

# COMMITTEE AGENDA

## **Audit Committee**

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

***Wednesday 27 October 2021  
5.30pm***

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

**Chief Executive Officer**





## **MEMBERS**

Presiding Member D Powell (Presiding Member)  
Councillor M Rabbitt  
Councillor M Broniecki  
Independent Member N Handley  
Independent Member A Martin

## **ACKNOWLEDGEMENT**

*Ngadlurlu tampinhi, ngadlu Kurna yartangka inparrinhi. Ngadlurlu parnuku tuwila yartangka tampinhi.*

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yaitya, parnuku tapa purruna yalarra puru purruna.\**

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

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

\*Kurna Translation provided by Kurna Warra Karrpanthi

## **ORDER OF BUSINESS**

### **ITEM**

### **PAGE NO**

#### **1. ADMINISTRATIVE MATTERS**

##### **1.1 APOLOGIES**

Nil

##### **1.2 LEAVE OF ABSENCE**

Nil

##### **1.3 CONFLICT OF INTEREST**

*Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.*

##### **1.4 MINUTES**

1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 10 August 2021

##### **1.5 DEFERRED / ADJOURNED ITEMS**

Nil

#### **2. REPORTS**

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#### **3. OTHER BUSINESS**

#### **4. CONFIDENTIAL ITEMS**

4.1 Confidentiality Motion - Prudential and Probity Reports for the Waste Collection and Processing Tender 160

4.2 Prudential and Probity Reports for the Waste Collection and Processing Tender 161

4.3 Confidentiality Motion to remain in confidence for Item 4.1 - Confidentiality Motion - Prudential and Probity Reports for the Waste Collection and Processing Tender 200

#### **NEXT MEETING**

Tuesday 7 December 2021 - 6:30pm  
Council Chambers, 181 Unley Road Unley





## DECISION REPORT

<b>REPORT TITLE:</b>	2020-21 GENERAL PURPOSE FINANCIAL STATEMENTS
<b>ITEM NUMBER:</b>	2.1
<b>DATE OF MEETING:</b>	27 OCTOBER 2021
<b>AUTHOR:</b>	MORGAN KRIS
<b>JOB TITLE:</b>	TEAM LEADER - FINANCIAL ACCOUNTING
<b>ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. CITY OF UNLEY'S 2020-21 GENERAL PURPOSE FINANCIAL STATEMENTS (FINAL DRAFT)</li><li>2. AUDIT COMPLETION REPORT</li><li>3. STATEMENT OF INDEPENDENCE BY AUDITOR</li><li>4. CERTIFICATION OF AUDITOR INDEPENDENCE</li><li>5. CENTENNIAL PARK CEMETARY AUTHORITY GENERAL PURPOSE FINANCIAL STATEMENTS FOR 2020 -2021</li><li>6. BROWN HILL AND KESWICK CREEK'S STORMWATER BOARD GENERAL PURPOSE FINANCIAL STATEMENTS FOR 2020 - 2021</li></ol>

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### 1. **EXECUTIVE SUMMARY**

The 2020-21 General Purpose Financial Statements have been prepared in accordance with the Australian Accounting Standards and the SA Local Government Model Financial Statements as prescribed in the *Local Government (Financial Management) Regulations 2011*.

The statements are now presented to the Audit Committee for due consideration and recommendation to Council that they present fairly the state of affairs of the Council for the 2020-21 reporting period.

### 2. **RECOMMENDATION**

That:

1. The report be received.

2. Having reviewed the City of Unley's 2020-2021 General Purpose Financial Statements, contained in Attachment 1 and External Auditor, Galpins, Audit Completion Report contained in Attachment 2, the Audit Committee considers that the 2020-21 General Purpose Financial Statements present fairly the state of affairs of Council and recommends presentation to Council for endorsement on 22 November 2021.
  3. The City of Unley's 2020-21 General Purpose Financial Statements, contained in Attachment 1, be certified by the Chief Executive Officer and the Mayor.
  4. The Certification of Auditor Independence contained in Attachment 4 be noted by Council and be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee.
  5. The Centennial Park Cemetery Authority General Purpose Financial Statements for 2020-21, signed by Centennial Park's External Auditor and contained in Attachment 5, be noted.
  6. The Brown Hill and Keswick Creek's Stormwater Board General Purpose Financial Statements for 2020-21, signed by the subsidiaries External Auditor and contained in Attachment 6, be noted.
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### **3. RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
- 4.1 We have strong leadership and governance.

