

# General Purpose Financial Statements

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for the year ended 30 June 2017

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## Certification of Financial Statements

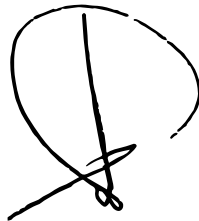
We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2017 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



**Peter Tsokas**  
Chief Executive Officer



**Don Palmer**  
Deputy Mayor

Date: 13 October 2017

## Statement of Comprehensive Income

for the year ended 30 June 2017

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

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

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

# General Purpose Financial Statements

## Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	29	217
Trade & Other Receivables	5b	2,383	4,172
Other Financial Assets	5c	12	11
<b>Total Current Assets</b>		<b>2,424</b>	<b>4,400</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	18	30
Equity Accounted Investments in Council Businesses	6b	15,414	11,037
Infrastructure, Property, Plant & Equipment	7a	540,586	560,503
<b>Total Non-Current Assets</b>		<b>556,018</b>	<b>571,570</b>
<b>TOTAL ASSETS</b>		<b>558,442</b>	<b>575,970</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	8,292	7,012
Borrowings	8b	4,153	3,185
Provisions	8c	2,350	2,012
<b>Total Current Liabilities</b>		<b>14,795</b>	<b>12,209</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	2,237	4,448
Provisions	8c	538	606
Other Non-Current Liabilities	8d	219	208
<b>Total Non-Current Liabilities</b>		<b>2,994</b>	<b>5,262</b>
<b>TOTAL LIABILITIES</b>		<b>17,789</b>	<b>17,471</b>
<b>Net Assets</b>		<b>540,653</b>	<b>558,499</b>
<b>EQUITY</b>			
Accumulated Surplus		140,252	131,042
Asset Revaluation Reserves	9	400,401	427,457
<b>Total Council Equity</b>		<b>540,653</b>	<b>558,499</b>

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 2017

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Total Equity
<b>2017</b>				
<b>Balance at the end of previous reporting period</b>		131,042	427,457	558,499
<b>a. Net Surplus / (Deficit) for Year</b>		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
<b>2016</b>				
<b>Balance at the end of previous reporting period</b>		126,656	426,610	553,266
<b>a. Net Surplus / (Deficit) for Year</b>		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

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 2017

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

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

# Notes to and forming part of the Financial Statements

for the year ended  
30 June 2017

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## Note 1. Summary of Significant Accounting Policies

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

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

### 1 Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

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

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

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

#### 1.2 Historical Cost Convention

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

#### 1.3 Critical Accounting Estimates

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

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

#### 1.4 Rounding

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

### 2 The Local Government Reporting Entity

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

### 3 Income Recognition

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

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
2016/17	\$1,745,941	\$1,152,315	+\$593,626

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt.



Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

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

## 4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

## 5 Infrastructure, Property, Plant & 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

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

entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Equipment, Furniture & Fittings	1 to 10 years
Buildings	50 years
Building Fit Outs	15 years

### Infrastructure:

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

### 5.5 Impairment

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

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

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

### 5.6 Borrowing Costs

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

## 6 Payables

### 6.1 Goods & Services

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

### 6.2 Payments Received in Advance & Deposits

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

## 7 Borrowings

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

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

## 8 Employee Benefits

### 8.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present

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

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

## 11 New accounting standards and UIG Interpretations

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

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

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

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

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

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

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

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

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

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

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

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

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

- AASB 9 Financial Instruments (December 2009)
- AASB 15 Revenue from Contracts with Customers
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)AASB 1057 Application of Australian Accounting Standards
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

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

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

## 12 Comparative Figures

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

## 13 Disclaimer

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

**Note 2. Income**

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

# Notes to and forming part of the Financial Statements

## Note 2. Income (continued)

\$ '000	Notes	2017	2016
<b>(e). Reimbursements</b>			
Other		466	448
<b>Total Reimbursements</b>		<b>466</b>	<b>448</b>

