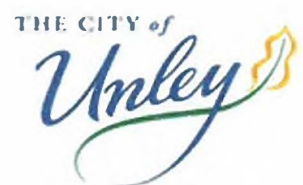


The City of Unley

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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



The City of Unley

General Purpose Financial Statements for the year ended 30 June 2019

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The City of Unley

General Purpose Financial Statements for the year ended 30 June 2019

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 2019 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



Michael Hewitson
MAYOR

Date:

The City of Unley

Statement of Comprehensive Income for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	41,336	40,010
Statutory Charges	2b	1,593	1,542
User Charges	2c	1,826	1,755
Grants, Subsidies and Contributions	2g	4,713	3,631
Investment Income	2d	16	14
Reimbursements	2e	535	423
Other Income	2f	714	940
Net Gain - Equity Accounted Council Businesses	19	145	131
Total Income		50,878	48,446
Expenses			
Employee Costs	3a	16,596	16,186
Materials, Contracts & Other Expenses	3b	20,337	20,003
Depreciation, Amortisation & Impairment	3c	9,038	8,011
Finance Costs	3d	161	225
Total Expenses		46,132	44,425
Operating Surplus / (Deficit)		4,746	4,021
Asset Disposal & Fair Value Adjustments	4	69	62
Amounts Received Specifically for New or Upgraded Assets	2g	1,145	798
Net Surplus / (Deficit) ¹		5,960	4,881
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	-	(39,198)
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	386	26
Total Other Comprehensive Income		386	(39,172)
Total Comprehensive Income		6,346	(34,291)

¹ Transferred to Statement of Changes in Equity

The City of Unley

Statement of Financial Position as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	2,771	3,107
Trade & Other Receivables	5b	2,681	1,884
Other Financial Assets	5c	2	12
Total Current Assets		5,454	5,003
Non-Current Assets			
Financial Assets	6a	8	9
Equity Accounted Investments in Council Businesses	6b	16,930	15,571
Infrastructure, Property, Plant & Equipment	7a	510,281	503,634
Total Non-Current Assets		527,219	519,214
TOTAL ASSETS		532,673	524,217
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	13,104	8,361
Borrowings	8b	242	3,619
Provisions	8c	3,730	3,625
Total Current Liabilities		17,076	15,605
Non-Current Liabilities			
Borrowings	8b	2,271	1,568
Provisions	8c	357	448
Total Non-Current Liabilities		2,628	2,016
TOTAL LIABILITIES		19,704	17,621
Net Assets		512,969	506,596
EQUITY			
Accumulated Surplus		147,002	145,159
Asset Revaluation Reserves	9a	365,711	361,203
Other Reserves	9b	256	234
Total Council Equity		512,969	506,596

Statement of Changes in Equity
for the year ended 30 June 2019

		Accumulated	Asset	Other	Total
\$ '000	Notes	Surplus	Revaluation	Reserves	Equity
2019					
Balance at the end of previous reporting period		145,159	361,203	234	506,596
a. Net Surplus / (Deficit) for Year		5,960	-	-	5,960
b. Other Comprehensive Income					
- Share of OCI - Equity Accounted Council Businesses	19	386	-	-	386
- Other Equity Adjustments - Equity Accounted Council Businesses	19	5	-	-	5
- Other Movements - Carpark and tree funds		-	-	22	22
Other Comprehensive Income		391	-	22	413
Total Comprehensive Income		6,351	-	22	6,373
c. Transfers between Reserves	9a	(4,508)	4,508	-	-
Balance at the end of period		147,002	365,711	256	512,969
2018					
Balance at the end of previous reporting period		140,252	400,401	219	540,872
a. Net Surplus / (Deficit) for Year		4,881	-	-	4,881
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(39,198)	-	(39,198)
- Share of OCI - Equity Accounted Council Businesses	19	26	-	-	26
- Other Movements - Carpark and tree funds		-	-	15	15
Other Comprehensive Income		26	(39,198)	15	(39,157)
Total Comprehensive Income		4,907	(39,198)	15	(34,276)
Balance at the end of period		145,159	361,203	234	506,596