### **4. BACKGROUND**

The 2020-21 General Purpose Financial Statements have now been prepared and are attached for Members' information and review. They have been prepared in accordance with the Australian Accounting Standards and the SA Local Government Model Financial Statements as prescribed in the *Local Government (Financial Management) Regulations 2011*. A copy of the Financial Statements are provided as Attachment 1 to this Report.

*Attachment 1*

In accordance with Section 126(4)(a) of the *Local Government Act 1999*, the Audit Committee has a responsibility to review the Financial Statements to be satisfied that they present fairly the state of affairs of Council.

Council's external auditor, Galpins have provided their 2020-21 Audit Completion Report and have indicated that, subject to completion of the identified procedural matters, their Audit Reports in relation to the Financial Statements and Internal Controls will be signed without reference to any qualification. The report has been provided as Attachment 2.

*Attachment 2*

## 5. **DISCUSSION**

The 2020-21 General Purpose Financial Statements are attached for the Committee's information and review.

*Attachment 1*

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

### 5.1 **Statement of Comprehensive Income**

The Statement of Comprehensive Income shows a net surplus (including the equity accounted businesses Centennial Park and Brown Hill and Keswick Creek, of \$4.5M for 2020-21 compared with \$7.2M in the previous year.

Statement of Comprehensive Income	2020-21	2019-20	Movement
	\$000s	\$000s	\$000s
<b>Council Operating Surplus</b>	<b>3,663</b>	<b>3,982</b>	<b>(319)</b>
Centennial Park Net loss	(204)	(225)	(21)
Brown Hill Keswick Creek Net loss	(10)	(9)	(1)
<b>Net Operating Surplus</b>	<b>3,449</b>	<b>3,748</b>	<b>(299)</b>
<b>Net Surplus</b>	<b>4,514</b>	<b>7,160</b>	<b>(2,646)</b>
Other Comprehensive Income	13,324	5,972	7,352
Total Comprehensive Income	17,838	13,132	4,706

As shown in the table above, Council's Net Operating Surplus has decreased from the previous year by \$299K. This decrease is due to the items explained below:

For the reporting period Council's operating income decreased by \$167K (0.3%), whilst expenditure increased by \$132K (0.2%). Other than the change in timing of the Financial Assistance Grant, other key movements for 2020-21 include:

### **Income:**

- Rate revenue reduced marginally by \$24K and in line with expectations; reflecting Council's decision not to increase general rates by a CPI of 2.4% and to waive rates for a significant rate payer (refer Note 2a in the Financial Statements).
- Other Grants, Subsidies and Contributions increased marginally by \$136K. This is attributable to the receipt of grants in 2020-21 from the Local Roads and Community Infrastructure program \$462K as part of the Australian Government's wider economic response to COVID-19, partially offset by the conclusion of the Daily Moves Program funding \$297K in 2019-20.
- Reimbursements decreased by \$218K. This was primarily due to a one-off \$215K refund of power expenses from SA Power Network received in 2019-20. Reimbursement income also fell due to the impact of COVID-19 on events and event waste management by \$40K. This was partially offset by reimbursement income \$47K received to fund the wages for the Resilient East Coordinator.
- Other Income decreased by \$178K in 2020-21. This was due to the waiving of the liability Guarantee Fee for Centennial Park Cemetery Authority from July 2020 to Dec 2020 \$160K, and a reduction in the Worker Compensation Rebate \$83K due to a one-off recovery of reimbursement claims in 2019-20. This loss was partially offset by an increase in artist exhibition openings \$30K and client contributions associated with Commonwealth Home Support Packages \$29K.

