Assets (Investments)			
Loans to Community Organisations		12	12
Total Other Financial Assets (Investments)		12	12

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 2018

Note 6. Non-Current Assets

\$ '000	Notes	2018	2017
(a). Financial Assets			
Receivables			
Loans to Community Organisations		9	18
Total Receivables		9	18
Total Financial Assets		9	18
(b). Equity Accounted Investments in Council Businesses			
Centennial Park Cemetery Authority	19	15,522	15,414
Total Equity Accounted Investments in Council Businesses		15,571	15,414

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 2018

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2017					Asset Movements during the Reporting Period									as at 30/6/2018				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Other Movements	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		-	4,217	-	-	4,217	-	-	-	-	(906)	-	-	-	-	-	3,313	-	-	3,313
Stormwater Drainage		80,712	-	39,059	-	41,653	-	933	-	(882)	-	-	-	-	-	80,712	933	39,941	-	41,704
Roads, Lanes, Kerb & Watertable		240,791	-	45,568	-	195,223	53	1,775	-	(1,916)	98	-	-	(49,635)	-	182,400	1,926	38,730	-	145,596
Pathways		55,480	198	24,761	-	30,917	-	1,165	-	(1,308)	-	-	-	-	-	56,616	228	26,069	-	30,775
Traffic & Lighting		5,574	826	1,558	-	4,842	838	125	-	(308)	(137)	-	-	-	-	5,574	1,653	1,866	-	5,361
Bridges		9,388	-	5,779	-	3,609	-	16	-	(133)	-	-	-	-	-	9,388	16	5,912	-	3,492
Land & Buildings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment, Furniture & Fittings		-	16,426	9,096	-	7,330	35	1,914	(281)	(1,323)	(117)	-	-	-	-	-	17,222	9,664	-	7,558
Land	2	43,316	2,597	-	-	45,913	-	-	(500)	-	-	-	-	-	2,699	48,112	-	-	-	48,112
Land	3	152,649	-	-	-	152,649	-	-	-	-	-	1,254	-	-	15,188	169,091	-	-	-	169,091
Buildings	2	50,779	5,849	27,026	-	29,602	2,076	896	(79)	(409)	(2,028)	(1,254)	(12,959)	(7,450)	-	26,810	-	18,415	-	8,395
Buildings	3	16,605	-	8,405	-	8,200	-	-	-	(918)	-	-	12,959	-	-	47,589	-	27,349	-	20,240
Recycled Water		11,858	-	537	-	11,321	-	-	-	(241)	-	-	-	-	-	11,858	-	779	-	11,079
Other Assets		10,751	-	5,640	-	5,111	461	829	-	(573)	3,090	-	-	-	-	10,795	4,336	6,213	-	8,918
Total Infrastructure, Property, Plant & Equipment		677,903	30,113	167,429	-	540,586	3,463	7,653	(860)	(8,011)	-	-	-	(57,085)	17,887	648,945	29,627	174,938	-	503,634
Comparatives		684,543	34,172	158,212	-	560,503	5,932	8,811	(322)	(7,265)	-	(16)	-	(28,780)	1,724	677,903	30,113	167,429	-	540,586

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

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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

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

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

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

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

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

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Highest and best use

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

Transition to AASB 13 - Fair Value Measurement

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

Land, Buildings and Structures

- Date of valuation: 30 June 2018
- Valuer: Public Private Property
- 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 Public Private Property 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.

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

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

\$ '000

Valuation of Assets (continued)

Land, Buildings and Structures (continued)

Buildings : Market Approach

A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

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

The calculated value is based on Replacement Costs data sourced from the Public Private Property Replacement Costs Database and/or Rawlinsons Australia Construction Handbook 2017.

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	Cost Approach using the Replacement Costs data sourced from Public Private Property Replacement Costs Database, recent constructions by local government and/or Rawlinson's Australia Construction Handbook 2013. The unique nature of such buildings and the lack of definitive valuation inputs results in some variance to rates adopted.

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

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- Date of valuation: 30 June 2018.
- Valuer: Public, Private, Property PTY LTD.

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

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

\$ '000

Valuation of Assets (continued)

Infrastructure

Roads, Kerb and Gutter, Footpaths

- Date of valuation: 01 July 2017
- Valuer: Pavement Management Services & Assetic
- Basis of Valuation : Consumption based approach to the valuation of the pavement and surface assets was developed in order to more closely reflect the life cycle of the assets.

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

- All acquisitions made after the valuation date are recorded at cost.
- The result of the revaluation has increased depreciation by \$724k for the 2017-18 year. Replacement values have been updated to reflect improved data on construction practices. Useful lives have been revised to reflect how the assets have behaved over time and also benchmarking with similar municipalities. Also residual values previously used on formation and pavement have now been removed.

Pathways (Footpaths, Car Parks, Bike Paths)

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

Drainage (Stormwater Drains & Creeks)

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

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

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

Bridges

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

Recycled Water

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

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

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

\$ '000

Valuation of Assets (continued)

Other Assets (Open Space and Reserve Equipment)

- Date of valuation: 30 June 2017
- Valuer: Calibre
- Basis of valuation: Level 3, please refer to summary table below
- All acquisitions made after the valuation date are recorded at cost.

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

Asset Type	Valuation Technique
Infrastructure - Pathways - Other Assets	Depreciated Replacement Cost (DRC) being the current replacement cost on 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.

Note 8. Liabilities

\$ '000	Notes	2018	2018	2017	2017
		Current	Non Current	Current	Non Current
Goods & Services		4,618	-	4,909	-
Payments Received in Advance		3,060	-	46	-
Accrued Expenses - Employee Entitlements		1,352	-	1,454	-
Accrued Expenses - Finance Costs		58	-	111	-
Accrued Expenses - Other		509	-	1,760	-
Deposits, Retentions & Bonds		10	-	12	-
Total Trade and Other Payables		9,607	-	8,292	-

The City of Unley

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

Note 8. Liabilities

\$ '000	Notes	2018 Current	2018 Non Current	2017 Current	2017 Non Current
(b). Borrowings					
Bank Overdraft		91	-	54	-
Short Term Draw Down Facility		2,859	-	1,888	-
Loans		669	1,568	2,211	2,237
Total Borrowings		3,619	1,568	4,153	2,237
(c). Provisions					
Employee Entitlements (including oncosts)		2,379	448	2,350	538
Total Provisions		2,379	448	2,350	538
(d). Other Liabilities					
Carpark Contribution Fund		-	157	-	154
Urban Tree Fund		-	77	-	65
Total Other Liabilities		-	234	-	219

Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve					
Stormwater Drainage	21,760	-	-	-	21,760
Roads, Lanes, Kerb & Watertable	126,592	(49,635)	-	-	76,957
Pathways	17,668	-	-	-	17,668
Traffic & Lighting	2,680	-	-	-	2,680
Bridges	2,453	-	-	-	2,453
Land	187,588	17,887	-	-	205,475
Buildings	33,066	(7,450)	-	-	25,616
Recycled Water	847	-	-	-	847
Other Assets	583	-	-	-	583
JV's / Associates - Other Comprehensive Income	7,164	-	-	-	7,164
Total Asset Revaluation Reserve	400,401	(39,198)	-	-	361,203
Comparatives	427,457	(27,056)	-	-	400,401

The City of Unley

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

Note 10. Assets Subject to Restrictions

\$ '000

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.

