

General Purpose Financial Statements

for the year ended
30 June 2016

Contents

1. Council Certificate	66
<hr/>	
2. Primary Financial Statements:	
- Statement of Comprehensive Income	67
- Statement of Financial Position	68
- Statement of Changes in Equity	69
- Statement of Cash Flows	70
<hr/>	
3. Notes to the Financial Statements	71
<hr/>	
4. Independent Auditor's Report - Financial Statements	107
<hr/>	
5. Independent Auditor's Report - Internal Controls	109
<hr/>	
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	111
- Audit Certificate of Audit Independence	112

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 2016 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



Lachlan Clyne
Mayor

Date: 29 October 2016

Statement of Comprehensive Income

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
Income			
Rates Revenues	2a	37,510	35,902
Statutory Charges	2b	1,297	1,395
User Charges	2c	1,645	1,537
Grants, Subsidies and Contributions	2g	3,053	3,933
Investment Income	2d	10	16
Reimbursements	2e	448	294
Other Income	2f	840	1,014
Net Gain - Equity Accounted Council Businesses	19	65	202
Total Income		44,868	44,293
Expenses			
Employee Costs	3a	16,663	15,840
Materials, Contracts & Other Expenses	3b	18,149	18,150
Depreciation, Amortisation & Impairment	3c	6,897	6,448
Finance Costs	3d	433	531
Total Expenses		42,142	40,969
Operating Surplus / (Deficit)		2,726	3,324
Asset Disposal & Fair Value Adjustments	4	(51)	161
Amounts Received Specifically for New or Upgraded Assets	2g	1,716	1,477
Net Surplus / (Deficit) ¹		4,391	4,962
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	847	24,692
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	(5)	(7,830)
Total Other Comprehensive Income		842	16,862
Total Comprehensive Income		5,233	21,824

¹ Transferred to Equity Statement

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

Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	2016	2015
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	217	1,091
Trade & Other Receivables	5b	4,172	2,241
Other Financial Assets	5c	11	18
Total Current Assets		4,400	3,350
Non-Current Assets			
Financial Assets	6a	30	41
Equity Accounted Investments in Council Businesses	6b	11,037	10,977
Infrastructure, Property, Plant & Equipment	7a	560,503	557,900
Total Non-Current Assets		571,570	568,918
TOTAL ASSETS		575,970	572,268
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	7,012	5,042
Borrowings	8b	3,185	5,932
Provisions	8c	2,012	1,806
Total Current Liabilities		12,209	12,780
Non-Current Liabilities			
Borrowings	8b	4,448	5,466
Provisions	8c	606	575
Other Non-Current Liabilities	8d	208	181
Total Non-Current Liabilities		5,262	6,222
TOTAL LIABILITIES		17,471	19,002
Net Assets		558,499	553,266
EQUITY			
Accumulated Surplus		131,042	126,656
Asset Revaluation Reserves	9a	427,457	426,610
Total Council Equity		558,499	553,266

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

Statement of Changes in Equity

for the year ended 30 June 2016

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2016					
Balance at the end of previous reporting period		126,656	426,610	-	553,266
a. Net Surplus / (Deficit) for Year		4,391	-	-	4,391
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	847	-	847
- Share of OCI - Equity Accounted Council Businesses	19	(5)	-	-	(5)
Other Comprehensive Income		(5)	847	-	842
Total Comprehensive Income		4,386	847	-	5,233
Balance at the end of period		131,042	427,457	-	558,499
2015					
Balance at the end of previous reporting period		121,694	409,748	-	531,442
a. Net Surplus / (Deficit) for Year		4,962	-	-	4,962
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	24,692	-	24,692
- Share of OCI - Equity Accounted Council Businesses	19	-	(7,830)	-	(7,830)
Other Comprehensive Income		-	16,862	-	16,862
Total Comprehensive Income		4,962	16,862	-	21,824
Balance at the end of period		126,656	426,610	-	553,266