### (f). Other Income

Contributions, Rebates and Sundry		783	840
<b>Total Other Income</b>		<b>783</b>	<b>840</b>

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

Amounts Received Specifically for New or Upgraded Assets		367	1,716
Other Grants, Subsidies and Contributions		4,212	3,053
<b>Total Grants, Subsidies, Contributions</b>		<b>4,579</b>	<b>4,769</b>

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

### (i) Sources of grants

Commonwealth Government		1,985	1,920
State Government		2,131	1,105
Other		463	1,744
<b>Total</b>		<b>4,579</b>	<b>4,769</b>

### (ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income		593	-
---	--	-----	---

In June 2017 Council received payment of the first two installments of the 2017-18 Financial Assistance Grant (FAG)

**Note 2. Income** (continued)

\$ '000	Notes	2017	2016
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<hr/>			
Unexpended at the close of the previous reporting period		15	20
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
<hr/>			
City Services		(15)	(20)
<b>Subtotal</b>		<b>(15)</b>	<b>(20)</b>
<hr/>			
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
<hr/>			
City Services		30	-
City Development		103	15
<b>Subtotal</b>		<b>133</b>	<b>15</b>
<hr/>			
Unexpended at the close of this reporting period		133	15
<hr/>			
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>118</b>	<b>(5)</b>

# Notes to and forming part of the Financial Statements

## Note 3. Expenses

\$ '000	Notes	2017	2016
<b>(a). Employee Costs</b>			
Salaries and Wages		13,831	13,834
Employee Leave Expense		2,243	2,216
Superannuation - Defined Contribution Plan Contributions	18	1,395	1,450
Workers' Compensation Insurance		419	439
Less: Capitalised and Distributed Costs		(1,233)	(1,276)
<b>Total Operating Employee Costs</b>		<b>16,655</b>	<b>16,663</b>
Total Number of Employees (full time equivalent at end of reporting period)		179	182
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Current Year Audit Fees		32	29
- Other Auditors		-	23
Elected Members' Expenses		271	276
<b>Subtotal - Prescribed Expenses</b>		<b>303</b>	<b>328</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contracts		4,585	4,295
Waste Contract		3,147	2,951
Maintenance Contracts		2,666	2,611
Legal Expenses		233	286
Levies Paid to Government - NRM levy		1,176	1,134
Parts, Accessories & Consumables		3,175	3,095
Valuation Fees (Property for Rating Purposes)		172	166
Insurance (Workers Compensation, Public Liability, Assets)		588	671
Work in Progress Written Off		-	102
Brownhill Keswick Creek Contributions		38	106
Levies & Taxes		252	265
Other Contributions & Donations		57	94
Printing		47	51
Sitting Fees		45	60
Trader Associations Contributions		313	336
Electricity		944	785
Advertising		190	217
Bank Fees & Charges		100	99
Community Program Expenses		215	179
Economic Development Program Expenses		22	23
Community Grants & Sponsorship		198	232
Sundry Materials, Contract & Expenses		235	63
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>18,398</b>	<b>17,821</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>18,701</b>	<b>18,149</b>



**Note 3. Expenses** (continued)

\$ '000	Notes	2017	2016
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Infrastructure		-	
Stormwater Drainage		825	792
Roads, Lanes, Kerb & Watertable		1,192	1,170
Pathways		1,299	1,256
Traffic and Lighting		289	269
Bridges		131	129
Equipment, Furniture & Fittings		1,321	1,134
Buildings		1,305	1,281
Recycled Water		241	292
Other Assets		662	574
<b>Total Depreciation, Amortisation and Impairment</b>		<b>7,265</b>	<b>6,897</b>
<b>(d). Finance Costs</b>			
Interest on Loans		310	433
<b>Total Finance Costs</b>		<b>310</b>	<b>433</b>

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

\$ '000	Notes	2017	2016
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<b>Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		356	367
Less: Carrying Amount of Assets Sold		(322)	(418)
<b>Gain (Loss) on Disposal</b>		<b>34</b>	<b>(51)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>34</b>	<b>(51)</b>