### **Expenditure:**

- Employee costs increased by \$906K due to the filling of vacant positions that existed in 2019-20. These positions include Part-Time, Full-time, Contract roles and variations of employee FTE hours (increase or decrease). As a result of these movements between 2019-20 and 2020-21, 19 new roles replaced 14 existing roles. The net increase in hours across these roles is comparable to 5 FTE equivalent positions as of 30 Jun 2021 for financial reporting purposes.
- Materials, Contracts, and other expenses decreased by \$1.2M over the year. Two key drivers were:
  - a) Contracts \$720K  
The impact of COVID-19 pandemic and operational activities was reflected in the following areas:
    - Temporary staff reduced by \$357K due to vacancies being filled at the depot
    - Temporary staff reduced by \$261K due to vacancies being filled at BSI (1 x Manager, 1 x Finance Business Partner and 1 x WHS Adviser)
    - Community related events reduced by \$160K.



- Training and Catering were reduced by \$70K
  - These were partially offset by an offset by an increase in Cleaning costs of \$145K.
- (b) Maintenance contracts \$476K: There was a reduction in maintenance expenditure across several cost centres in Assets and Operations including:
- Reduction in asset maintenance \$207K including Footpath maintenance, Reserve Maintenance, Street Cleaning and Line Marking partly offset by higher Street Tree Maintenance, Kerb & Water table Maintenance and Road Maintenance;
  - Net reduction in Waste Management \$125K; and
  - Reduction in Property Maintenance \$75K
- An increase in the depreciation \$534K reflecting the full year depreciation of King William Road following the capitalisation of the project in late 2019-20, and the impact of asset revaluations. The following asset categories attributed to the increase in depreciation:
    - Other Assets, \$205K
    - Traffic & Lighting, \$138K
    - Pathways, \$111K
    - Roads, Lanes, Kerb & Water table \$83K
  - A reduction in finance costs of \$84K occurred due to the following factors:
    - Lower interest rates with the weighted average interest rate on the loans has decreased from 2.2% to 1.69%,
    - The timing of expenditure of major projects; and
    - Carry forwards of \$2.5M at the end of the financial year into 2021-22.

## 5.2 Statement of Financial Position

The Statement of Financial Position discloses the total assets, total liabilities, and total Council Equity of Council at the end of the reporting period. As at 30 June 2021, Council held net assets totalling \$546M compared with \$528M for the previous year, representing an increase in total equity of \$18M.

Statement of Financial Position	2020-21	2019-20	Movement
	\$'000	\$'000	\$'000
Total Assets	566,114	552,231	13,883

Total Liabilities	20,088	23,966	3,878
Net Assets	546,026	528,265	17,761

This increase in equity was due to the following movements:

**Assets:**

- Council experienced a decrease in its end of year balance for current assets totalling \$622K. There were only minor movements in Cash & Cash equivalent assets and Other Financial Assets.
- Council's Trade & Other Receivables reduced by \$0.5M over the year. This followed a significant rise at the end of 2019-20 due to the financial pressures and uncertainties experienced by the community in the first wave of COVID-19, resulting in a short term decrease in receivables at 30 June 2020.
- An increase of \$3.1M in equity accounted joint venture assets was recorded for the period. This is represented by the following equity increases:
  - \$3.3M from the Brown Hill and Keswick Creek Stormwater Board who recognised:
    - (a) \$1.18M in additional capital contributions from owner councils, and
    - (b) \$2.07M in capital funding/grants from the Stormwater Management Authority, NRM Water Sustainability Grant, Gifted infrastructure from Glenside Park, and
    - (c) 279K upward revaluation relating to infrastructure/Land improvements; and
  - a net decrease of \$186K from the Centennial Park Cemetery Authority who recognised equity adjustments due to the adoption of Accounting Standards AASB 15, AASB 16 and AASB 1058 dealing with revenue and lease transactions.
- An increase of \$11.4M in Infrastructure, Property, Plant and Equipment assets reflects the capitalisation of capital projects completed in 2020-21, including Goodwood Oval Facilities upgrade, Wilberforce Walk, LED Street Lighting, Duthy Street, and the capital replacement of infrastructure (roads, kerb and water table, reserves, stormwater etc) which were largely depreciated, and major plant.