Note 11. Reconciliation to Statement of Cash Flows

\$ '000

Notes

2018

2017

(a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	3,107	29
Less: Short-Term Borrowings	8	(2,950)	(1,942)
Balances per Statement of Cash Flows		157	(1,913)

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

Net Surplus/(Deficit)		4,881	4,965
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		8,011	7,265
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(131)	(132)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(798)	(367)
Net (Gain) Loss on Disposals		(62)	(34)
Net Increase/(Decrease) in Unpaid Employee Benefits		-	270
Expense of Capital Item		-	(16)
		11,901	11,951
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		499	1,789
Net Increase/(Decrease) in Trade & Other Payables		1,317	1,279
Net Increase/(Decrease) in Unpaid Employee Benefits		(61)	-
Net Increase/(Decrease) in Other Liabilities		15	11
Net Cash provided by (or used in) operations		13,671	15,031

(c). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Purchase Cards	297	215
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 2018

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$ '000										
Office of the CEO	696	709	3,348	3,579	(2,652)	(2,870)	6	3	15,571	15,414
City Development	1,962	2,277	21,664	21,146	(19,702)	(18,869)	966	1,291	479,951	519,938
Business Support & Improvement	41,062	39,723	7,848	7,322	33,214	32,401	1,046	1,186	8,345	5,154
City Services	4,595	4,786	11,565	10,884	(6,970)	(6,098)	1,613	1,731	20,350	17,882
Total Functions/Activities	48,315	47,495	44,425	42,931	3,890	4,564	3,631	4,211	524,217	558,442

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 2018

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

OFFICE OF THE CEO

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

CITY DEVELOPMENT

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

BUSINESS SUPPORT & IMPROVEMENT

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

CITY SERVICES

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

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 1.5% and 2.15% (2017: 1.5% and 2.25%). Short term deposits have an average maturity of 30 days and an average interest rate of 1.5% (2017: 30 days and 2%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.75% (2017: 6.75%). 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).

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

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 3.6% and 6.7% (2017: 4% and 7.08%).

Carrying Amount:

Approximates fair value.

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	3,107	-	-	3,107	3,107
Receivables	1,281	9	-	1,290	1,290
Other Financial Assets	12	-	-	12	12
Total Financial Assets	4,400	9	-	4,409	4,409
Financial Liabilities					
Payables	6,547	-	-	6,547	6,547
Current Borrowings	3,714	-	-	3,714	3,619
Non-Current Borrowings	-	1,186	593	1,779	1,568
Total Financial Liabilities	10,261	1,186	593	12,040	11,734
2017					
Financial Assets					
Cash & Equivalents	(25)	-	-	(25)	29
Receivables	1,373	-	-	1,373	1,373
Other Financial Assets	12	-	-	12	12
Total Financial Assets	1,360	-	-	1,360	1,414
Financial Liabilities					
Payables	8,246	-	-	8,246	8,246
Current Borrowings	4,099	-	-	4,099	4,153
Non-Current Borrowings	-	442	1,795	2,237	2,237
Total Financial Liabilities	12,345	442	1,795	14,582	14,636

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

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft		91		54
Other Variable Rates	3.60%	2,859	3.75%	1,888
Fixed Interest Rates	4.45%	2,237	6.12%	4,448
		5,187		6,390

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 2018

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Note 14. Commitments for Expenditure

\$ '000

Notes

2018

2017

(a). Capital Commitments

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

Infrastructure	1,436	806
Other	385	436
	1,821	1,242

These expenditures are payable:

Not later than one year	1,772	1,242
Later than one year and not later than 5 years	49	-
Later than 5 years	-	-
	1,821	1,242

The City of Unley

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

Note 14. Commitments for Expenditure (continued)

\$ '000	Notes	2018	2017
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		-	31
Waste Management Services		971	3,300
Other Maintenance Contracts		1,695	552
IT Maintenance Contracts		92	19
		2,758	3,902
These expenditures are payable:			
Not later than one year		2,758	2,422
Later than one year and not later than 5 years		-	1,480
Later than 5 years		-	-
		2,758	3,902

The City of Unley was party to a Memorandum of Agreement with the Cities of Adelaide, Burnside and West Torrens in which the councils together with the City of Mitcham, established primarily for the planning and construction of flood mitigation infrastructure of a Stormwater Management Plan (SMP) for the Brown Hill and Keswick Creek catchment and providing for reuse of stormwater where feasible.

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

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

Project works under the 2016 SMP have an estimated cost of \$140 million and a planned 10 year construction period. The Councils and the State Government continue to seek Commonwealth assistance as proposed in the SMP. Unley's share of the local government component is set at 21%, which equates to approximately \$15 million based on a 50% local government apportionment.

The Brownhill Kewswick Creeks Storm Water Board was established as a regional subsidiary pursuant to section 43 of Schedule 2 to, the Local Government Act 1999, on 27 February 2018. The Memorandum of Agreement (MOA) that catered for the relationships between the Councils contained a self-executing provision that terminated the MOA on the establishment of the Subsidiary.

Statements for the subsidiary have been prepared for the period between 27 February 2018 and 30 June 2018 to reflect the activities of the entity. Unley continues to act in an implied agency capacity for the subsidiary.

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

Note 15. Financial Indicators

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

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

1. Operating Surplus Ratio

Operating Surplus	4,021	8%	10%	6%
Total Operating Income	48,446			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	12,843	27%	32%	29%
Total Operating Income	48,446			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio	7%	8%	7%
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3. Asset Sustainability Ratio

Net Asset Renewals	6,732	84%	116%	81%
Infrastructure & Asset Management Plan required expenditure	8,011			

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 2018

Note 16. Uniform Presentation of Finances

\$ '000	2018	2017
<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	48,446	47,495
less Expenses	(44,425)	(42,931)
Operating Surplus / (Deficit)	4,021	4,564
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,654)	(8,811)
<i>add back</i> Depreciation, Amortisation and Impairment	8,011	7,265
<i>add back</i> Proceeds from Sale of Replaced Assets	922	390
Subtotal	1,279	(1,156)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,463)	(5,933)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	798	367
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	(2,665)	(5,566)
Net Lending / (Borrowing) for Financial Year	2,635	(2,158)
Net Financial Liabilities at Beginning of Year	(15,200)	(13,042)
Net (gain) / loss Joint Ventures & Associates	-	-
Decrease / (increase) in Other	-	-
Net Financial Liabilities at End of Year	(12,565)	(15,200)

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 2018

Note 18. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

The City of Unley

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

Note 19. Interests in Other Entities

\$ '000

Joint Operation - Brown Hill Keswick Creek Project

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

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

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

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

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

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

The Brown Hill and Kewswick Creeks Stormwater Board subsidiary was established pursuant to Schedule 2 of the Local Government Act 1999, on 27 February 2018. For the period ended 26 February 2018, the Brown Hill Keswick Creek Project made disbursements of \$304k and received contributions of \$112k.

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.

The City of Unley

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

Note 19. Interests in Other Entities (continued)

\$ '000

Equity Accounted Council Business - Brownhill Keswick Creek

The Brown Hill Kewswick Creeks Stormwater Board was established on the 27 February 2018 under section 43 of the Local Government Act 1999 and it has been recognised as a jointly controlled subsidiary of the City of Unley, City of Burnside, City of Mitcham, City of Adelaide and City of West Torrens each having a 20% interest in the assets, liabilities and operations of the Subsidiary. The City of Unley's investment in the subsidiary 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.

	Council's Share of Net Income		Council's Share of Net Assets	
	2018	2017	2018	2017
Associates	131	132	15,493	15,414
Total	131	132	15,571	15,414

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Brown Hill Keswick Creek Board	Stormwater Management	49	-
Centennial Park Cemetery Authority	Cemetery Industry	15,522	15,414
Total Carrying Amounts - Joint Ventures & Associates		15,571	15,414

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Brown Hill Keswick Creek Board	20%		20%		20%	
Centennial Park Cemetery Authority	50%	50%	50%	50%	50%	50%

(c) Movement in Investment in Joint Venture or Associate

	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2018	2017	2018	2017
Opening Balance	-	-	15,414	11,037
Share in Operating Result	49	-	82	132
Share in Other Comprehensive Income	-	-	26	4,245
Council's Equity Share in the Joint Venture or Associate	49	-	15,522	15,414

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2018	2017	2018	2017
Cash and Cash Equivalents	-	-	9,797	10,638
Other Current Assets	-	-	1,747	1,395
Non-Current Assets	249	-	36,973	35,436
Total Assets	249	-	48,517	47,469
Current Trade and Other Payables	6	-	2,308	1,562
Current Provisions	-	-	534	465
Non-Current Provisions	-	-	14,632	14,614
Total Liabilities	6	-	17,474	16,641
Net Assets	243	-	31,043	30,827
Statement of Comprehensive Income				
	2018	2017	2018	2017
Other Income	407	-	10,239	9,924
Interest Income	-	-	249	259
Total Income	407	-	10,488	10,183
Employee Costs	-	-	4,368	4,131
Materials, Contracts & Other Expenses	164	-	4,513	4,196
Depreciation, Amortisation and Impairment	-	-	1,490	1,553
Total Expenses	164	-	10,371	9,880
Operating Result	243	-	117	303

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 Centennial Park Cemetery Authority has contingent liabilities with respect to the redemption of unused licences in the event that the Authority ceases to take any business. The Burial and Cremation Act 2013 mandates the refund of unexercised licences at current prices less a provision for administration, maintenance and establishment costs. The calculation is determined in the regulations. The contingent liability as at 30 June 2018 is \$11,927,978 (2017: \$11,823,040). An actual liability will only arise if a claim is made by existing licence holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.10% (2017: 7.10%) of 46,658 (2017: 47,508) burial interment rights currently issued.