The City of Unley

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		54,399	54,288
Investment Receipts		16	14
Payments			
Operating Payments to Suppliers and Employees		(36,616)	(40,353)
Finance Payments		(177)	(278)
Net Cash provided by (or used in) Operating Activities	11b	17,622	13,671
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		1,145	798
Sale of Replaced Assets		509	922
Repayments of Loans by Community Groups		11	9
Payments			
Expenditure on Renewal/Replacement of Assets		(12,567)	(7,654)
Expenditure on New/Upgraded Assets		(3,558)	(3,463)
Capital Contributed to Equity Accounted Council Businesses		(823)	-
Net Cash provided by (or used in) Investing Activities		(15,283)	(9,388)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		270	-
Payments			
Repayments of Borrowings		-	(2,211)
Repayment of Bonds & Deposits		(1)	(2)
Net Cash provided by (or used in) Financing Activities		269	(2,213)
Net Increase (Decrease) in Cash Held		2,608	2,070
plus: Cash & Cash Equivalents at beginning of period	11	157	(1,913)
Cash & Cash Equivalents at end of period	11	2,765	157

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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n/a - not applicable

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income Recognition

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2016/17	\$1,745,941	\$1,152,315	+\$593,626
2017/18	\$1,427,527	\$1,186,184	+\$241,343
2018/19	\$1,808,917	\$1,430,009	+\$378,908

The 2019/20 and 2020/21 Supplementary Local Road Funding of 375,580 was paid in advance in June 2019.

Because these grants are untied, the Australian Accounting Standards require that payments be

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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

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

5.5 Impairment

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

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

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

5.6 Borrowing Costs

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

amount (if any) of interest revenue offset against borrowing costs in Note 2.

6 Payables

6.1 Goods & Services

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

6.2 Payments Received in Advance & Deposits

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

7 Borrowings

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

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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 1.10% (2018, 2.24%)

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

8.2 Superannuation

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

9 Equity Accounted Council Businesses

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

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

Council is party to an agreement with the cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide in relation to the

Brown Hill Keswick Creek Project which is accounted for under AASB 11 Joint Agreements 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.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The City of Unley early adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* from the year ended 30 June 2018.

AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* determine that amounts received in relation to contracts with sufficiently specific performance obligations are recognised as these obligations are fulfilled.

The early adoption resulted in capital and other specific purpose grants with sufficiently specific performance obligations being recognised as a liability and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant.

Grants that are not enforceable and/or not sufficiently specific and, therefore, do not qualify for deferral continue to be recognised as revenue as soon as the Council has control of the fund. Council receives a number of grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations. These grants are recognised as revenue upon receipt of the fund.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied.

Other than AASB 15 and AASB 1058, The City of Unley has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective and have not been early adopted by Council. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective and have not been early adopted by

Council at the time of compiling these illustrative statements.

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

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

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

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

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

12 Comparative Figures

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

13 Disclaimer

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		40,491	39,150
Less: Mandatory Rebates		(912)	(870)
Less: Discretionary Rebates, Remissions & Write Offs		(68)	(56)
Total General Rates		39,511	38,224
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,338	1,289
Separate & Special Rates		323	315
Total Other Rates		1,661	1,604
Other Charges			
Penalties for Late Payment		118	114
Legal & Other Costs Recovered		46	68
Total Other Charges		164	182
Total Rates Revenues		41,336	40,010
(b). Statutory Charges			
Other Licences, Fees & Fines		1,593	1,542
Total Statutory Charges		1,593	1,542
(c). User Charges			
Fees for Services Provided		1,826	1,755
Total User Charges		1,826	1,755
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		16	14
Total Investment Income		16	14
(e). Reimbursements			
Other		535	423
Total Reimbursements		535	423