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

Statement of Cash Flows

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		44,199	43,572
Investment Receipts		11	6
Payments			
Operating Payments to Suppliers and Employees		(33,788)	(33,836)
Finance Payments		(461)	(531)
Net Cash provided by (or used in) Operating Activities	11b	9,961	9,211
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		1,716	1,477
Sale of Replaced Assets		367	386
Repayments of Loans by Community Groups		17	29
Payments			
Expenditure on Renewal/Replacement of Assets		(6,815)	(7,518)
Expenditure on New/Upgraded Assets		(2,356)	(3,313)
Net Cash provided by (or used in) Investing Activities		(7,071)	(8,939)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		-	2,425
Payments			
Repayments of Borrowings		(961)	(1,229)
Net Cash provided by (or used in) Financing Activities		(961)	1,196
Net Increase (Decrease) in Cash Held		1,929	1,468
plus: Cash & Cash Equivalents at beginning of period	11	(3,880)	(5,348)
Cash & Cash Equivalents at end of period	11	(1,951)	(3,880)
Additional Information:			
plus: Investments on hand - end of year	5a	11	18
Total Cash, Cash Equivalents & Investments		(1,940)	(3,862)

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

for the year ended
30 June 2016**Contents**

Note	Details	
1	Significant Accounting Policies	72
2	Income	77
3	Expenses	80
4	Asset Disposal & Fair Value Adjustments	81
Current Assets		
5a	Cash & Cash Equivalents	82
5b	Trade & Other Receivables	82
5c	Other Financial Assets (Investments)	82
Non-Current Assets		
6a	Financial Assets	83
6b	Equity Accounted Investments in Council's Businesses	83
Fixed Assets		
7a	Infrastructure, Property, Plant & Equipment	84
7b	Valuation of Infrastructure, Property, Plant & Equipment	86
Liabilities		
8a	Trade & Other Payables	89
8b	Borrowings	89
8c	Provisions	90
8d	Other Liabilities	90
Reserves		
9a	Asset Revaluation Reserve	90
10	Assets Subject to Restrictions	90
11	Reconciliation to Statement of Cashflows	91
12a	Functions	92
12b	Components of Functions	93
13	Financial Instruments	94
14	Commitments for Expenditure	98
15	Financial Indicators	100
16	Uniform Presentation of Finances	101
17	Operating Leases	101
18	Superannuation	102
19	Interests in Other Entities	103
20	Non Current Assets Held for Sale & Discontinued Operations	106
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	106
22	Events After the Balance Sheet Date	106

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 in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income Recognition

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

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

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
2014/15	\$1,779,866	\$1,168,741	+\$611,125
2015/16	\$548,459	\$1,159,584	-\$611,125

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Infrastructure, Property, Plant & 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 infrastructures, 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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

5.5 Impairment

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

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

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 relating to 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 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.

Weighted avg. discount rate	1.74% (2015, 2.4%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

8.2 Superannuation

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

Contributions to Other Superannuation Schemes

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

9 Equity Accounted Council Businesses

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

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

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

10 GST Implications

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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 with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets, including its investment in Centennial Park at fair value. There will be no financial impact on the consolidated financial statements.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15

Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 16 *Leases* is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to the leases in AASB 117 *Leases* and related interpretations. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases. Although the Council anticipates that the adoption of AASB 16 will have a material impact on the Council's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact,

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

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

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.

Note 2. Income

\$ '000	Notes	2016	2015
(a). Rates Revenues			
General Rates			
General Rates		36,796	35,174
Less: Mandatory Rebates		(893)	(799)
Less: Discretionary Rebates, Remissions & Write Offs		(4)	(7)
Total General Rates		35,899	34,368
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,135	1,088
Separate & Special Rates		335	324
Total Other Rates		1,470	1,412
Other Charges			
Penalties for Late Payment		112	98
Legal & Other Costs Recovered		29	24
Total Other Charges		141	122
Total Rates Revenues		37,510	35,902
(b). Statutory Charges			
Other Licences, Fees & Fines		1,297	1,395
Total Statutory Charges		1,297	1,395
(c). User Charges			
Sundry		1,645	1,537
Total User Charges		1,645	1,537
(d). Investment Income			
Interest on Investments		-	-
- Local Government Finance Authority		10	9
- Banks & Other		-	7
Total Investment Income		10	16