Total unused interment rights account for approximately 7.28% (2017: 7.40%) of 38,960 (2017: 40,490) memorial interment rights 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 2018

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

\$ '000

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

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

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 167.2 km of road reserves of average width 12 metres.

2. POTENTIAL INSURANCE LOSSES

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

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to 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 2 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

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

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

Note 23. Related Party Transactions

\$ '000	2018	2017
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 18 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	890	939
Long-Term Benefits	165	155
Total	1,055	1,094

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

Receipts from Key Management Personnel comprise:

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

Total	-	-
--------------	----------	----------

Other Related Party Transactions:

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

Total	-	-
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The City of Unley

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Financial Statements

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The City of Unley

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Financial Statements

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The City of Unley

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Internal Controls

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The City of Unley

General Purpose Financial Statements for the year ended 30 June 2018

Auditor's Report - Internal Controls

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The City of Unley

General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley for the year ended 30 June 2018, 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

PRESIDING MEMBER, AUDIT COMMITTEE

Date: [REDACTED] 2018

The City of Unley

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Auditor

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

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

Geoff Edwards
BDO

Dated this day of 2018.

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The City of Unley

Statement of Comprehensive Income
as at 30 June 2018

\$ '000	Actuals	Budget	Variance	Notes
Income				
Rates	40,010	39,952	58	
Statutory charges	1,542	1,467	75	
User charges	1,755	1,699	56	
Grants, subsidies and contributions	3,631	2,947	684	A
Investment income	14	12	2	
Reimbursements	423	205	218	B
Other income	940	823	117	C
Net gain - joint ventures & associates	131	-	131	D
Total Income	48,446	47,104	1,342	
Expenses				
Employee Costs	16,186	17,314	(1,128)	E
Materials, contracts & other expenses	20,003	19,291	712	F
Depreciation, amortisation & impairment	8,011	7,422	589	G
Finance costs	225	656	(431)	H
Net loss - joint ventures & associates	-	90	(90)	I
Total Expenses	44,425	44,773	(348)	
Operating Surplus / (Deficit)	4,021	2,331	1,690	
Asset disposal & fair value adjustments	62	540	(478)	J
Amounts received specifically for new, upgraded assets or replacement assets	798	3,480	(2,682)	K
Future commitment for New or Upgraded asset from Grant Funding*	-	(2,500)	2,500	L
			-	
NET SURPLUS / (DEFICIT)	4,881	3,851	1,030	
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment	(39,198)	-	(39,198)	M
Share of other comprehensive income - joint ventures and associates	26	-	26	
Total Other Comprehensive Income	(39,172)	-	(39,172)	
Total Comprehensive Income	(34,291)	-	(34,291)	

Note	Comment – Statement of Comprehensive Income
A	The national payment rollout of the Financial Assistance Grant (FAG) funding for 2018-19 was paid in advance (June 2018), \$645K
B	Reimbursements were favourable to budget, comprising the following variances: Events Operating Project reimbursements were higher than budgeted by \$28K Street Cleaning \$68K for Burnside agreement; Parking income \$53K as a result of parking fine recoveries received from the State government Fines Enforcement Recovery Unit and \$28K for other refunds and recoveries
C	Other favourable income variances in: Corporate Activities \$53K relating to an insurance claim paid from the LGA Asset Mutual Fund; for the repair to Councils fibre optic network; Operational Services \$40K which includes insurance claims from damage to Council property \$33K, and other fuel tax credits of \$9K.
D	Unbudgeted share of Councils of Net Income from Interests in other Entities comprised of \$82K for Centennial Park and \$49K for BHKC
E	The favourable variance for employment costs is as a result of a range of vacancies spread across the organisation, these positions in most cases, are now filled.
F	Increased costs for the Waste disposal contract due to China's ban on recyclables, increased legal costs, subscription expenses, debt collection costs and other general increases in Community Program and Event coordination expenses.
G	An increase in the level of depreciation, relates to the change in depreciation for Roads, Lanes, Kerb and Water table that has increased due to the revaluation of the asset and removal of residual values.
H	A favourable outcome has resulted as the cash advance facility was used less often and there were no new borrowings made during the year.
I	The anticipated loss budgeted in the Centennial Park Budget Papers of \$90K was not realised rather a share of net income was received per note D.
J	Delays in the purchase of Major Equipment has led to delays for the sale of the equipment to be replaced meaning income targets were not achieved. This budget has been carried forward into 2018-19 to facilitate these purchases.
K	Recognition of income for capital projects under the revised accounting standard AASB120. Whilst the grant for the works was provided by the Commonwealth in 2017/18, this income can only be recognised against the project as the building works are carried out as such the budget has been carried forward to 2018-19.
L	Anticipated works to Goodwood Oval will commence in 2018-19 rather than in 2017-18 as projected in the budget
M	Asset revaluation impact of decrease to the Road Network value of \$49.6M and an increase of \$10.4M for Land and Buildings.

The City of Unley

Statement of Financial Position as at 30 June 2018

\$ '000	Actuals	Budget	Variance	Notes
ASSETS				
Current Assets				
Cash and cash equivalents	3,107	217	2,890	A
Trade & other receivables	1,884	2,340	(456)	
Other financial assets	12	12	-	
Total Current Assets	5,003	2,569	2,434	
Non Current Assets				
Financial Assets	9	7	2	
Equity accounted investments in Council businesses	15,571	15,324	247	
Infrastructure, Property, Plant & Equipment	503,634	546,391	(42,757)	B
Total Non-current Assets	519,214	561,722	(42,508)	
TOTAL ASSETS	524,217	564,291	(40,074)	
LIABILITIES				
Current Liabilities				
Trade & Other Payables	9,607	8,480	1,127	
Future Commitment in regards to Grant Funding	-	2,500	(2,500)	C
Borrowings	3,619	4,153	(534)	D
Provisions	2,379	2,350	29	
Total Current Liabilities	15,605	17,483	(1,878)	
Non-current Liabilities				
Borrowings	1,568	1,547	21	
Provisions	448	538	(90)	
Other Non-current Liabilities	234	219	15	
Total Non-current Liabilities	2,250	2,304	(54)	
TOTAL LIABILITIES	17,855	19,787	(1,932)	
Net Assets	506,362	544,504	(38,142)	
EQUITY				
Accumulated Surplus	145,159	144,103	1,056	
Asset Revaluation Reserves	361,203	400,401	(39,198)	E
TOTAL EQUITY	506,362	544,504	(38,142)	

Note	Comment – Statement of Financial Position
A	Cash and cash equivalents are higher due to the receipt of Grant funding for Goodwood oval of \$2.5M and \$531K for Unley Oval and the accumulation of interest earned on these funds.
B	Council independently revalued Roads, Land and Buildings. The Road value decreased of \$49.6M arose due to residual values being removed, the components being split from two into three and the unit rate was affected by a contamination assumption. Revaluation of Land and Buildings resulted in a reduction to Building value of \$7.5M and an increase to Land Value of \$17.9M This item also relates to the movement in item E
C	Provision to account for Grant Money Received for works to Goodwood Oval, works to commence in 2018-19 rather than in 2017-18 as projected in the budget
D	Favourable operating result and project delays meant that fix term borrowings were not accessed
E	See note A

The City of Unley

Financial Indicators as at 30 June 2018

\$ '000	Actuals	Budget	Variance	Note
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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

1. Operating Surplus Ratio

8.0% 4.9% 3.1% A

Operating Surplus

Total Operating Income

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

2. Net Financial Liabilities Ratio

27% 37.0% -10% B

Net Financial Liabilities

Total Operating Income

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

84% 115.0% -31% C

Net Asset Renewals

Infrastructure & Asset Management Plan required expenditure

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Note	Comment – Financial Indicators
A	The operating surplus result was better than expected primarily due to the FAG payment being received in advance.
B	The reduction in the level of borrowings has resulted in a better than expected net financial liabilities ratio at 30 June 2018.
C	Delays in the renewal program for 2017-18 and the increase in depreciation to Roads has led to a short-term underachievement against budget. As the strategic asset plan is integrated, this ratio will be corrected. It should be noted that this ratio is tracked over a 10-year period.