**Liabilities:**

- A decrease of \$1.2M in Trade and Other Payables related to a decrease in goods and services (outstanding creditors due to the improvements in end of year processes and timing of capital works), payments received in advance, accrued expenses, and current employee entitlements

- Council borrowings decreased by \$2.8M to \$11.9M for the year ending 30 June 2021. This reflects Council's operating surplus and carry forward of \$2.5M of net expenditure on projects.

### 5.3 Statement of Cash Flows

Council generated \$12.9M from its Operating Activities during the financial year compared to \$5.8M during 2019-20. Details of how this reconciles with the net surplus and changes in net assets are shown in Note 11 of the Financial Statements.

During the year, Council spent \$11.3M on the construction and purchase of assets compared to \$23.2M in 2019-20.

Council repaid borrowings by \$2.8M during the year. Further, there is an increase in net operating cash flow and a decrease in investing cash flow position.

As a result, the Cash Flow Statement shows a reduction in cash held of \$1.0M relative to the prior financial year.

### 5.4 Financial Key Performance Indicators

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

Financial Indicators	2020-21	2019-20	Adopted Target
	\$'000	\$'000	
Operating Surplus	3,449	3,748	
Adjusted Operating Surplus Ratio*	6.9%	7.4%	5% or greater of total operating income
Net Financial Liabilities Ratio	33%	40%	Less than 80% of total operating income
Asset Renewal Funding Ratio# (#Refer to Note below)	83%	135%	100% average over 10 years of recommended spend in the Asset Management Plans

*\*The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments made in 2020-21.*

***#Note: In 2019-20 this ratio has been calculated using depreciation as the denominator pending completion of the Asset Management Plan. In 2020-21 recommended renewal expenditure based on the Asset Management Plans has been used as the denominator.***

The Financial Indicators have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators prepared

as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

Council's Operating Surplus Ratio and Net Financial Liabilities Ratio continue to perform better than Council's adopted targets whilst the Asset Renewal Funding Ratio on average performed lower than the Council adopted target for 2020-21. This is due to the net expenditure on capital renewal being lower than originally forecasted. The movement of carry forwards out for the 2020-21 financial year were \$891k, and net savings of \$336k. Combined, these were relative to 16% of the proposed expenditure, \$7,593k in the Asset Management Plans. These results suggest that Council has positioned itself to remain financially sustainable. Notwithstanding this result Council will continue to review and monitor future financial results and its financial position in conjunction with its Long-Term Financial Plan (LTFP).

## **5.5 Audit Opinion**

The role of the external auditor is to provide an audit opinion to council with respect to the audited financial statements.

In addition, the external auditor is required to provide an opinion on the compliance of the Council with the requirements of Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council. These controls relate to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities to ensure that they have been conducted properly and in accordance with law in all material respects.

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999*.

The Auditor procedures included assessing the controls of Council based on the criteria in the Better Practice Model – Internal Financial Controls.

The external auditor, Mr. Muhlhausler has completed the audit of the financial statements and in his report on matters arising from the audit (Audit Completion report) has indicated that subject to completion of the remaining outstanding matters, Galpins anticipate issuing unqualified opinions in relation to the financial statements and internal controls.

### *Attachment 2*

The final audit clearance is subject to the following:

- the required letters of representation being signed by the relevant parties, and
- receipt of the General Purpose Financial Statements certified by Council's Mayor and Chief Executive Officer after the Audit Committee meeting on 27 October 2021.