Note 2. Income (continued)

\$ '000	Notes	2016	2015
(e). Reimbursements			
Other		448	294
Total Reimbursements		448	294
(f). Other Income			
Sundry		840	1,014
Total Other Income		840	1,014
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,716	1,477
Other Grants, Subsidies and Contributions		3,053	3,322
Individually Significant Item - Additional Grants Commission Payment (refer below)		-	611
Total Grants, Subsidies, Contributions		4,769	5,410
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		1,920	1,882
State Government		1,105	2,351
Other		1,744	1,177
Total		4,769	5,410
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		-	611
Contribution from Stormwater Management Authority Brown Hill Keswick Creek (included in Amounts Received Specifically for New or Upgraded Assets above)		-	1,152

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

For the 2015-16 year, there were no advancements made. As such this has had an adverse impact on income for the current year

Note 2. Income (continued)

\$ '000	Notes	2016	2015
(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		20	15
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
Community		(20)	(15)
Subtotal		(20)	(15)
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Assets and Environment		15	5
Other		-	15
Subtotal		15	20
Unexpended at the close of this reporting period		15	20
Net increase (decrease) in assets subject to conditions in the current reporting period		(5)	5

Note 3. Expenses

\$ '000	Notes	2016	2015
(a). Employee Costs			
Salaries and Wages		13,834	13,299
Employee Leave Expense		2,216	2,081
Superannuation - Defined Contribution Plan Contributions	18	1,450	1,367
Workers' Compensation Insurance		439	477
Less: Capitalised and Distributed Costs		(1,276)	(1,384)
Total Operating Employee Costs		16,663	15,840
Total Number of Employees		182	189
(full time equivalent and excluding casuals at end of reporting period)			
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Current Year Audit Fees		29	32
- Other Auditors		23	28
Elected Members' Expenses		276	262
Election Expenses		-	134
Subtotal - Prescribed Expenses		328	456
(ii) Other Materials, Contracts and Expenses			
Contracts		9,857	8,964
Electricity		785	909
Advertising		217	266
Bank Fees & Charges		99	97
Legal Expenses		286	288
Levies Paid to Government - NRM levy		1,134	1,090
Community Program Expenses		179	299
Parts, Accessories & Consumables		3,095	2,939
Economic Development Program Expenses		23	23
Community Grants & Sponsorship		232	206
Valuation Fees (Property for Rating Purposes)		166	162
Insurance (Workers Compensation, Public Liability, Assets)		671	596
Work in Progress Written Off		102	202
Bad Debt (provided for)		-	(16)
Brownhill Keswick Creek Contribution		106	612
Levies & Taxes		265	232
Other Contributions & Donations		94	138
Printing		51	49
Sitting Fees		60	49
Trader Associations Contributions		336	323
Sundry Materials, Contract & Expenses		63	266
Subtotal - Other Material, Contracts & Expenses		17,821	17,694
Total Materials, Contracts and Other Expenses		18,149	18,150

Note 3. Expenses (continued)

\$ '000	Notes	2016	2015
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Infrastructure		-	-
- Stormwater Drainage		792	792
- Roads, Lanes, Kerb & Watertable		1,170	1,121
- Pathways		1,256	1,198
- Traffic and Lighting		269	162
- Bridges		129	126
Equipment, Furniture & Fittings		1,134	1,046
Buildings		1,281	1,259
Recycled Water		292	292
Other Assets		574	452
Subtotal		6,897	6,448
Total Depreciation, Amortisation and Impairment		6,897	6,448
(d). Finance Costs			
Interest on Loans		433	531
Total Finance Costs		433	531