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annual accounts



ANNUAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2018

Centennial Park Cemetery Authority

760 Goodwood Road, Pasadena, South Australia 5042

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

Email: enquiry@centpark.org.au

Website: www.centennialpark.org.au

Centennial Park Cemetery Authority**General Purpose Financial Reports
for the year ended 30 June 2018**TABLE OF CONTENTS

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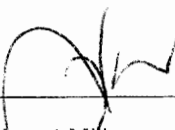
CENTENNIAL PARK CEMETERY AUTHORITY

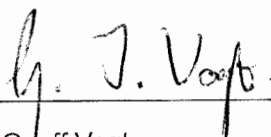
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

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 2018 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.



Janet Miller
CHIEF EXECUTIVE OFFICER

Geoff Vogt
CHAIR OF THE BOARD

Dated this day of August 2018

Centennial Park Cemetery Authority

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Income			
User charges - Sales	2	10,238,964	9,924,155
Investment income	2	248,883	259,550
Total Income		10,487,847	10,183,705
Expenses			
Employee costs	3	4,368,239	4,131,208
Materials, contracts & other expenses	3	4,512,534	4,196,181
Depreciation, amortisation & impairment	3	1,490,169	1,553,349
Total Expenses		10,370,942	9,880,738
Operating Surplus / (Deficit)		116,905	302,968
Net gain (loss) on disposal or revaluation of assets	4	47,130	(38,738)
Net Surplus / (Deficit)		164,035	264,230
Other Comprehensive Income			
Changes in revaluation surplus	7	-	8,489,891
Total Other Comprehensive Income		-	8,489,891
Total Comprehensive Income		164,035	8,754,121

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

Centennial Park Cemetery Authority
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	9,796,520	10,637,562
Trade & Other Receivables	5	850,275	698,029
Inventories	5	896,377	697,444
Total Current Assets		11,543,172	12,033,035
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	7	36,404,152	34,678,586
Other Non-current Assets	6	569,152	757,447
Total Non-current Assets		36,973,304	35,436,033
TOTAL ASSETS		48,516,476	47,469,068
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	2,307,824	1,562,305
Provisions	8	533,701	465,394
Total Current Liabilities		2,841,525	2,027,699
Non-Current Liabilities			
Provisions	8	14,631,636	14,614,170
Total Non-current Liabilities		14,631,636	14,614,170
TOTAL LIABILITIES		17,473,161	16,641,869
Net Assets		31,043,315	30,827,199
EQUITY			
Contributed Equity	16	48,702	48,702
Accumulated Surplus		7,684,666	7,520,631
Asset Revaluation Reserve	9	23,227,097	23,227,097
Other Reserves	9	82,850	30,769
Total Authority Equity		31,043,315	30,827,199

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

Centennial Park Cemetery Authority

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	Contributed Equity	TOTAL EQUITY \$
2018						
Balance at end of previous reporting period		7,520,631	23,227,097	30,769	48,702	30,827,199
Net Surplus / (Deficit) for Year		164,035	-	-	-	164,035
Other Comprehensive Income						
Transfers Between Reserves		-	-	52,081	-	52,081
Balance at end of period		7,684,666	23,227,097	82,850	48,702	31,043,315
2017						
Balance at end of previous reporting period		7,633,085	14,360,522	30,769	48,702	22,073,078
Net Surplus / (Deficit) for Year		264,230	-	-	-	264,230
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment		-	8,489,891	-	-	8,489,891
Impairment (expense) / recoupments offset to asset revaluation reserve		(376,684)	376,684	-	-	-
Balance at end of period		7,520,631	23,227,097	30,769	48,702	30,827,199

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

Centennial Park Cemetery Authority

STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

		2018	2017
	Notes	\$	\$
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		10,086,718	10,855,280
Investment Receipts		248,883	259,550
<u>Payments</u>			
Operating Payments to Suppliers & Employees		(8,200,434)	(8,514,936)
Net Cash provided by (or used in) Operating Activities	10	2,135,167	2,599,894
Cashflow from Investing Activities			
<u>Receipts</u>			
Sale of Replaced Assets		98,499	131,020
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,555,834)	(936,332)
Expenditure on New/Upgraded assets	14	(518,874)	(693,513)
Net Cash provided by (or used in) Investing Activities		(2,976,209)	(1,498,825)
Cashflow from Financing Activities			
Net Cash provided by (or used in) Financing Activities		-	-
Net Increase (Decrease) in Cash Held		(841,042)	1,101,069
Cash & Cash Equivalents at beginning of period		10,637,562	9,536,493
Cash & Cash Equivalents at end of period		9,796,520	10,637,562

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

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 31 August 2018.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

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

Key Estimates – Future Upkeep Provision

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

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

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

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

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:

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

3 Income recognition

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful. As at 30th June 2018 there were no doubtful debts (2017: \$0.00).

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

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. Further detail of these uncertainties and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

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

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

6.5 Impairment

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

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).

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

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

7 Payables

7.1 Goods & Services

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

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 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. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Present values are calculated using the 10 year government bond rate – weighted average of 2.20% (2017: 2.69%)

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

8.2 Superannuation

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

9 Leases

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

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax" Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment. Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

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

11 Comparative Information

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

12 Future Upkeep Provision

Interment Rights are issued for varying terms from 25 years up to and including perpetuity. Interment Rights can be extended for a minimum of five years. 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.

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 \$616,047 was paid to the Constituent Councils (2017 Liability Guarantee Fee (\$400,016)).

14 Income Tax

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

15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

AASB7	Financial Instruments – Disclosures
AASB9	Financial Instruments
AASB15	Revenue from Contracts with Customers
AASB16	Leases
AASB1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

The Authority is of the view that other than AASB 15 and AASB 16, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Authority is currently reviewing the introduction of AASB 15 and AASB 16 which may have a material impact on the financial reports for 2019/20.

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 \$	2017 \$
USER CHARGES - SALES			
Cremation		1,553,477	1,468,646
Burial		1,884,068	1,719,658
Burial and Memorial Interment Fees		4,792,866	4,904,216
Chapel Fees		1,369,391	1,207,922
Sundry		639,162	623,712
		<u>10,238,964</u>	<u>9,924,155</u>
INVESTMENT INCOME			
Interest on Investments			
Local Government Finance Authority		181,889	120,794
Banks & Other		66,994	138,757
		<u>248,883</u>	<u>259,550</u>

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
EMPLOYEE COSTS			
Salaries and Wages		3,657,127	3,087,103
Employee leave expense		315,392	571,819
Superannuation - defined contribution plan contributions	15	371,990	369,766
Workers' Compensation Insurance		106,287	118,675
Other			
Less: Capitalised and distributed costs		(82,557)	(16,155)
Total Operating Employee Costs		4,368,239	4,131,208
 Total Number of Employees		 51	 49
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		16,500	16,000
Subtotal - Prescribed Expenses		16,500	16,000
<u>Other Materials, Contracts & Expenses</u>			
Contractors		656,580	653,004
Energy		273,346	213,439
Insurance		83,878	94,164
Maintenance		590,589	589,801
Legal Expenses		38,155	47,008
Parts, accessories & consumables		1,716,776	1,457,765
Professional services		277,413	337,843
Sundry		243,250	387,139
Individually Significant Items			
- Liability Guarantee		616,047	400,016
Subtotal - Other Materials, Contracts & Expenses		4,496,034	4,180,181
		4,512,534	4,196,181
INDIVIDUALLY SIGNIFICANT ITEMS			
Liability Guarantee Fee		616,047	400,016

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES (cont)

	Notes	2018 \$	2017 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		282,481	306,843
Infrastructure		740,249	655,658
Plant & Equipment		305,164	428,975
Other Assets		162,275	161,873
		<u>1,490,169</u>	<u>1,553,349</u>