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(f). Other Income			
Contributions, Rebates and Sundry		714	940
Total Other Income		714	940
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,145	798
Other Grants, Subsidies and Contributions		4,713	3,631
Total Grants, Subsidies, Contributions		5,858	4,429
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		2,429	1,969
State Government		2,983	1,660
Other		446	800
Total		5,858	4,429
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		639	644
Supplementary Local Road Funding Recognised as Income		376	-

In January and June 2019 Council received payment of the first two installments of the 2019-20 Financial Assistance Grant (FAG). As has been done in the previous years, these amounts are recognised as income upon receipt. Similarly in June 2018 first two installments of 2018-19 grant was paid and recognised as income in that year.

In addition, the 2019/20 and 2020/21 Supplementary Local Road funding of \$375,580 was paid in advance in June 2019.

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		13,763	13,791
Employee Leave Expense		2,274	1,968
Superannuation - Defined Contribution Plan Contributions	18	1,435	1,417
Workers' Compensation Insurance		430	441
Less: Capitalised and Distributed Costs		(1,306)	(1,431)
Total Operating Employee Costs		16,596	16,186
Total Number of Employees (full time equivalent at end of reporting period)		182	178
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Current Year Audit Fees		19	33
- Other Auditors		16	31
Elected Members' Expenses		271	259
Election Expenses		155	-
Subtotal - Prescribed Expenses		461	323
(ii) Other Materials, Contracts and Expenses			
Contracts		4,960	4,596
Waste Contract		3,554	3,321
Maintenance Contracts		3,061	2,763
Legal Expenses		275	303
Levies Paid to Government - NRM levy		1,338	1,285
Parts, Accessories & Consumables		2,837	3,307
Insurance (Workers Compensation, Public Liability, Assets)		609	659
Brownhill Keswick Creek Contributions		158	135
Levies & Taxes		223	246
Other Contributions & Donations		64	44
Printing		50	59
Sitting Fees		38	34
Trader Associations Contributions		321	317
Valuation Fees (Property for Rating Purposes)		184	180
Electricity		893	893
Advertising		163	213
Bank Fees & Charges		107	113
Community Program Expenses		578	601
Economic Development Program Expenses		13	24
Community Grants & Sponsorship		203	275
Sundry Materials, Contract & Expenses		247	312
Subtotal - Other Material, Contracts & Expenses		19,876	19,680
Total Materials, Contracts and Other Expenses		20,337	20,003

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(c). Depreciation and Amortisation			
Stormwater Drainage		905	882
Roads, Lanes, Kerb & Watertable		2,000	1,916
Pathways		1,240	1,308
Traffic & Lighting		351	308
Bridges		134	133
Equipment, Furniture & Fittings		1,679	1,323
Buildings		1,369	1,327
Recycled Water		241	241
Other Assets		1,119	573
Total Depreciation and Amortisation		9,038	8,011
(d). Finance Costs			
Interest on Loans		161	225
Total Finance Costs		161	225

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	509	922
Less: Carrying Amount of Assets Sold	(440)	(860)
Gain (Loss) on Disposal	69	62
Net Gain (Loss) on Disposal or Revaluation of Assets	69	62

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash on Hand at Bank	4	4
Deposits at Call	2,767	3,103
Total Cash & Cash Equivalents	2,771	3,107

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 5. Current Assets (continued)

\$ '000	Notes	2019	2018
(b). Trade & Other Receivables			
Rates - General & Other		607	572
Accrued Revenues		3	15
Debtors - General		1,815	1,246
Prepayments		256	31
Sundry		-	20
Total Trade & Other Receivables		2,681	1,884

(c). Other Financial Assets (Investments)

Loans to Community Organisations		2	12
Total Other Financial Assets (Investments)		2	12

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

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations		8	9
Total Receivables		8	9
Total Financial Assets		8	9

(b). Equity Accounted Investments in Council Businesses

Centennial Park Cemetery Authority	19	15,640	15,522
Brown Hill Keswick Creek Board	19	1,290	49
Total Equity Accounted Investments in Council Businesses		16,930	15,571

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

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

The City of Unley's investment in the Authorities has been accounted for under the equity method (Note 19).