# Notes to and forming part of the Financial Statements

## Note 5. Current Assets

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

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

**Note 6. Non-Current Assets**

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

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

# Notes to and forming part of the Financial Statements

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

\$ '000	Fair Value Level	as at 30/6/2016					Asset Additions		
		At Fair Value	At Cost	Accumulated		Carrying Value	New / Upgrade	Renewals	
				Dep'n	Impairment				
Capital Work in Progress*		-	1,557	-	-	1,557	3,445	421	
Stormwater Drainage	3	73,980	3,367	37,850	-	39,497	87	1,072	
Roads, Lanes, Kerb & Watertable	3	258,531	3,393	40,751	-	221,173	-	2,325	
Pathways	3	54,211	42	23,461	-	30,792	-	1,426	
Traffic and Lighting	3	5,574	442	1,269	-	4,747	121	168	
Bridges	3	8,960	255	5,552	-	3,663	-	124	
Equipment, Furniture & Fittings	3	-	15,712	8,386	-	7,326	88	1,161	
Land	2	43,394	2,590	-	-	45,984	6	-	
Land	3	152,649	-	-	-	152,649	-	-	
Buildings	2	50,081	3,124	25,992	-	27,213	1,520	1,876	
Buildings	3	16,605	-	8,106	-	8,499	-	-	
Recycled Water	3	11,858	-	296	-	11,562	-	-	
Other Assets	3	8,700	3,690	6,549	-	5,841	665	238	
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>684,543</b>	<b>34,172</b>	<b>158,212</b>	<b>-</b>	<b>560,503</b>	<b>5,932</b>	<b>8,811</b>	
Comparatives		671,155	38,577	151,832	-	557,900	2,357	6,815	

Asset Movements during the Reporting Period						as at 30/6/2017				
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		
-	-	(1,206)	-	-	-	4,217	-	-	4,217	
-	(825)	98	-	1,724	80,712	-	39,059	-	41,653	
-	(1,192)	15	(27,099)	-	240,791	-	45,568	-	195,223	
-	(1,299)	-	-	-	55,480	198	24,761	-	30,917	
-	(289)	95	-	-	5,574	826	1,558	-	4,842	
-	(131)	-	(47)	-	9,388	-	5,779	-	3,609	
(243)	(1,321)	319	-	-	-	16,426	9,096	-	7,330	
(79)	-	-	-	-	43,316	2,597	-	-	45,913	
-	-	-	-	-	152,649	-	-	-	152,649	
-	(1,006)	-	-	-	50,779	5,849	27,026	-	29,602	
-	(299)	-	-	-	16,605	-	8,405	-	8,200	
-	(241)	-	-	-	11,858	-	537	-	11,321	
-	(662)	663	(1,634)	-	10,751	-	5,640	-	5,111	
<b>(322)</b>	<b>(7,265)</b>	<b>(16)</b>	<b>(28,780)</b>	<b>1,724</b>	<b>677,903</b>	<b>30,113</b>	<b>167,429</b>	<b>-</b>	<b>540,586</b>	
(418)	(6,897)	(101)	(10,715)	11,562	684,543	34,172	158,212	-	560,503	

## 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.

\$ '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: 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

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

\$ '000

### Valuation of Assets (continued)

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

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

#### Buildings : Market Approach

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

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

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

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

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

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

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



\$ '000

**Valuation of Assets** (continued)**Infrastructure***Roads, Lanes, Kerb and Water Table*

- Date of valuation: 30 June 2017
- Valuer: Pavement Management Services & Assetic
- Basis of Valuation : Consumption based approach to the valuation of the pavement and surface assets was developed in order to more closely reflect the life cycle of the assets. The decrease in the valuation of the network is a result of updating the calculations used to determine depth of the road and the unit rates used.
- All acquisitions made after the valuation date are recorded at cost.
- The result of the revaluation will be to increase depreciation by an estimated \$1.13m for the 2017-18 year. This is due to the update of the surface road assets having their useful lives reviewed (changed to be 25-30 years instead of 35-40 years). Also residual values 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