Note:

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 2018

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2018 \$	2017 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets Renewed or Directly Replaced</i>			
Proceeds from disposal		98,499	131,020
Less: Carrying amount of assets sold		51,369	169,758
Gain (Loss) on Disposal		47,130	(38,738)
Net Gain (Loss) on Disposal or Revaluation of Assets		47,130	(38,738)

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 5 - CURRENT ASSETS

	Notes	2018	2017
CASH & CASH EQUIVALENTS		\$	\$
Cash on Hand and at Bank		201,089	168,881
Deposits at Call		1,095,431	868,681
Short Term Deposits & Bills, etc		8,500,000	9,600,000
		<u>9,796,520</u>	<u>10,637,562</u>
 TRADE & OTHER RECEIVABLES			
Debtors - General		680,094	506,258
Prepayments & Other Receivables		170,181	191,771
Total		<u>850,275</u>	<u>698,029</u>
 INVENTORIES			
Stores & Materials		5,939	78,926
Trading Stock		890,438	618,518
		<u>896,377</u>	<u>697,444</u>

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 6 - NON-CURRENT ASSETS

	2018	2017
OTHER NON-CURRENT ASSETS		
Capital Works-in-Progress	569,152	757,447
	<u>569,152</u>	<u>757,447</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - LIABILITIES

	Notes	2018		2017	
		\$		\$	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		488,788	-	334,621	-
Payments Received in Advance		742,236	-	532,327	-
Accrued expenses - Employee Entitlements		164,257	-	143,382	-
Accrued expenses - Other		668,460	-	287,316	-
Other		244,083	-	264,659	-
		<u>2,307,824</u>	<u>-</u>	<u>1,562,305</u>	<u>-</u>
PROVISIONS					
Employee entitlements (including oncosts)		533,701	69,636	465,394	57,670
Heritage Monuments Restoration		-	36,000	-	30,500
Future Upkeep Provision		-	14,526,000	-	14,526,000
		<u>533,701</u>	<u>14,631,636</u>	<u>465,394</u>	<u>14,614,170</u>

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 9 - RESERVES

ASSET REVALUATION RESERVE	01-Jul-17	Net Increments (Decrements)	Transfers	30-Jun-18
Notes	\$	\$	\$	\$
Land	3,743,237	-	-	3,743,237
Buildings & Other Structures	7,907,528	-	-	7,907,528
Infrastructure	11,576,332	-	-	11,576,332
Total Asset Revaluation Reserve	23,227,097	-		23,227,097
Comparatives	14,360,522	8,489,891	376,684	23,227,097

OTHER RESERVES	01-Jul-17	Transfers to Reserve	Transfers from Reserve	30-Jun-18
E M M Kay	30,769	-	(50)	30,719
Recycled Metals Charitable Reserve	-	52,131	-	52,131
Total Other Reserves	30,769	52,131	(50)	82,850
Comparatives	30,769	-	-	30,769

PURPOSES OF RESERVES

Asset Revaluation Reserve

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)

E M M Kay Reserve

A reserve has been recognised for a bequest received from the estate of a deceased interred at the Park to maintain the site. The Board has resolved that the expenses incurred on an annual basis maintaining the site will be charged against the reserve. Interest accrued from the reserve will be absorbed in general operating revenue to offset the administration of the same. During Financial Year 2015/16 the interment right for E M M Kay was converted to perpetuity and costs offset against the reserve.

Recycled Metals Charitable Reserve

Funds received from the recycling of metal plaques have been directed to a reserve to be used for philanthropic and charitable purposes.

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash		2018	2017
	Notes	\$	\$
Total cash & equivalent assets	5	9,796,520	10,637,562
Balances per Cash Flow Statement		<u>9,796,520</u>	<u>10,637,562</u>
 (b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		164,035	264,230
Non-cash items in Income Statement			
Depreciation, amortisation & impairment	3	1,490,169	1,553,349
Net increase (decrease) in unpaid employee benefits		101,148	(29,362)
Net (Gain) Loss on Disposals	4	(47,130)	38,738
		<u>1,708,222</u>	<u>1,826,955</u>
Add (Less): Changes in Net Current Assets			
Net (Increase) decrease in receivables		(173,836)	(34,021)
Net (increase) decrease in inventories		(198,933)	62,497
Net (increase) decrease in other current assets		21,590	73,890
Net increase (decrease) in trade & other payables		154,167	635,898
Net increase (decrease) in other provisions		570,477	34,675
Net increase (decrease) in other liabilities		53,480	-
Net Cash provided by (or used in) operations		<u>2,135,167</u>	<u>2,599,894</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 2018

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 & conditions: Deposits are returning fixed interest rates at an average interest rate of 2.34% (2017: 2.80%). Short term deposits are held either in LGFA or NAB at call and term deposit accounts.</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 & 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 & 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 2018

Note 11 (cont.) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Floating Interest Rate	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$	\$
Cash Assets	1,296,520	8,500,000	-	-	9,796,520	9,796,520
Receivables	680,094	-	-	-	680,094	680,094
Total	1,976,614	8,500,000	-	-	10,476,614	10,476,614
Financial Liabilities						
Payables					1,475,107	1,475,107
Total	-	-	-	-	1,475,107	1,475,107
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,976,614	8,500,000	-	-	9,001,507	9,001,507

2017	Floating Interest Rate	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$	\$
Cash Assets	1,037,562	9,600,000	-	-	10,637,562	10,637,562
Receivables	-	-	-	-	506,258	506,258
Total	1,037,562	9,600,000	-	-	11,143,820	11,143,820
Financial Liabilities						
Payables					1,131,605	1,131,605
Current Borrowings	-	-	-	-	-	-
Total	-	-	-	-	1,131,605	1,131,605
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,037,562	9,600,000	-	-	10,012,215	10,012,215

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

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. There are Authority investments 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 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 Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority also has a range of bank overdraft that it can access.

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

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - COMMITMENTS FOR EXPENDITURE

	2018	2017
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings & Other Structures	498,720	11,216
Infrastructure	232,100	77,013
Plant & Equipment	58,866	53,925
	<u>789,686</u>	<u>142,154</u>
These expenditures are payable:		
Not later than one year	789,686	128,154
Later than one year and not later than 5 years	-	14,000
Later than 5 years	-	-
	<u>789,686</u>	<u>142,154</u>

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2018

Note 13 - FINANCIAL INDICATORS

	Amounts 2018	Indicator 2018	Prior Periods 2017	2016
Operating Surplus Ratio				
Operating Surplus	164,035			
Total Operating Revenue	10,487,847	1.56%	2.59%	1.35%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
Net Financial Liabilities Ratio				
Net Financial Liabilities	6,826,366			
Total Operating Revenue	10,487,847	65.09%	51.91%	59.39%
<i>Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.</i>				
Asset Sustainability Ratio				
Net Asset Renewals	1,570,609			
Depreciation and amortisation	1,490,169	105.40%	51.84%	47.37%

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.

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

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.

All Councils and 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.

	2018 \$	2017 \$
Income	10,487,847	10,183,705
less Expenses	(10,370,942)	(9,880,738)
Operating Surplus / (Deficit)	116,905	302,968
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	2,555,834	936,332
less Depreciation, Amortisation and Impairment	(1,490,169)	(1,553,349)
less Proceeds from Sale of Replaced Assets	(98,499)	(131,020)
	967,166	(748,037)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	518,874	693,513
	518,874	693,513
Net Lending / (Borrowing) for Financial Year	(1,369,135)	357,492

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 15 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). 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 2016/17) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to 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 2018

Note 16 - CONTRIBUTED EQUITY

	2018	2017
Contributed Equity	\$	\$
City of Unley	9,333	9,333
City of Mitcham	9,333	9,333
Premium - City of Mitcham	30,036	30,036
Total Contributed Equity	48,702	48,702

Centennial Park Cemetery Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

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

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

1. CONTINGENT LIABILITY

The Authority has contingent liabilities with respect to the redemption of unused interment rights. The Burial and Cremation Act 2013 mandates the refund of unexercised interment rights at current prices less a provision for administration, maintenance and establishment costs; the calculation is determined in the regulations. The contingent liability as at the 30th June 2018 is \$11,927,978. An actual liability will only arise if a claim is made by existing interment right holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.10% of 46,658 burial interment rights currently issued.