The City of Unley

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2018					Asset Movements during the Reporting Period						as at 30/6/2019				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals							Dep'n	Impairment	
Capital Work in Progress		-	3,313	-	-	3,313	-	-	-	-	7,136	-	-	10,449	-	-	10,449
Stormwater Drainage	3	80,712	933	39,941	-	41,704	32	811	-	(905)	929	-	80,712	2,705	40,846	-	42,571
Roads, Lanes, Kerb & Watertable	3	182,400	1,926	38,730	-	145,596	-	6,620	-	(2,000)	(4,202)	-	182,400	4,344	40,730	-	146,014
Pathways	3	56,616	228	26,069	-	30,775	-	1,135	-	(1,240)	-	-	57,691	288	27,309	-	30,670
Traffic & Lighting	3	5,574	1,653	1,866	-	5,361	1,074	124	-	(351)	(1,074)	-	5,574	1,777	2,217	-	5,134
Bridges	3	9,388	16	5,912	-	3,492	-	-	-	(134)	-	-	9,388	16	6,046	-	3,358
Equipment, Furniture & Fittings		-	17,222	9,664	-	7,558	86	2,433	(440)	(1,679)	(417)	-	-	17,778	10,237	-	7,541
Land	2	48,112	-	-	-	48,112	-	-	-	-	-	-	48,112	-	-	-	48,112
Land	3	169,091	-	-	-	169,091	-	-	-	-	-	-	169,091	-	-	-	169,091
Buildings		-	-	-	-	-	-	-	-	-	-	-	74,399	991	47,134	-	28,256
Buildings	2	26,810	-	18,415	-	8,395	1,607	1,014	-	(1,369)	(1,631)	-	-	-	-	-	-
Buildings	3	47,589	-	27,349	-	20,240	-	-	-	-	-	-	-	-	-	-	-
Recycled Water	3	11,858	-	779	-	11,079	-	-	-	(241)	-	-	11,858	-	1,020	-	10,838
Other Assets		10,795	4,336	6,213	-	8,918	759	430	-	(1,119)	(741)	-	10,795	4,783	7,331	-	8,247
Total Infrastructure, Property, Plant & Equipment		648,945	29,627	174,938	-	503,634	3,558	12,567	(440)	(9,038)	-	-	650,020	43,131	182,870	-	510,281
Comparatives		677,903	30,113	167,429	-	540,586	3,463	7,653	(860)	(8,011)	-	-	648,945	29,627	174,938	-	503,634

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

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

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Highest and best use

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

Transition to AASB 13 - Fair Value Measurement

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

Land & Land Improvements

- Date of valuation: 30 June 2018
- Valuer: Public Private Property
- All acquisitions made after the valuation date are recorded at cost.

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

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

Land : Community Land classification - Level 3 inputs

Buildings : Market Approach - Level 2 inputs

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

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

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

Land : Excluded / Revoked from classification as community land

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

Buildings : Market Approach

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Land & Land Improvements (continued)

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

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

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

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

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

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

Buildings & Other Structures

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

Infrastructure

Roads, Kerb and Gutter, Footpaths

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

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

- All acquisitions made after the valuation date are recorded at cost.

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Infrastructure (continued)

Pathways (Footpaths, Car Parks, Bike Paths)

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

Drainage (Stormwater Drains & Creeks)

- Date of valuation: 30 June 2017
- Valuer: Tonkin Consulting
- Basis of valuation: Level 3, please refer to summary table below
- 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

Recycled Water

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

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.