## 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 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	2017 Current	2017 Non Current	2016 Current	2016 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		4,909	-	4,716	-
Payments Received in Advance		46	-	112	-
Accrued Expenses - Employee Entitlements		1,454	-	1,396	-
Accrued Expenses - Finance Costs		111	-	144	-
Accrued Expenses - Other		1,760	-	633	-
Deposits, Retentions & Bonds		12	-	11	-
<b>Total Trade and Other Payables</b>		<b>8,292</b>	<b>-</b>	<b>7,012</b>	<b>-</b>
<b>(b). Borrowings</b>					
Bank Overdraft		54	-	-	-
Short Term Draw Down Facility		1,888	-	2,167	-
Loans		2,211	2,237	1,018	4,448
<b>Total Borrowings</b>		<b>4,153</b>	<b>2,237</b>	<b>3,185</b>	<b>4,448</b>
All interest bearing liabilities are secured over the future revenues of the Council					
<b>(c). Provisions</b>					
Employee Entitlements (including oncosts)		2,350	538	2,012	606
<b>Total Provisions</b>		<b>2,350</b>	<b>538</b>	<b>2,012</b>	<b>606</b>
<b>(d). Other Liabilities</b>					
Carpark Contribution Fund		-	154	-	151
Urban Tree Fund		-	65	-	57
<b>Total Other Liabilities</b>		<b>-</b>	<b>219</b>	<b>-</b>	<b>208</b>

# Notes to and forming part of the Financial Statements

## Note 9. Reserves

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

## 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	2017	2016
<b>(a). Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	29	217
Less: Short-Term Borrowings	8	(1,942)	(2,167)
<b>Balances per Statement of Cash Flows</b>		<b>(1,913)</b>	<b>(1,950)</b>

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

<b>Net Surplus/(Deficit)</b>		<b>4,965</b>	<b>4,391</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,265	6,897
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(132)	(65)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(367)	(1,716)
Net (Gain) Loss on Disposals		(34)	51
Net Increase/(Decrease) in Unpaid Employee Benefits		270	237
Expense of Capital Items		(16)	101
		<b>11,951</b>	<b>9,896</b>

### Add (Less): Changes in Net Current Assets

Net (Increase)/Decrease in Receivables		1,789	(1,931)
Net Increase/(Decrease) in Trade & Other Payables		1,279	1,967
Net Increase/(Decrease) in Other Liabilities		11	29
<b>Net Cash provided by (or used in) operations</b>		<b>15,031</b>	<b>9,961</b>

### (c). Financing Arrangements

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

Bank Overdrafts		500	500
Corporate Purchase Cards		215	140
LGFA Cash Advance Debenture Facility		12,000	12,000

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

# Notes to and forming part of the Financial Statements

## 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 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Office of the CEO	709	704	3,579	3,827	(2,870)	(3,123)	3	-	15,414	11,037
City Development	2,277	2,015	21,146	20,790	(18,869)	(18,775)	1,291	928	519,938	539,955
Business Support & Improvement	39,723	37,743	7,322	6,915	32,401	30,828	1,186	397	5,154	7,052
City Services	4,786	4,406	10,884	10,610	(6,098)	(6,204)	1,731	1,728	17,882	17,926
<b>Total Functions/ Activities</b>	<b>47,495</b>	<b>44,868</b>	<b>42,931</b>	<b>42,142</b>	<b>4,564</b>	<b>2,726</b>	<b>4,211</b>	<b>3,053</b>	<b>558,442</b>	<b>575,970</b>

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

## Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

### OFFICE OF THE CEO

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

### CITY SERVICES

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

### BUSINESS SUPPORT & IMPROVEMENT

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

### 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

## 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 1.5% and 2.25% (2016: 1.75% and 2.5%). Short term deposits have an average maturity of 30 days and an average interest rate of 2% (2016: 30 days and 2.42%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

#### 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% (2016: 7%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

#### 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****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% (2016: 4% and 7.08%).