Total unused interment rights account for approximately 7.28% of 38,960 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 2018

Note 18 - FUTURE COMMITMENTS

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

Some funds were paid to Funeral Plan Management Pty Ltd with income to the Authority being recorded only when the service has been provided. Funds under management by Funeral Plan Management Pty Ltd at 30 June 2018 total \$756,620 (2017 \$816,796). From 1st December 2014 pre-paid products were no longer paid to Funeral Plan Management Pty Ltd.

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 2018

Note 20 - RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

The Key management Personnel of the Authority includes the Board, CEO and senior managers
In all, 12 persons were paid the following total compensation.

	2018	2017
	\$	\$
Salaries, allowances & other short term benefits	706,716	798,193

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

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

Transactions with Council Entities

The Authority's Constituent Councils are:

- The City of Mitcham
- The City of Unley

Councils have influence on the financial and strategic operational decisions of the Authority given their equal Board member representation.

No one Member Council individually has control over these decisions.

During the year Liability Guarantee payments were made to the two Constituent Councils to the total value of \$616,047 (2016/17 \$400,016).

Centennial Park Cemetery Authority

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2018, the Authority's Auditor, BDO Chartered Accountants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



 Janet Miller
CHIEF EXECUTIVE OFFICER


 Amanda Heyworth
CHAIR
AUDIT & RISK MANAGEMENT COMMITTEE

Date: August 2018



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Centennial Park Cemetery Authority (the Authority), which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of Centennial Park Cemetery Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2018 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

Board of Management's responsibility for the Financial Report

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

In preparing the financial report, the Board of Management are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 31 August 2018





Brown Hill and Keswick Creeks Stormwater Board

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2018**

Brown Hill and Keswick Creeks Stormwater Board

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Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$
Income		
Operating Contributions	2	160,000
Capital Contributions	2	246,870
Total Income		406,870
Expenses		
Operating Expenses	3	163,948
Total Income		163,948
Surplus (deficit) for the year		242,922
Total Comprehensive Profit (Loss)		242,922

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$
Assets		
Current Assets		
Cash and Cash Equivalents		-
Total Current Assets		-
Non-Current Assets		
Property, Plant and Equipment	4	249,189
Total Assets		249,189
Liabilities		
Current Liabilities		
Trade and other payables	5	6,267
Total Current Liabilities		6,267
Total Liabilities		6,267
Net Assets		242,922
Member's Funds		
Accumulated surplus	6	242,922
Total Members Funds		242,922

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CHANGES IN MEMBER'S FUNDS
AS AT 30 JUNE 2018**

	Note	Accumulated Surplus \$	Total \$
2018			
Balance at the beginning of the year	7	-	-
Surplus for the year		242,922	242,922
Balance at the end of year		<u>242,922</u>	<u>242,922</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$
Cash from operating activities		
Receipts from constituent councils		406,870
Payments to suppliers		(157,681)
Net cash provided from operating activities	7	249,189
Cash from investing activities		
Expenditure on new / upgraded assets		(249,189)
Net cash provided from investing activities		(249,189)
Net increase in cash held		-
Cash at beginning of financial year		-
Cash at end of financial year		-

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Brown Hill and Keswick Creeks Stormwater Board (the Board) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the Local Government Act 1999. The Regional Subsidiary is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The Board was established by a Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on by the members of the Board.

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Board has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. The Board's cash is held in a bank account operated by the City of Unley.

(c) Income taxes

The activities of the Board are exempt from taxation under the Income Tax Assessment Act 1997.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(e) Impairment

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Revenue

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the Board obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Board and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the Board incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from constituent Councils are recognised as income as and when they are received

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(i) Trade and other receivables

These include amounts due from ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

Impairment - general

The Board assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(k) Property Plant and Equipment

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 Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Materiality

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

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Infrastructure – Stormwater \$10,000

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. All assets are currently held at cost

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 Board, 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. Depreciation periods for infrastructure assets have been estimated based on the best information available to Board, 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.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2: Income	2018
	\$
Operating Contributions	
City Of Mitcham	32,000
City Of Burnside	32,000
City Of West Torrens	32,000
Adelaide City Council	32,000
City of Unley	32,000
Total Operating Contributions	160,000
Capital Contributions	
City Of Mitcham	24,687
City Of Burnside	29,624
City Of West Torrens	120,966
Adelaide City Council	19,750
City of Unley	51,843
Total Capital Contributions	246,870
Total Income	406,870

Note 3: Operating Expenses	2018
	\$
Catering	90
Consultants	11,861
Contracts services	5,748
RS charter gazettal	4,502
Insurance	10,500
Legal	3,818
Marketing	930
Salaries	125,670
Telephone, Fax	829
Total Operating Expenses	163,948

Note 4: Property Plant and Equipment	2018
	\$
Work In Progress	249,188
	249,188

Work in progress includes two infrastructure projects currently in the detailed design phase.

South Parklands Stormwater - design	80,060
Hawthorn Reserve Creek upgrade	169,128

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5: Trade and other Payables

	2018
	\$
Payables	6,267
	6,267

Note 6: Accumulated Surplus

	2018
	\$
Opening Balance	-
Surplus for the year	242,922
Net transfers (to)/from reserves:	
Unspent funds reserve	-
Net transfers (to)/from accumulated surplus:	-
Net Transfers (to)/from reserves	-
Balance at year end	242,922

Note 7: Reconciliation of cash flow

	2018
	\$
Net surplus for the year	242,922
<i>Changes in assets and liabilities</i>	
Increase/(decrease) in trade and other payables	6,267
Net cash provided from operating activities	249,189

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 8: Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial instruments

	Note	2018	
		Carrying Amount	Fair Value
Financial liabilities		\$	\$
Trade and other Payables	6	6,267	6,267
Total Financial liabilities		6,267	6,267
Financial Assets			
Cash and cash equivalents	4	-	-
Total Financial Assets		-	-

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments in a nature whose carrying value is equal to fair value.

I. **Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Board.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the Board securing trade and other receivables.

ii. **Liquidity Risk**

Liquidity risk arises from the possibility that the Board might accounting difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

No assets have been pledged as security for any liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

iii. **Market Risk**

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitivities to the Board's exposure to changes in interest rates.

	2018	
	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$
Trade and other Payables	0%	6,267
Financial Assets		
Cash at bank	0%	-

Note 9: Contingent Liabilities and Contingent Assets

At 30 June 2018, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 10: Capital Commitments

At 30 June 2018, the Board is unaware of any capital or leasing commitments which have not already been recorded elsewhere in this financial report.

Note 11: Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 12: Economic Dependence

Brown Hill and Keswick Creeks Stormwater Board is dependent on its constituent councils and other funding bodies for the majority of its revenue used to achieve its objectives. At the date of this report, the Board believe that the Member Councils and other bodies will continue to support the Board.

Note 13: Related Party Transactions

The total remuneration paid to key management personnel of Brown Hill and Keswick Creeks Stormwater Board Incorporated during the year was as follows:

Key management personnel include the Project Manager currently employed by the City of Unley and the chairperson of the Board. Neither have received funds directly from the Board.

Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 14: Capital Management

The Committee controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised within tolerable risk parameters. The Committee ensures that the overall risk management strategy is in line with this objective. The committee operates under policies approved by the board. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements. The entity's capital consists of financial liabilities, supported by financial assets. There have been no changes to the strategy adopted by the Committee to control the capital of the entity since the previous year.

Note 15: Board details

The registered office of the Board and principal place of business is;

City of Unley
181 Unley Road, Unley SA, 5061

Brown Hill and Keswick Creeks Stormwater Board

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents a true and fair view of the financial position of Brown Hill and Keswick Creeks Stormwater Board as at 30 June 2018 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Brown Hill and Keswick Creeks Stormwater Board will be able to pay its debts as and when they fall due.