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

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

Note 8. Liabilities

\$ '000	Notes	2019	2019	2018	2018
		Current	Non Current	Current	Non Current

(a). Trade and Other Payables

Goods & Services	6,788	-	4,618	-
Payments Received in Advance	3,341	-	3,060	-
Accrued Expenses - Employee Entitlements	710	-	106	-
Accrued Expenses - Finance Costs	42	-	58	-
Accrued Expenses - Other	2,214	-	509	-
Deposits, Retentions & Bonds	9	-	10	-
Total Trade and Other Payables	13,104	-	8,361	-

(b). Borrowings

Bank Overdraft	6	-	91	-
Short Term Draw Down Facility	-	-	2,859	-
Loans	236	2,271	669	1,568
Total Borrowings	242	2,271	3,619	1,568

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 8. Liabilities (continued)

		2019	2019	2018	2018
\$ '000	Notes	Current	Non Current	Current	Non Current
(c). Provisions					
Employee Entitlements (including oncosts)		3,730	357	3,625	448
Total Provisions		3,730	357	3,625	448

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Stormwater Drainage	21,760	-	-	-	21,760
Roads, Lanes, Kerb & Watertable	76,957	-	-	-	76,957
Pathways	17,668	-	-	-	17,668
Traffic & Lighting	2,680	-	-	-	2,680
Bridges	2,453	-	-	-	2,453
Land	205,475	-	-	-	205,475
Buildings	25,616	-	-	-	25,616
Recycled Water	847	-	-	-	847
Other Assets	583	-	-	-	583
JV's / Associates - Other Comprehensive Income	7,164	-	4,508	-	11,672
Total Asset Revaluation Reserve	361,203	-	4,508	-	365,711
Comparatives	400,401	(39,198)	-	-	361,203

The transfer of \$4,508k is a reclassification of amounts related to Council's share of ownership interest on the Centennial Park Asset Revaluation Reserve that was previously recorded in Accumulated Surplus.

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Carpark Contribution Fund	157	2	-	-	159
Urban Tree Fund	30	2	-	-	32
Street Tree Amenity Fund	47	18	-	-	65
Total Other Reserves	234	22	-	-	256
Comparatives	219	15	-	-	234

Note 10. Assets Subject to Restrictions

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	2,771	3,107
Less: Short-Term Borrowings	8	(6)	(2,950)
Balances per Statement of Cash Flows		2,765	157
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		5,960	4,881
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		9,038	8,011
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(145)	(131)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,145)	(798)
Net (Gain) Loss on Disposals		(69)	(62)
Other		22	-
		13,661	11,901
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(797)	499
Net Increase/(Decrease) in Trade & Other Payables		4,744	1,317
Net Increase/(Decrease) in Unpaid Employee Benefits		14	(61)
Net Increase/(Decrease) in Other Liabilities		-	15
Net Cash provided by (or used in) operations		17,622	13,671

(c). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	232	297
LGFA Cash Advance Debenture Facility	12,000	12,000

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Business Undertakings	-	-	-	-	-	-	-	-	(2,405)	-
Office of the CEO	774	696	3,443	3,348	(2,669)	(2,652)	5	6	16,868	15,571
City Development	2,274	1,962	21,529	21,664	(19,255)	(19,702)	1,326	966	489,678	479,951
Business Support & Improvement	41,980	41,062	7,815	7,848	34,165	33,214	802	1,046	8,250	8,345
City Services	4,757	4,595	11,639	11,565	(6,882)	(6,970)	1,632	1,613	20,282	20,350
Total Functions/Activities	49,785	48,315	44,426	44,425	5,359	3,890	3,765	3,631	532,673	524,217

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

OFFICE OF THE CEO

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

CITY DEVELOPMENT

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

BUSINESS SUPPORT & IMPROVEMENT

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

CITY SERVICES

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

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates of 1.5% (2018: between 1.5% and 2.15%). Short term deposits have an average maturity of 30 days and an average interest rate of 1.5% (2018: 30 days and 1.5%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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 6.35% (2018: 6.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.6% and 4.0% (2018: 3.6% and 6.7%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash & Equivalents	2,771	-	-	2,771	2,771
Receivables	2,425	-	-	2,425	2,425
Other Financial Assets	10	-	-	10	10
Total Financial Assets	5,206	-	-	5,206	5,206
Financial Liabilities					
Payables	9,763	-	-	9,763	9,763
Current Borrowings	303	-	-	303	242
Non-Current Borrowings	-	1,186	1,235	2,421	2,271
Total Financial Liabilities	10,066	1,186	1,235	12,487	12,276