**Carrying Amount:**

Approximates fair value.

# Notes to and forming part of the Financial Statements

## Note 13. Financial Instruments (continued)

\$'000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2017</b>					
<b>Financial Assets</b>					
Cash & Equivalents	(25)	-	-	(25)	29
Receivables	1,373	-	-	1,373	1,373
Other Financial Assets	12	-	-	12	12
<b>Total Financial Assets</b>	<b>1,360</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>1,414</b>
<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities</b>	<b>12,345</b>	<b>442</b>	<b>1,795</b>	<b>14,582</b>	<b>14,636</b>

\$'000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	217	-	-	217	217
Receivables	2,441	-	-	2,441	2,222
Other Financial Assets	11	-	-	11	11
<b>Total Financial Assets</b>	<b>2,669</b>	<b>-</b>	<b>-</b>	<b>2,669</b>	<b>2,450</b>
<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities</b>	<b>9,901</b>	<b>2,434</b>	<b>2,014</b>	<b>14,349</b>	<b>14,533</b>

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

### Net Fair Value

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

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

## Note 14. Commitments for Expenditure (continued)

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

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

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

Since 2010, the five catchment councils have responded to direction from the Stormwater Management Authority (SMA) to produce an agreed SMP catering for the critical one in 100 year storm. In 2012 the Councils produced a SMP which was approved by the SMA and gazetted in March 2013. However the Plan required further investigations in relation to a flood mitigation 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. Two works elements (Ridge Park Detention Dam and Brown Hill Creek diversion culvert at Goodwood) have been constructed to date at a total cost of \$7.8 million out of a total expenditure of \$9 million to 2017. Planning and design are underway for construction of further works to commence in 2018. Progress also is being made towards the establishment of the regional subsidiary by February 2018. The Councils and the State Government continue to seek Commonwealth assistance as proposed in the SMP. Unley's share of the local government component is set at 21%, which equates to approximately \$15 million based on a 50% local government apportionment.

## Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	2017	2017	2016	2015

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

### 1. Operating Surplus Ratio

Operating Surplus	4,564	10%	6%	8%
<b>Total Operating Revenue</b>	<b>47,495</b>			

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.

	3,971	8%	7%	6%
	<b>47,495</b>			

### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	15,347	32%	29%	35%
<b>Total Operating Revenue</b>	<b>47,495</b>			

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	8,421	116%	81%	97%
<b>Infrastructure &amp; Asset Management Plan required expenditure</b>	<b>7,265</b>			

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	2017	2016
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	47,495	44,868
<i>less</i> Expenses	(42,931)	(42,142)
<b>Operating Surplus / (Deficit)</b>	<b>4,564</b>	<b>2,726</b>
<b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	8,811	6,815
<i>less</i> Depreciation, Amortisation and Impairment	(7,265)	(6,897)
<i>less</i> Proceeds from Sale of Replaced Assets	(390)	(367)
<b>Subtotal</b>	<b>1,156</b>	<b>(449)</b>
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	5,933	2,356
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(367)	(1,716)
<b>Subtotal</b>	<b>5,566</b>	<b>640</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(2,158)</b>	<b>2,535</b>
<b>Net Financial Liabilities at Beginning of Year</b>	<b>(13,042)</b>	<b>(15,611)</b>
Net (gain) / loss Joint Ventures & Associates	-	(65)
Decrease / (increase) in Other	-	99
<b>Net Financial Liabilities at End of Year</b>	<b>(15,200)</b>	<b>(13,042)</b>

## Note 17. Operating Leases

Council does not have any Operating Leases

## Note 18. Superannuation

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

### Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting page 37 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 Adelaide, Burnside and West Torrens which the councils together with the City of Mitcham are collaborating in a project to establish a regional subsidiary primarily for the planning and construction of flood mitigation infrastructure of a Storm Water Management Plan (SMP) for the Brown Hill and Keswick Creeks catchment and providing for reuse of stormwater where feasible. Provision exists for Mitcham Council to also execute the Agreement if it chooses.