## **5.6 Certification Statement of Independence of Council Auditor**

Regulation 22 (5) of the *Local Government (Financial Management) Regulations 2011* requires the auditor of a Council to provide a written statement attesting to their independence. Council's Auditor, Galpins have provided their proposed Statement of Audit Independence in the Annual Audit Completion report, as prescribed in the Regulations.

*Attachment 3*

Regulation 21 (2) of the *Local Government (Financial Management) Regulations 2011* requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year.

*Attachment 4*

## **5.7 Centennial Park Cemetery Authority Financial Statements**

A copy of Centennial Park Cemetery Authority's (CPCA) financial statements for 2020-21 is attached for information.

*Attachment 5*

The financial statements reflect a Net Operating Deficit of \$407K for the reporting period compared to a deficit of \$451K for the previous year. Council's share of this result is \$204K or 50%.

The financial statements reflect Net Assets of \$32.0M as at 30 June 2021. This represents a decrease of \$0.4M for the reporting period. The equity accounted value of CPCA reflected in the City of Unley's Statement of Financial Position is \$16.0M compared to \$16.2M for the previous year.

## **5.8 Brown Hill and Keswick Creeks Stormwater Board Financial Statements**

A copy of the Brown Hill and Keswick Creeks Stormwater Board (BHKC) financial statements for 2020-21 are attached for information.

*Attachment 6*

The financial statements reflect a Net Operating Deficit of \$49K for the reporting period compared to a deficit of \$45K for the previous year. Council's share of this result is \$10K or 20%.

The financial statements reflect Net Assets of \$25.9M as at 30 June 2021. This represents an increase of \$15.7M for the reporting period which is reflective of the entity increasing its activities Council's share of equity accounted value of BHKC reflected in the City of Unley's Statement of Financial Position is \$5.4M compared to \$2.1M for the previous year.

## 6. **ANALYSIS OF OPTIONS**

### Option 1 –

1. The report be received.
2. Having reviewed the City of Unley's 2020-21 General Purpose Financial Statements, contained in Attachment 1 and External Auditor, Galpins, Audit Completion Report contained in Attachment 2, the Audit Committee considers that the 2020-21 General Purpose Financial Statements present fairly the state of affairs of Council and recommends presentation to Council for endorsement on 22 November 2021.
3. The City of Unley's 2020-21 General Purpose Financial Statements, contained in Attachment 1, be certified by the Chief Executive Officer and the Mayor.
4. The Certification of Auditor Independence contained in Attachment 4 be noted by Council and be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee.
5. The Centennial Park Cemetery Authority General Purpose Financial Statements for 2020-21, signed by Centennial Park's External Auditor and contained in Attachment 5, be noted.
6. The Brown Hill and Keswick Creek's Stormwater Board General Purpose Financial Statements for 2020-21, signed by the subsidiaries External Auditor and contained in Attachment 6 be noted.

In accordance with Section 126(4) of the Local Government Act 1999 the Audit Committee needs to review the General Purpose Financial Statements 2020-21 and be satisfied that they present fairly the state of affairs of Council in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.

Council will then be presented with the General Purpose Financial Statements at its November Council meeting for endorsement and, in accordance with legislation, a copy of the General Purpose Financial Statements will be sent to the Minister for Local Government and the SA Local Government Grants Commission.

The 2020-21 financial result is pleasing. Despite the continuing difficulties experienced during the financial year with a global pandemic Council continues to demonstrate that it is financially well positioned to continue to operate in a sustainable manner. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

## Option 2 -

The Audit Committee advises that it has reviewed the annual General Purpose Financial Statements of the Council for the financial year ended 30 June 2021 and is not satisfied that they present fairly the state of affairs of Council and require further review before presentation to Council.

As a result, this may delay the endorsement of the 2020-21 General Purpose Financial Statements by Council and will impact on Council's legislative requirements in providing signed financial statements to the Minister for Local Government and the SA Local Government Grants Commission by 30 November 2021.