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	3,107	-	-	3,107	3,107
Receivables	1,853	9	-	1,862	1,853
Other Financial Assets	12	-	-	12	-
Total Financial Assets	4,972	9	-	4,981	4,960
Financial Liabilities					
Payables	6,547	-	-	6,547	5,301
Current Borrowings	3,714	-	-	3,714	3,619
Non-Current Borrowings	-	1,186	593	1,779	1,568
Total Financial Liabilities	10,261	1,186	593	12,040	10,488

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft		6		91
Other Variable Rates	3.60%	938	3.60%	2,859
Fixed Interest Rates	4.00%	1,575	4.45%	2,237
		2,519		5,187

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.

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.

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 14. Commitments for Expenditure

\$ '000	Notes	2019	2018
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Infrastructure		16,656	1,436
Other		267	385
		16,923	1,821
These expenditures are payable:			
Not later than one year		16,923	1,772
Later than one year and not later than 5 years		-	49
Later than 5 years		-	-
		16,923	1,821
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Waste Management Services		8,299	971
Other Maintenance Contracts		867	1,695
IT Maintenance Contracts		-	92
		9,166	2,758
These expenditures are payable:			
Not later than one year		2,619	2,758
Later than one year and not later than 5 years		6,547	-
Later than 5 years		-	-
		9,166	2,758

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

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 14. Commitments for Expenditure (continued)

\$ '000

(b). Other Expenditure Commitments (continued)

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

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

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

Statements for the subsidiary have been prepared for the period between 27 February 2018 and 30 June 2019 to reflect the activities of the entity. Unley continues to act in an implied agency capacity for the subsidiary.

(c). Finance Lease Commitments

Council has no Finance Leases.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	Prior Periods 2017
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	4,746	9%	8%	10%
Total Operating Income	50,878			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	14,242	28%	26%	32%
Total Operating Income	50,878			

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

Adjustments to Ratios

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

Adjusted Operating Surplus Ratio	9%	7%	8%
Adjusted Net Financial Liabilities Ratio	28%	26%	32%

3. Asset Renewal Funding Ratio

Net Asset Renewals	12,567	139%	84%	116%
Depreciation	9,038			

Net asset renewals expenditure, as expressed in Council's Asset Management Plan, is usually used as the denominator in this indicator. Depreciation has been used this year pending completion of a review of the Asset Management Plan.

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	50,878	48,446
less Expenses	(46,132)	(44,425)
Operating Surplus / (Deficit)	4,746	4,021
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(12,567)	(7,654)
add back Depreciation, Amortisation and Impairment	9,038	8,011
add back Proceeds from Sale of Replaced Assets	509	922
Subtotal	(3,020)	1,279
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,558)	(3,463)
add back Amounts Received Specifically for New and Upgraded Assets	1,145	798
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	-	-
Subtotal	(2,413)	(2,665)
Net Lending / (Borrowing) for Financial Year	(687)	2,635
Net Financial Liabilities at Beginning of Year	(12,565)	(15,200)
Net (gain) / loss Joint Ventures & Associates	-	-
Decrease / (increase) in Other	-	-
Net Financial Liabilities at End of Year	(13,252)	(12,565)

Note 17. Operating Leases

Council does not have any Operating Leases.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 18. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). 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 2017/18) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities

\$ '000

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.