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2016	2015
Infrastructure, Property, Plant & Equipment			
Assets Renewed or Directly Replaced			
Proceeds from Disposal		367	386
Less: Carrying Amount of Assets Sold		(418)	(225)
Gain (Loss) on Disposal		(51)	161
Net Gain (Loss) on Disposal or Revaluation of Assets		(51)	161

Note 5. Current Assets

\$ '000	Notes	2016	2015
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		(82)	415
Deposits at Call		299	676
Total Cash & Cash Equivalents		217	1,091
(b). Trade & Other Receivables			
Rates - General & Other		564	674
Accrued Revenues		-	1
Debtors - General		2,184	1,207
GST Recoupment		3	228
Prepayments		1,416	112
Sundry		5	19
Subtotal		4,172	2,241
Total Trade & Other Receivables		4,172	2,241
(c). Other Financial Assets (Investments)			
Loans to Community Organisations		11	18
Total Other Financial Assets (Investments)		11	18

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

Note 6. Non-Current Assets

\$ '000	Notes	2016	2015
(a). Financial Assets			
Receivables			
Loans to Community Organisations		30	41
Total Receivables		30	41
Total Financial Assets		30	41
(b). Equity Accounted Investments in Council Businesses			
Centennial Park Cemetery Authority	19	11,037	10,977
Total Equity Accounted Investments in Council Businesses		11,037	10,977

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).

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2015					Asset Movements during the Reporting Period							as at 30/6/2016				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	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*		-	4,490	-	-	4,490	833	553		-	(4,319)	-	-	-	1,557	-	-	1,557
Infrastructure		-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
- Stormwater Drainage	3	73,980	27	37,058	-	36,949	531	77		(792)	2,732	-	-	73,980	3,367	37,850	-	39,497
- Roads, Lanes, Kerb & Watertable	3	258,531	1,758	39,547	-	220,742	65	1,455		(1,170)	81	-	-	258,531	3,393	40,751	-	221,173
- Pathways	3	52,679	42	22,206	-	30,515	72	1,460		(1,256)	-	-	-	54,211	42	23,461	-	30,792
- Traffic and Lighting	3	5,575	54	1,034	-	4,595	83	38		(269)	300	-	-	5,574	442	1,269	-	4,747
- Bridges	3	8,961	144	5,423	-	3,682	-	111		(129)	-	-	-	8,960	255	5,552	-	3,663
Equipment, Furniture & Fittings	3	-	13,932	7,474	-	6,458	326	1,468	(418)	(1,134)	627	-	-	-	15,712	8,386	-	7,326
Land	2	43,394	2,590	-	-	45,984	-	-		-	-	-	-	43,394	2,590	-	-	45,984
Land	3	152,649	-	-	-	152,649	-	-		-	-	-	-	152,649	-	-	-	152,649
Buildings	2	50,081	1,905	25,010	-	26,976	-	1,219		(982)	-	-	-	50,081	3,124	25,992	-	27,213
Buildings	3	16,605	-	7,808	-	8,797	-	-		(299)	-	-	-	16,605	-	8,106	-	8,499
Recycled Water	3	-	11,304	297	-	11,007	-	-		(292)	-	(10,715)	11,562	11,858	-	296	-	11,562
Other Assets	3	8,700	2,331	5,975	-	5,056	447	434		(574)	478	-	-	8,700	3,690	6,549	-	5,841
Total Infrastructure, Property, Plant & Equipment		671,155	38,577	151,832	-	557,900	2,357	6,815	(418)	(6,897)	(101)	(10,715)	11,562	684,543	34,172	158,212	-	560,503
Comparatives		642,292	37,628	150,674	-	529,246	3,313	6,587	(225)	(6,448)	(197)	(3,516)	28,208	671,155	38,577	151,832	-	557,900

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.