## **7. RECOMMENDED OPTION**

Option 1 is the recommended option.

## **8. POLICY IMPLICATIONS**

There are no policy implications associated with this report.

## **9. REPORT CONSULTATION**

Whilst there has been no direct consultation required in the preparation of the report, considerable consultation with Council's external auditors, Galpins and CoU's Strategic Asset team has been undertaken in the preparation of General Purpose Financial Statements.

## **10. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement
Alex Brown	Manager Finance and Procurement





# City of Unley

## GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

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



## City of Unley

Financial Statements 2021

## General Purpose Financial Statements

for the year ended 30 June 2021

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## City of Unley

Financial Statements 2021

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Certification of Financial Statements

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

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Peter Tsokas  
Chief Executive Officer

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Michael Hewitson  
Mayor

Date : 22 November 2021

## City of Unley

Financial Statements 2021

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Rates	2a	42,313	42,337
Statutory Charges	2b	1,653	1,577
User Charges	2c	1,666	1,615
Grants, Subsidies and Contributions	2g	3,493	3,357
Investment Income	2d	41	51
Reimbursements	2e	374	592
Other income	2f	741	919
<b>Total Income</b>		<b>50,281</b>	<b>50,448</b>
<b>Expenses</b>			
Employee costs	3a	17,459	16,553
Materials, Contracts and Other Expenses	3b	18,972	20,175
Depreciation, Amortisation and Impairment	3c	9,898	9,364
Finance Costs	3d	289	373
Net loss - Equity Accounted Council Businesses	19(a)	214	235
<b>Total Expenses</b>		<b>46,832</b>	<b>46,700</b>
<b>Operating Surplus / (Deficit)</b>		<b>3,449</b>	<b>3,748</b>
Asset Disposal & Fair Value Adjustments	4	(803)	(1,448)
Amounts Received Specifically for New or Upgraded Assets	2g	1,868	4,860
<b>Net Surplus / (Deficit)</b>		<b>4,514</b>	<b>7,160</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I,PP&E	9a	11,196	6,520
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	2,128	(548)
<b>Total Amounts which will not be reclassified subsequently to operating result</b>		<b>13,324</b>	<b>5,972</b>
<b>Total Other Comprehensive Income</b>		<b>13,324</b>	<b>5,972</b>
<b>Total Comprehensive Income</b>		<b>17,838</b>	<b>13,132</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2021

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	1,616	1,679
Trade & Other Receivables	5b	1,699	2,204
Other Financial Assets	5c	15	69
<b>Total current assets</b>		<b>3,330</b>	<b>3,952</b>
<b>Non-current assets</b>			
Financial Assets	6a	—	7
Equity Accounted Investments in Council Businesses	6b	21,435	18,314
Infrastructure, Property, Plant & Equipment	7a(i)	541,349	529,958
<b>Total non-current assets</b>		<b>562,784</b>	<b>548,279</b>
<b>TOTAL ASSETS</b>		<b>566,114</b>	<b>552,231</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	3,569	4,864
Borrowings	8b	256	246
Provisions	8c	4,318	3,946
<b>Total Current Liabilities</b>		<b>8,143</b>	<b>9,056</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	11,673	14,482
Provisions	8c	272	428
<b>Total Non-Current Liabilities</b>		<b>11,945</b>	<b>14,910</b>
<b>TOTAL LIABILITIES</b>		<b>20,088</b>	<b>23,966</b>
<b>Net Assets</b>		<b>546,026</b>	<b>528,265</b>
<b>EQUITY</b>			
Accumulated surplus		162,422	155,804
Asset revaluation reserves	9a	383,427	372,231
Other reserves	9b	177	230
<b>Total Council Equity</b>		<b>546,026</b>	<b>528,265</b>
<b>Total Equity</b>		<b>546,026</b>	<b>528,265</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2021

## Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2021</b>					
Balance at the end of previous reporting period		155,804	372,231	230	528,265
Adjustments (Correction of Prior Period Errors)	24a	(47)	—	—	(47)
<b>Restated opening balance</b>		<b>155,757</b>	<b>372,231</b>	<b>230</b>	<b>528,218</b>
Net Surplus / (Deficit) for Year		4,514	—	—	4,514
<b>Other Comprehensive Income</b>					
- Gain (loss) on revaluation of IPP&E	7a	—	11,196	—	11,196
- Share of OCI - Equity Accounted Council Businesses		2,128	—	—	2,128
- Other Equity Adjustments - Equity Accounted Council Businesses	19	23	—	—	23
- Other Movements - Carpark and tree funds		—	—	(53)	(53)
<b>Other comprehensive income</b>		<b>2,151</b>	<b>11,196</b>	<b>(53)</b>	<b>13,294</b>
<b>Total comprehensive income</b>		<b>6,665</b>	<b>11,196</b>	<b>(53)</b>	<b>17,808</b>
<b>Balance at the end of period</b>		<b>162,422</b>	<b>383,427</b>	<b>177</b>	<b>546,026</b>
<b>2020</b>					
Balance at the end of previous reporting period		147,002	365,711	256	512,969
Adjustments (Correction of Prior Period Errors)	24a	877	—	—	877
<b>Restated opening balance</b>		<b>147,879</b>	<b>365,711</b>	<b>256</b>	<b>513,846</b>
Net Surplus / (Deficit) for Year		7,160	—	—	7,160
<b>Other Comprehensive Income</b>					
- Gain (loss) on revaluation of IPP&E	7a	—	6,520	—	6,520
- Share of OCI - Equity Accounted Council Businesses		(548)	—	—	(548)
- Other Equity Adjustments - Equity Accounted Council Businesses	19	1,313	—	—	1,313
- Other Movements - Carpark and tree funds		—	—	(26)	(26)
<b>Other comprehensive income</b>		<b>765</b>	<b>6,520</b>	<b>(26)</b>	<b>7,259</b>
<b>Total comprehensive income</b>		<b>7,925</b>	<b>6,520</b>	<b>(26)</b>	<b>14,419</b>
<b>Balance at the end of period</b>		<b>155,804</b>	<b>372,231</b>	<b>230</b>	<b>528,265</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2021

## Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Operating Receipts		52,285	53,085
Investment Receipts		41	51
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(39,074)	(47,010)
Finance Payments		(321)	(316)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>12,931</u>	<u>5,810</u>
<b>Cash flows from investing activities</b>			
Amounts Received Specifically for New/Upgraded Assets		1,868	4,860
Sale of Replaced Assets		372	214
Repayments of Loans by Community Groups		61	-
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(6,650)	(12,610)
Expenditure on New/Upgraded Assets		(4,665)	(10,655)
Loans Made to Community Groups		-	(68)
Capital contributed to Equity Accounted Council Businesses		(1,183)	(853)
<b>Net cash provided (or used in) investing activities</b>		<u>(10,197)</u>	<u>(19,112)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		-	12,221
Proceeds from Bonds & Deposits		2	-
<u>Payments</u>			
Repayment of Bonds & Deposits		-	(5)
Repayments of Borrowings		(2,799)	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(2,797)</u>	<u>12,216</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(63)</u>	<u>(1,086)</u>
plus: Cash & Cash Equivalents at beginning of period		1,679	2,765
<b>Cash and cash equivalents held at end of period</b>	11a	<u>1,616</u>	<u>1,679</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2021

### Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

#### Contents of the Notes accompanying the General Purpose Financial Statements

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### 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* dated 22rd Nov 2021

###### 1.2 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 liability. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

###### 1.3 Estimates and assumptions

###### 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 consolidated 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

The Council recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$1,808,917	\$1,430,009	+ \$378,908

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

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

2019/20	\$1,260,571	\$1,404,448	- \$143,887
2020/21	\$1,188,495	\$1,223,509	- \$35,014