Equity Accounted Council Business - Brownhill Keswick Creek

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

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
Associates	145	131	16,930	15,571
Total	145	131	16,930	15,571

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Brown Hill Keswick Creek Board	Stormwater Management	1,290	49
Centennial Park Cemetery Authority	Cemetery Industry	15,640	15,522
Total Carrying Amounts - Joint Ventures & Associates		16,930	15,571

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Brown Hill Keswick Creek Board	20%	20%	21%	21%	20%	20%
Centennial Park Cemetery Authority	50%	50%	50%	50%	50%	50%

The City of Unley

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2019	2018	2019	2018
Opening Balance	49	-	15,522	15,414
Share in Operating Result	43	49	102	82
Share in Other Comprehensive Income	370	-	16	26
New Capital Contributions	823	-	-	-
Adjustments to Equity	5	-	-	-
Council's Equity Share in the Joint Venture or Associate	1,290	49	15,640	15,522

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2019	2018	2019	2018
Cash and Cash Equivalents	3,967	-	9,713	9,797
Other Current Assets	2,024	-	1,729	1,747
Non-Current Assets	3,209	249	37,192	36,973
Total Assets	9,200	249	48,634	48,517
Current Trade and Other Payables	3,059	6	2,147	2,308
Current Provisions	-	-	597	534
Non-Current Provisions	-	-	14,609	14,632
Total Liabilities	3,059	6	17,353	17,474
Net Assets	6,141	243	31,281	31,043

Statement of Comprehensive Income	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2019	2018	2019	2018
Other Income	618	407	10,724	10,239
Interest Income	16	-	249	249
Total Income	634	407	10,973	10,488
Employee Costs	235	-	4,646	4,368
Materials, Contracts & Other Expenses	182	164	4,528	4,513
Depreciation, Amortisation and Impairment	2	-	1,595	1,490
Total Expenses	419	164	10,769	10,371
Operating Result	215	243	204	117

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities (continued)

\$ '000

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

Contingent Liabilities of the Associate

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

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

The Centennial Park Cemetery Authority has contingent liabilities with respect to the redemption of unused licences in the event that the Authority ceases to take any business. The Burial and Cremation Act 2013 mandates the refund of unexercised licences at current prices less a provision for administration, maintenance and establishment costs. The calculation is determined in the regulations. The contingent liability as at 30 June 2019 is \$11,973,510 (2018: \$11,927,978). 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 6.89% (2018: 7.10%) of 47,439 (2018: 46,658) burial interment rights currently issued.

Total unused interment rights account for approximately 7.94% (2018: 7.28%) of 39,369 (2017: 38,960) 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

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. BANK GUARANTEES

Council does not expect to incur any loss arising from these guarantees.

4. 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 8 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 2019, 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 Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 25/11/19.

Council is aware of the following "non adjusting events" that merit disclosure;

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

The City of Unley

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 23. Related Party Transactions

\$ '000	2019	2018
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 24 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	842	890
Long-Term Benefits	196	165
Total	<u>1,038</u>	<u>1,055</u>

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

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Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the City of Unley

Opinion

We have audited the accompanying financial report of the City of Unley (the Council), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the City of Unley.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

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

In preparing the financial report, Council is 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 Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility 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 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.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

27 November 2019

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of the City of Unley

Independent Assurance Report on the Internal Controls of the City of Unley

Opinion

We have audited the compliance of the City of Unley (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

In our opinion, the City of Unley has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 of the *Local Government Act 1999* in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

27 November 2019


The City of Unley

General Purpose Financial Statements for the year ended 30 June 2019

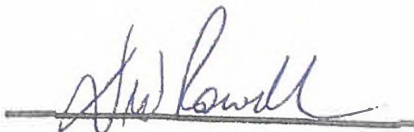
Certification of Auditor Independence

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 2019, the Council's Auditor, Galpins 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*.

A handwritten signature in blue ink, appearing to read 'P. Tsokas', written over a horizontal line.

Peter Tsokas
CHIEF EXECUTIVE OFFICER

A handwritten signature in blue ink, appearing to read 'David Powell', written over a horizontal line.

David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date:

The City of Unley

General Purpose Financial Statements for the year ended 30 June 2019

Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2019, 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*.



Tim Muhlhausler
Galpins

Dated this 6th day of November 2019.