The Board is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Name: Judith Choate
Position: Chairperson
Date:

Name:
Position:
Date:

DECISION REPORT

REPORT TITLE: FIRST QUARTER BUDGET REVIEW 2018-19
ITEM NUMBER: 1332
DATE OF MEETING: 5 NOVEMBER 2018
AUTHOR: SARAH TAYLOR
JOB TITLE: MANAGER FINANCE & PROCUREMENT

1. **EXECUTIVE SUMMARY**

Section 9(1) of the *Local Government (Financial Management) Regulations 2011* requires Council to formally consider its Budget at least three times during the financial year.

This report presents the First Budget Review for the 2018-19 financial year for Council's consideration.

The proposed budget changes will:

- Decrease the budgeted Operating Surplus from \$2.38M to \$2.35M; and
- Increase the Net Borrowings result from the year from \$6.26M to \$6.29M.

The suite of proposed Budgeted Financial Statements is presented as Attachment 1.

This first budget review has been prepared in accordance with the conditions of the Caretaker Policy due to the upcoming Council Elections on 9 November 2018.

2. **RECOMMENDATION**

That:

1. The report, including Attachments 1-3 to Item 1332/18 (Council Meeting 05/11/2018) be received.
 2. The budget variations totalling \$27K (as set out in Attachments 2-3, Item 1332/18, Council Meeting 05/11/2018) from the First Quarter 2018-19 Budget Review be approved.
 3. The revised budgeted Uniform Presentation of Finances reflecting a change in the budgeted Operating Surplus to \$2.35M and an increase in Net Borrowing to \$6.29M, be adopted.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

- 3.1 *Local Government Act 1999*, Section 123.
- 3.2 *Local Government (Financial Management) Regulations 2011* Regulation 7 and 9.

Civic Leadership

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

4.1 Support Elected Members to provide effective leadership to the City.

4. DISCUSSION

The Regulations require Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for, changes to the budget during the year.

At the Council meeting held on 10 September 2018, Council adopted changes to the 2018-19 Annual Budget after the Original Annual Business Plan and Budget was adopted on 25 June 2018. These changes related to accounting for 2018-19 carry forwards. This adoption reflected a revised Budget Operating Funding Surplus before Capital Revenue of \$2.35M and an estimated Net Borrowing of the financial year of \$6.29M as per the Uniform Presentation of Finances Statement.

First Quarter Budget Review

Caretaker Period

Council is currently operating under caretaker guidelines. As a result this first budget review for 2018-19 only includes budget changes under the following circumstances:

- Where the budget change reflects a previously adopted Council decision made prior to the caretaker period.
- As a result of funding provided to Council by the Commonwealth or State Government.
- Where a legislative requirement exists.

A summary of these proposed changes for Council's consideration is detailed below.

Operating Budget Variations

The current 2018-19 adopted budget reflects a Net Operating Surplus before Capital Revenue of \$2.35M. The proposed adjustments, detailed below, will reduce the Operating Surplus.

	\$'000
Current Adopted Budget Net Operating Surplus before Capital Revenue	2 379
Net Impact of First Quarter Budget Review Variations	(27)
First Quarter Budget Review Operating Surplus	2 352

Operating Budget Requests

Net Increase in Operating Expenditure (including Operating Projects) of \$27K.

- Council is required to contribute \$27K to DPTI's E-planning portal.

Zero Balance Budget Variations

During the first quarter there have been changes proposed to the Adopted Budget which relate to movements between income and expenditure categories.

Attachment 3

In relation to zero balance budget variations, the proposed adjustments relate to:

Additional Grant Funding:

- \$5.6K from DPTI for Way2Go project.
- \$4.5K for the Digitisation of the Museum Collection.
- \$8K Sponsorship for the Unley Legends Project.

This increase to Income for grant-funded projects will be an offset by an increase in expenditure.

- Blackspot Funding of, \$168.5K confirmed with associated expenditure for:
 - \$78K for Roundabout Cambridge Terrace and Wattle Street.
 - \$90.5K for Roundabout Cambridge Terrace and Fisher Street.
- \$121K Reallocation of expenditure to support the delivery of the Heywood Park project in accordance with the funding agreement.

The proposed changes that have a zero impact on the 2018-19 Budget are provided as Attachment 2.

Attachment 2

Budget Review Presentation

In accordance with Regulations, the Uniform Presentation of Finances showing the movements in the current and proposed budgets is shown as Attachment 1.

Attachment 1

Forecast Borrowings

The 2018-19 Adopted Annual Business Plan and Budget in June 2018 showed forecast borrowings at 30 June 2018 of \$11.36M. After adjusting the opening balance to reflect the 2017-18 financial statements and taking into account the 2017-18 carry forwards approved Council Report 1289/18 on 10 September 2018, forecast borrowings have subsequently been revised to \$9.17M.

The borrowing movements are shown below.

Borrowings	Actual Opening	New Borrowings	Repayments	Forecast 30.6.18
	\$'000s	\$'000s	\$'000s	\$'000s
CAD (Short Term Drawdown)	2 950	-	(2 379)	571
Current Fixed Term Borrowings	669	-	(433)	236
Non Current Fixed Term Borrowings	1 568	7 026	(236)	8 358
	*5 187	7 026	(3 048)	9 165

*In accordance with the 2017-18 Financial Statement.

5. ANALYSIS OF OPTIONS

Option 1

- The budget variations from the First Quarter 2018-19 Budget Review be approved; and
- The revised budgeted Uniform Presentation of Finances reflecting a minor decreased Budgeted Operating Surplus from \$2.38M to \$2.35M and an increase in Net Borrowings from \$6.26M to \$6.29M be adopted.

This option will ensure Council meets the requirements of section 7 and 9 of the Local Government (Financial Management) Regulations 2011.

6. RECOMMENDED OPTION

Option 1 is the recommended option.

7. POLICY IMPLICATIONS

These proposed adjustments will decrease Council's Operating Surplus for the 2018-19 year by \$27K.

8. REPORT CONSULTATION

All budget requests have been requested through the relevant Business Unit Managers and approved by the relevant General Manager of the Division.

9. ATTACHMENTS

- Attachment 1 – Proposed Budgeted Uniform Presentation of Finances for the Year Ended 30 June 2019
- Attachment 2 – Proposed Budget Requests
- Attachment 3 – Proposed Zero Budget Changes

10. REPORT AUTHORISERS

<u>Name</u>	<u>Title</u>
Nicola Tinning	General Manager Business Support & Improvement
Peter Tsokas	Chief Executive Officer

Attachment 1

Uniform Presentation of Finances For the year ended 30 June 2018

\$ '000	Current Budget 2019	Zero Budget Changes	Additional Requests Increase/ (Decrease)	1st Quarter Budget Review
Income	48,108	19	-	48,127
less Expenses	(45,729)	19	27	(45,775)
Operating Surplus / (Deficit)	2,379	-	(27)	2,352
less Net Outlays on Existing Assets				
Capital Expenditure on Renewal and Replacement of Existing Assets	8,730	(121)	-	8,609
less Amounts Received Specifically for Renewal and Replacement of Existing Assets	(510)			(510)
less Depreciation, Amortisation and Impairment	(7,880)	-	-	(7,880)
less Proceeds from Sale of Replaced Assets	(318)	-	-	(318)
Subtotal	22	(121)	-	(99)
less Net Outlays on New and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets	11,334	290	-	11,624
less Amounts Received Specifically for New and Upgraded Assets	(2,713)	(169)	-	(2,882)
less Proceeds from Sale of Surplus Assets	-	-	-	-
Subtotal	8,621	121	-	8,742
Net Lending / (Borrowing) for Financial Year	(6,264)	-	(27)	(6,291)
Net Financial Liabilities at Beginning of Year	(17,210)			(12,843)
Decrease / (increase) in Other	(78)			(78)
Net Financial Liabilities at End of Year	(23,552)			(19,212)

The figures in this report have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

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Budget Requests

Operating Expenditure

Cost Centre/ Projects	Description	Amount \$	Comment
1490	Development & Compliance	27 000	Councils are required to contribute to DPTI's E-planning - SA Planning Portal.
Operating Expenditure		27 000	