Land, Buildings and Structures

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

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

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

Land : Community Land classification - Level 3 inputs

Buildings : Market Approach - Level 2 inputs

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

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

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

Land : Excluded / Revoked from classification as community land

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

\$ '000

Valuation of Assets (continued)**Buildings : Market Approach**

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

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

The calculated value is based on Replacement Costs data sourced from the Maloney Field Services Replacement Costs Database and/or Rawlinsons Australia Construction Handbook 2014.

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

Asset Type	Valuation Technique
Land	Market Approach using the Direct Comparison Method of valuation by reference to comparable market data and subsequently adjusted to reflect the level of risk associated with alienating the Land to make it available for disposal.
Land - Structures	Market Approach using the Direct Comparison Method of valuation by reference to comparable market data and subsequently adjusted to reflect the level of risk associated with alienating the Land to make it available for disposal.
Buildings	Cost Approach using the Replacement Costs data sourced from Maloney Field Services Replacement Costs Database, recent constructions by local government and/or Rawlinson's Australia Construction Handbook 2015. The unique nature of such buildings and the lack of definitive valuation inputs results in some variance to rates adopted.

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

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

Infrastructure*Roads, Lanes, Kerb and Water Table*

- Date of valuation: 1 July 2014
- Valuer: Pavement Management Services
- Basis of Valuation : Consumption based approach to the valuation of the pavement and surface assets was developed in order to more closely reflect the life cycle of the assets.
- All acquisitions made after the valuation date are recorded at cost.

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

\$ '000

Valuation of Assets (continued)**Infrastructure** (continued)*Pathways (Footpaths, Car Parks, Bike Paths)*

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

Drainage (Stormwater Drains & Creeks)

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

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

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

Bridges

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

Recycled Water

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

The result of the revaluation was to decrease depreciation by an estimated \$8k for the 2016-17 year.

Other Assets (Open Space and Reserve Equipment)

- Date of valuation: 1 July 2013
- Valuer: Internal Council valuation
- Basis of valuation: Level 3, please refer to summary table below
- All acquisitions made after the valuation date are recorded at cost.

\$ '000

Valuation of Assets (continued)

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

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

Note 8. Liabilities

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
(a). Trade and Other Payables					
Goods & Services		4,716	-	1,965	-
Payments Received in Advance		112	-	302	-
Accrued Expenses - Employee Entitlements		1,396	-	1,918	-
Accrued Expenses - Finance Costs		144	-	173	-
Accrued Expenses - Other		633	-	676	-
Deposits, Retentions & Bonds		11	-	8	-
Total Trade and Other Payables		7,012	-	5,042	-
(b). Borrowings					
Short Term Draw Down Facility		2,167	-	4,971	-
Loans		1,018	4,448	961	5,466
Total Borrowings		3,185	4,448	5,932	5,466

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

Note 8. Liabilities (continued)

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
(c). Provisions					
Employee Entitlements (including oncosts)		2,012	606	1,806	575
Total Provisions		2,012	606	1,806	575
(d). Other Liabilities					
Carpark Contribution Fund		-	151	-	148
Urban Tree Fund		-	57	-	33
Total Other Liabilities		-	208	-	181

Note 9. Reserves

\$ '000	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
(a). Asset Revaluation Reserve					
Infrastructure	-	-	-	-	-
- Stormwater Drainage	20,036	-	-	-	20,036
- Roads, Lanes, Kerb & Watertable	153,691	-	-	-	153,691
- Pathways	17,668	-	-	-	17,668
- Traffic and Lighting	2,680	-	-	-	2,680
- Bridges	2,500	-	-	-	2,500
Land	187,588	-	-	-	187,588
Buildings	33,066	-	-	-	33,066
Recycled Water	-	847	-	-	847
Other Assets	2,217	-	-	-	2,217
JV's / Associates - Other Comprehensive Income	7,164	-	-	-	7,164
Total Asset Revaluation Reserve	426,610	847	-	-	427,457
Comparatives	409,748	16,862	-	-	426,610