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

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

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

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

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

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

### Equity Accounted Council Business - Centennial Park

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

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



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

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2017	2016	2017	2016
	Associates	132	65	15,414
<b>Total</b>	<b>132</b>	<b>65</b>	<b>15,414</b>	<b>11,037</b>

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

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

**(b) Relevant Interests**

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2017	2016	2017	2016	2017	2016
Centennial Park Cemetery Authority	50%	50%	50%	50%	50%	50%

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

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

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

\$ '000		
(d) Summarised Financial Information of the Equity Accounted Business		
	Centennial Park Cemetery Authority	
Statement of Financial Position	2017	2016
Cash and Cash Equivalents	10,638	9,536
Other Current Assets	1,395	1,698
Non-Current Assets	35,436	27,040
<b>Total Assets</b>	<b>47,469</b>	<b>38,274</b>
Current Trade and Other Payables	1,827	1,391
Current Provisions	200	173
Non-Current Provisions	14,614	14,637
<b>Total Liabilities</b>	<b>16,641</b>	<b>16,201</b>
<b>Net Assets</b>	<b>30,827</b>	<b>22,073</b>
Statement of Comprehensive Income	2017	2016
Other Income	9,924	9,351
Interest Income	259	292
<b>Total Income</b>	<b>10,183</b>	<b>9,643</b>
Employee Costs	4,131	3,830
Materials, Contracts & Other Expenses	4,196	4,004
Depreciation, Amortisation and Impairment	1,553	1,639
<b>Total Expenses</b>	<b>9,880</b>	<b>9,473</b>
<b>Operating Result</b>	<b>303</b>	<b>170</b>

### Contingent Liabilities of the Associate

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

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

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

Total unused interment rights account for approximately 7.10% of 47,508 burial interment rights currently issued. Total unused interment rights account for approximately 7.40% of 40,490 memorial interment rights 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

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 3 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

## Note 22. Events after the Balance Sheet Date

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

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

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

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

## Note 22. Events after the Balance Sheet Date

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

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

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

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

## Note 23. Related Party Transactions

\$ '000	2017
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The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*.

In all, 18 persons were paid the following total compensation:

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

Short-Term Employee Benefits	939,182
Long-Term Benefits	155,466
<b>Total</b>	<b>1,094,648</b>

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

### Receipts from Key Management Personnel comprise:

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

<b>Total</b>	<b>-</b>
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### Other Related Party Transactions:

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

<b>Total</b>	<b>-</b>
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## INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF THE CITY OF UNLEY

### Report on the Audit of the Financial Report

#### Opinion

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

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

#### Basis for opinion

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

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

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

#### Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report, but does not include the financial report and our auditor's report thereon

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

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

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

### **Council's responsibility for the Financial Report**

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

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

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

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

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

This description forms part of our auditor's report.



**BDO Audit (SA) Pty Ltd**



G K Edwards  
Director

Adelaide, 18 October 2017

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

### **Scope**

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

### **The Council’s Responsibility for the Internal Controls**

The Council is responsible for:

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

### **Our Independence and Quality Control**

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

### **Assurance Practitioner’s Responsibility**

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

### **Council's responsibility for the Financial Report**

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

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

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

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

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

This description forms part of our auditor's report.



**BDO Audit (SA) Pty Ltd**



G K Edwards  
Director

Adelaide, 18 October 2017




## Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley for the year ended 30 June 2017, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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



**Peter Tsokas**  
Chief Executive Officer



**John Rawson**  
Presiding Member, Audit &  
Governance Committee

Date: 10 October 2017

## 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 2017, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

**BDO Audit (SA) Pty Ltd**



G K Edwards  
Director

Adelaide, 18 October 2017