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Zero Budget Requests

Cost Centre/ Projects	Description	Uniform Presentation Category	Amount \$	Comment
1630	Museum	Operating Income	(4 529)	Grant income received for the Digitisation of the Museum collection.
1630	Museum	Operating Expenditure	4 529	Grant income received for the Digitisation of the Museum collection.
202656	Way2Go Pedestrian Improvements	Operating Income	(5 638)	Grant funding from DPTI for Way2Go. Funding Period ends 30 Dec 2018
202656	Way2Go Pedestrian Improvements	Operating Expenditure	5 638	Grant funding from DPTI for Way2Go. Funding Period ends 30 Dec 2018
202718	Blackspot Program-Roundabout Cambridge Tce & Wattle St	Capital Income	(78 000)	Black Spot Funding Program approved and endorsed by Council 27/8/18 (Item 1262). Funding Agreement period is from 1/7/18 to 30/05/19
202718	Blackspot Program-Roundabout Cambridge Tce & Wattle St	Capital Expenditure on New and Upgraded Assets Amounts received specifically for New & Upgraded Assets	78 000	Black Spot Funding Program approved and endorsed by Council 27/8/18 (Item 1262). Funding Agreement period is from 1/7/18 to 30/05/19
202719	Blackspot Program - Roundabout Cambridge Tce & Fisher St	Capital Income	(90 500)	Black Spot Funding Program approved and endorsed by Council 27/8/18 (Item 1262). Funding Agreement period is from 1/7/18 to 30/05/19

Cost Centre/ Projects	Description	Uniform Presentation Category	Amount \$	Comment
202719	Blackspot Program - Roundabout Cambridge Tce & Fisher St	Capital Expenditure on New and Upgraded Assets Amounts received specifically for New & Upgraded Assets	90 500	Black Spot Funding Program approved and endorsed by Council 27/8/18 (Item 1262). Funding Agreement period is from 1/7/18 to 30/05/19
205013	Unley Legends Project	Operating Project Income	(8 000)	Sponsorship for the Unley Legends Project from Resthaven to fund filming costs and associated launch of films at the Capri Cinema
205013	Unley Legends Project	Operating Project Expenditure	8 000	Sponsorship for the Unley Legends Project from Resthaven to fund filming costs and associated launch of films at the Capri Cinema
202635	Drains& Stormwater Capital Replacement	Capital Expenditure	(72 000)	Reallocation of expenditure to ensure the delivery of Heywood Park in accordance with the funding agreement.
202632	Bridges Capital Replacement	Capital Expenditure	(49 000)	Reallocation of expenditure to ensure the delivery of Heywood Park in accordance with the funding agreement.
202689	Heywood Park Improvements	Capital Expenditure	121 000	Reallocation of expenditure to ensure the delivery of Heywood Park in accordance with the funding agreement.
		Total	0	

INFORMATION REPORT

REPORT TITLE: CEO QUARTERLY REPORT – CENTENNIAL PARK CEMETERY AUTHORITY

ITEM NUMBER: 1333

DATE OF MEETING: 5 NOVEMBER 2018

AUTHOR: JULIE KERR

JOB TITLE: EXECUTIVE ADVISOR TO THE CEO AND MAYOR

1. **PURPOSE**

To provide Council with an update on the performance of Centennial Park Cemetery Authority, for the quarter ending September 2018.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

Civic Leadership

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

- 4.1 We have strong leadership and governance.
- 4.2 Council provides best value services to the community.

4. **BACKGROUND**

Centennial Park Cemetery Authority is jointly owned by the Cities of Mitcham and Unley. The Chief Executive Officer of the Authority has provided a progress report on the activities and performance of the Authority to September 2018.

Attachment 1

5. **DISCUSSION**

The attached report reflects the content agreed at the Owners' Executive meeting on 24 October 2018, and is now attached for Members' information.

6. ATTACHMENTS

- Attachment 1 – Centennial Park Cemetery Authority Progress Report to Councils September 2018

CENTENNIAL PARK CEMETERY AUTHORITY
CEO PROGRESS REPORT
18 OCTOBER 2018

This progress report provides an update to the councils in relation to the financial performance of Centennial Park for the period to 30 September 2018, and provides insights into recent activities that may be of interest.

Business Performance

We continue to return an overall result better than anticipated this financial year, with September being \$35k ahead of budget and year-to-date being \$287k ahead.

Sales revenue was lower than expected in September, with a number of factors having an impact. These include death rates, staff vacancies and absences, and a lower average-spend. There is a strong relationship between the services we offer, and reduced burial or cremation numbers therefore have a flow-on effect. As such, chapel services are also down.

Despite these factors, revenue for September 2018 was \$60k higher than September last year, and year-to-date revenue is more than \$400k higher than the same period last year.

Café

A detailed project plan has been developed, which breaks the project down into eight key components. A board café committee is in place, comprising Board members Amanda Heyworth and Andrew Kay, as well as the Centennial Park CEO. The committee will provide input and guidance throughout the project. A monthly report will be provided to the Board, and the Board is responsible for a number of key decision points including approval of final plans and costings, a preferred operator, and preferred builder.

Stage one, which incorporates budget approval and stakeholder communication is now complete. All key stakeholders (preferred operator, builder and architect) have been formally advised regarding the cessation of the original project. We have also released a statement advising of the approval for the current project – this has been sent to staff and funeral directors, the previous project stakeholders, and a media release issued.

Work has now commenced on Stage Two (Procurement of Building Designer / Architect) and Stage Three (Procurement of a Café Operator).

New Accounting Standards

A proposed position paper was provided to the Authority's incumbent external Audit Firm, BDO, at the end of August 2018. BDO has been asked to advise whether the proposed position is

acceptable to them prior to the position being recommended to the Board for adoption. BDO is yet to provide the requested advice.

Olive Terrace Premium Burial Vaults

With all landscaping works now complete, the CEO hosted a morning tea in early October to thank Interment Right holders for their input.

We are keen to now raise awareness of this beautiful, premium area and have so far letter dropped 157,000 residents in selected areas, advertised in Chinese and Vietnamese publications and on Radio Italiano, held an Olive Terrace Open Day, and issued a media release.

Finally, the area has been nominated for a construction award through the Landscape Architects Association of SA. The nomination itself will assist in raising the profile, but we are of course hopeful of a win. We will look to enter the area ourselves in further awards as they become available.

SALA

Our sponsorship of SALA, including the hosting of an exhibition throughout the Park of sculptures received positive feedback. Social media activity had a reach of 4,295 with 302 interactions.

Fathers' Day

We commemorated Fathers' Day with a number of classical and contemporary musicians providing ambience for visitors to the Park. The response from families visiting on the day and on social media was very positive and we received favourable media coverage on ABC News and Cruise FM Radio. The competition to win flowers on the graves of loved ones received positive feedback and we were able to add an additional 379 new subscribers to our e-newsletter, *Parklife*, as a result.

International Pregnancy & Infant Loss Day

We commemorated this important day with a musical performance in the foyer of the Jubilee Complex on Sunday 14 October. Families were invited to provide written tributes which were played on a large screen during the performance. There was an opportunity to light a memorial candle in the Mawson Chapel and to hang a tribute heart and message on a Tree of Remembrance. Around 100 people attended and excellent feedback was received both on and after the day.

Upcoming events include All Souls Day on 4 November, and Remembrance Day on the 11th.

New Cremator

The Board has approved the purchase of a new cremator to replace one of the Parks three existing cremators, which has reached the end of its useful life. The cremator will be shipped as a complete unit and we expect delivery around the middle of 2019.

Community Engagement

We continue to build on our significant community engagement activities. Over the last few months, we have:

- hosted a number of groups, including the Muslim Women's Association, students and teachers from Tabor College, as well as a separate group from TAFE SA's Elizabeth Campus;
- held a number of our *Behind the Scenes* tours all with good attendance as well as a private tour for a group unable to participate in the scheduled monthly tours;
- presented a virtual tour of the Park at the Colonel Light Gardens RSL and held two offsite Planning Ahead seminars, one at the City of Holdfast Bay and a second for residents at Riverpoint Retirement Estate in Noarlunga; and
- hosted a variety of wellbeing events including a Vedic Meditation Information Session and Yoga in the Park. Participant feedback was very positive and included requests for additional sessions. More wellbeing events are scheduled in the coming months, including Tai Chi, Walking Meditation, and more Yoga.

Existing councillors are subscribed to our regular newsletter, *ParkLife*, however you can also join the 11,000 or so members of our community and follow us on Facebook if you would like to keep up to date with all happenings at Centennial Park.

Janet Miller

Chief Executive Officer

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