PURPOSES OF RESERVES**Asset Revaluation Reserves**

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

Note 10. Assets Subject to Restrictions

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2016	2015
(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	217	1,091
Less: Short-Term Borrowings	8	(2,167)	(4,971)
Balances per Statement of Cash Flows		(1,950)	(3,880)

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

Net Surplus/(Deficit)	4,391	4,962
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	6,897	6,448
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(65)	(202)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(1,716)	(1,477)
Net (Gain) Loss on Disposals	51	(161)
Net Increase/(Decrease) in Unpaid Employee Benefits	237	240
Expense of Capital Items	101	197
	9,896	10,007

Add (Less): Changes in Net Current Assets

Net (Increase)/Decrease in Receivables	(1,931)	(283)
Net Increase/(Decrease) in Trade & Other Payables	1,967	(538)
Net Increase/(Decrease) in Other Liabilities	29	25
Net Cash provided by (or used in) operations	9,961	9,211

(c). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Purchase Cards	140	50
LGFA Cash Advance Debenture Facility	12,000	12,000

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

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)	
\$ '000	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Office of the CEO	280	415	1,764	1,675	(1,484)	(1,260)	-	-	11,037	10,977
Community	3,964	4,046	8,360	8,416	(4,396)	(4,370)	1,728	1,734	181,353	180,660
Economic Development & Planning	908	857	3,812	3,783	(2,904)	(2,926)	-	15	-	-
Corporate Services	37,826	37,095	8,801	8,959	29,025	28,136	397	1,190	7,052	4,855
Assets & Environment	1,890	1,880	19,405	18,137	(17,515)	(16,257)	928	994	376,528	375,776
Total Functions/ Activities	44,868	44,293	42,142	40,970	2,726	3,323	3,053	3,933	575,970	572,268

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.

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

OFFICE OF THE CEO

City Management, Centennial Park, Elected Members, Civic Events, Governance & Risk

COMMUNITY

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

ECONOMIC DEVELOPMENT & PLANNING

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

CORPORATE SERVICES

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

ASSETS & ENVIRONMENT

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

Note 13. Financial Instruments

\$ '000

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 1.75% and 2.5% (2015: 2.36% and 2.5%). Short term deposits have an average maturity of 30 days and an average interest rate of 2.42% (2015: 30 days and 2.5%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables**Rates & Associated Charges**

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 7% (2015: 7.75%). 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).

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments**Receivables****Other Levels of Government****Accounting Policy:**

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities**Creditors and Accruals****Accounting Policy:**

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities**Retirement Home Contributions****Accounting Policy:**

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments**Liabilities****Interest Bearing Borrowings****Accounting Policy:**

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between **4%** and **7.08%** (2015: 4% and 7.08%).

Carrying Amount:

Approximates fair value.

Liabilities**Finance Leases****Accounting Policy:**

Accounted for in accordance with AASB 117.

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016					
Financial Assets					
Cash & Equivalents	217	-	-	217	217
Receivables	2,441	-	-	2,441	2,222
Other Financial Assets	11	-	-	11	11
Total Financial Assets	2,669	-	-	2,669	2,450
Financial Liabilities					
Payables	6,716	-	-	6,716	6,900
Current Borrowings	3,185	-	-	3,185	3,185
Non-Current Borrowings	-	2,434	2,014	4,448	4,448
Total Financial Liabilities	9,901	2,434	2,014	14,349	14,533

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2015					
Financial Assets					
Cash & Equivalents	1,091	-	-	1,091	1,091
Receivables	1,496	-	-	1,496	1,496
Other Financial Assets	18	-	-	18	18
Total Financial Assets	2,605	-	-	2,605	2,605
Financial Liabilities					
Payables	4,740	-	-	4,740	4,740
Current Borrowings	5,932	-	-	5,932	5,932
Non-Current Borrowings	-	4,134	1,332	5,466	5,466
Total Financial Liabilities	10,672	4,134	1,332	16,138	16,138

The following interest rates were applicable to Council's Borrowings at balance date:	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.10%	7,633	5.00%	11,398
		7,633		11,398

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.

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

2016

2015

(a). Capital Commitments

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

Infrastructure	1,435	43
Plant & Equipment	-	53
Other	538	94
	1,973	190

These expenditures are payable:

Not later than one year	1,973	190
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	1,973	190

Note 14. Commitments for Expenditure (continued)

\$ '000

Notes

2016

2015

(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	122	-
Waste Management Services	3,750	-
Other Maintenance Contracts	896	-
IT Maintenance Contracts	929	-
Other	-	192
	5,697	192

These expenditures are payable:

Not later than one year	4,103	192
Later than one year and not later than 5 years	1,594	-
	5,697	192

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

The agreement requires the councils to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of a Stormwater Management Plan (SMP) for the Brown Hill Keswick Creek catchment prepared in accordance with legislation. Prior to the establishment of the regional subsidiary, the Agreement provides for a Steering Group with representatives of each council to continue to carry out investigations and designs identified in the SMP. The City of Mitcham is also represented on this Steering Group.

Since 2010, the five catchment councils have been acting in response to notices and orders issued by the Stormwater Management Authority (SMA) to produce an agreed SMP catering for the critical one in 100 year storm. In 2012 the councils produced a revised SMP which was approved by the SMA and gazetted in March 2013, but which required further investigations in relation to a flood mitigation design solution for upper Brown Hill Creek (Part B Works). This was the subject for a notice issued by the SMA in May 2015 to produce a final SMP by September 2015.

In September 2015 the five councils endorsed the project's recommended design solution for upper Brown Hill Creek (Option D - which involves increasing the creek's flow capacity together with a general rehabilitation for the creek to good condition). Subsequently, the 2016 SMP, updated from the 2012 version and incorporating the Option D solution, was submitted to the SMA in March 2016 for expected approval by September 2016.

Project works under the 2016 SMP have an estimated cost of \$140 million and a planned 10 year implementation period. Two works elements (Ridge Park detention dam and Brown Hill Creek diversion culvert at Goodwood) have been constructed to date at a total cost of \$7.8 million. However, further construction work is unlikely to be carried out until funding support is agreed between the three spheres of government; Commonwealth, State and Local. Unley's share of the local government component is currently set at 21%, which equates to approximately \$15 million based on a 50% local government apportionment. Stormwater Management Plan have a preliminary estimated cost of \$148 million and a planned 10 year implementation period.

Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	2016	2016	2015	2014

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	2,726			
Total Operating Revenue	44,868	6%	8%	4%

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

1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	3,337			
	44,868	7%	6%	5%

2. Net Financial Liabilities Ratio

Net Financial Liabilities	13,041			
Total Operating Revenue	44,868	29%	35%	40%

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

3. Asset Sustainability Ratio

Net Asset Renewals	6,448			
Infrastructure & Asset Management Plan required expenditure	7,931	81%	97%	88%

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 16. Uniform Presentation of Finances

\$ '000	2016	2015
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

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

Income	44,868	44,293
<i>less</i> Expenses	(42,142)	(40,969)
Operating Surplus / (Deficit)	2,726	3,324

***less* Net Outlays on Existing Assets**

Capital Expenditure on Renewal and Replacement of Existing Assets	6,815	6,586
<i>less</i> Depreciation, Amortisation and Impairment	(6,897)	(6,448)
<i>less</i> Proceeds from Sale of Replaced Assets	(367)	(386)
Subtotal	(449)	(248)

***less* Net Outlays on New and Upgraded Assets**

Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	2,356	3,313
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(1,716)	(1,477)
Subtotal	640	1,836

Net Lending / (Borrowing) for Financial Year	2,535	1,736
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Net Financial Liabilities at Beginning of Year	(15,611)	(16,410)
Net (gain) / loss Joint Ventures & Associates	(65)	(202)
Decrease / (increase) in Other	99	(735)
Net Financial Liabilities at End of Year	(13,042)	(15,611)

Note 17. Operating Leases

Council does not have any Operating Leases

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 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Note 19. Interests in Other Entities

\$ '000

Joint Operation - Brown Hill Keswick Creek Project

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

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

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

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

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

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

Equity Accounted Council Business - Centennial Park

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

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

Note 19. Interests in Other Entities (continued)

	\$ '000			
	Council's Share of Net Income		Council's Share of Net Assets	
	2016	2015	2016	2015
Associates	65	202	11,037	10,977
Total	65	202	11,037	10,977

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS**(a) Carrying Amounts**

Name of Entity	Principal Activity	2016	2015
Centennial Park Cemetery Authority	Cemetery Industry	11,037	10,977
Total Carrying Amounts - Joint Ventures & Associates		11,037	10,977

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2016	2015	2016	2015	2016	2015
	Centennial Park Cemetery Authority	50%	50%	50%	50%	50%

(c) Movement in Investment in Joint Venture or Associate

	Centennial Park Cemetery Authority	
	2016	2015
Opening Balance	10,977	18,605
Share in Operating Result	65	202
Share in Other Comprehensive Income	(5)	(7,830)
Council's Equity Share in the Joint Venture or Associate	11,037	10,977

Note 19. Interests in Other Entities (continued)

	\$ '000	
	2016	2015
(d) Summarised Financial Information of the Equity Accounted Business		
	Centennial Park Cemetery Authority	
Statement of Financial Position	2016	2015
Cash and Cash Equivalents	9,536	10,513
Other Current Assets	1,698	1,571
Non-Current Assets	27,040	26,399
Total Assets	38,274	38,483
Current Trade and Other Payables	1,391	1,712
Current Provisions	173	201
Non-Current Provisions	14,637	14,615
Total Liabilities	16,201	16,528
Net Assets	22,073	21,955

	2016	2015
Statement of Comprehensive Income	2016	2015
Other Income	9,351	9,341
Interest Income	292	355
Total Income	9,643	9,696
Employee Costs	3,830	3,544
Materials, Contracts & Other Expenses	4,004	4,090
Depreciation, Amortisation and Impairment	1,639	1,635
Total Expenses	9,473	9,269
Operating Result	170	427

Contingent Liabilities of the Associate

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

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

The Authority has contingent liabilities with respect to the redemption of unused licences in the event that the Authority ceases to take any business. The Burial and Cremation Act 2013 mandates the refund of unexercised licences at current prices less a provision for administration, maintenance and establishment costs. The calculation is determined in the regulations. The contingent liability as at 30 June 2016 is \$11,440,797. An actual liability will only arise if a claim is made by existing licence holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused licences account for approximately 7.24% of 47,280 burial licences currently issued.
Total unused licences account for approximately 7.74% of 41,258 memorial licences currently issued.
Once an interment or placement of a monument has occurred a licence cannot be redeemed.

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 5 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.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF THE CITY OF UNLEY

Report on the Financial Report

We have audited the accompanying financial report of the City of Unley ("the Council"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer and the Principal Member of the Council.

Council's Responsibility for the Financial Report

The Council's officers are responsible for the preparation 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 controls as the Council's officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion the financial report of the City of Unley presents fairly, in all material respects, the Council's financial position as at 30 June 2016 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.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, 27 October 2016



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF UNLEY

We have audited the compliance of City of Unley (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express a conclusion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to provide reasonable assurance that, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies. Our procedures included assessing the controls of the Council based on the criteria in the Better Practice Model—Internal Financial Controls, specifically:

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

These procedures have been undertaken to form a conclusion as to whether the Council has complied in all material respects, with the Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, for the period 1 July 2015 to 30 June 2016.



Inherent Limitations

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

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

Independence

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

Conclusion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, 27 October 2016

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 2016, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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

Peter Tsokas
Chief Executive Officer

John Rawson
Presiding Member, Audit &
Governance Committee

Date: 24 October 2016



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of Unley for the year ended 30 June 2016, 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.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, 27 October 2016