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

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

**Construction Contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(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, except for trade receivables from a contract with a customer, which are measured at the transaction price. 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 / Recycled Water	\$3,000
Roads, Lanes, Kerb & Watertable	\$3,000
Pathways	\$3,000
Traffic & Lighting	\$3,000

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

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Bridges	\$3,000
Other Assets	\$3,000
Equipment, Furniture & Fittings - Other	\$3,000
Equipment, Furniture & Fittings - Computers	\$500

#### 5.3 Subsequent Recognition

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

#### 5.4 Depreciation of Non-Current Assets

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

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

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

Equipment, Furniture & Fittings	1 to 10 years
---------------------------------	---------------

##### *Building & Other Structures*

Buildings	50 years
Building Fit Outs	15 years

##### *Infrastructure*

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

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

##### 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 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 0.73% (2020, 0.48%)

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. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

##### (9) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Note: For the FY 20/21, The council did not have any leases.

###### 9.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the

continued on next page ...

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

##### iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (10) 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.

#### (11) 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.

#### (12) New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretation 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.

#### (13) COVID-19 Pandemic

The COVID-19 pandemic has impacted the 2020/21 financial results as it did with the 2019/20 financial year. This may impact on the comparability of some line items and amounts reported in this financial report.

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

The financial impacts are a result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's financial performance are outlined below:

- A reduction in rate revenue of approximately (\$1.48M) due to Council's decision not to increase general rates by Adelaide CPI for March 2020 of 2.4% in light of the financial implications on the community arising from COVID-19 (\$1.00M) and the waiving of Council rates (\$0.48M);
- A reduction in user charges of approximately (\$260,000) primarily due to the implication of restrictions on the Unley Swimming Centre, the hire of Council venues, outdoor dining fees and parking ticket machine revenue. This revenue loss partially offset by a small, reduction in net operating expenses associated with managing these facilities, estimated to be approximately \$125,000.
- A reduction in the Liability Guarantee Fee from Centennial Park Cemetery Authority of approximately (\$160,000) due to the waiving of the Fee for 6 months from July 2020 to December 2020;
- Additional cleaning costs of (\$140,000) for proactive cleaning Council owned facilities; and
- A reduction in event costs of approximately \$100,000 due to the cancellation and scaling down of events.

Council estimates that the reduction in revenue and increase in expenditure resulted in a decrease of approximately (\$1.8M) in the 2020/21 net surplus.

It is expected that the restrictions arising from COVID-19 will continue to impact the financial results for the 2021/22 financial year. However, the impact is anticipated to be significantly reduced compared to 2021/22, and primarily relate to:

- reduced income from venue hire and outdoor dining fees,
- increased expenditure on cleaning, and
- reduced expenditure on events.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

#### (14) 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.

#### (15) Disclaimer

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

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Income

\$ '000	2021	2020
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	41,531	41,498
Less: Mandatory Rebates	(900)	(915)
Less: Discretionary Rebates, Remissions & Write Offs	(110)	(108)
<b>Total General Rates</b>	<b>40,521</b>	<b>40,475</b>
<b>Other Rates (Including Service Charges)</b>		
Natural Resource Management Levy	1,414	1,389
Separate & Special Rates	233	330
<b>Total Other Rates (Including Service Charges)</b>	<b>1,647</b>	<b>1,719</b>
<b>Other Charges</b>		
Penalties for Late Payment	124	97
Legal & Other Costs Recovered	21	46
<b>Total Other Charges</b>	<b>145</b>	<b>143</b>
<b>Total Rates</b>	<b>42,313</b>	<b>42,337</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	495	381
Animal Registration Fees & Fines	183	173
Parking Fines / Expiation Fees	857	918
Environmental Control Fines	25	35
Search Fees	93	70
<b>Total Statutory Charges</b>	<b>1,653</b>	<b>1,577</b>
<b>(c) User Charges</b>		
Hall & Equipment Hire	116	158
Property Lease	560	441
Catering	33	32
Sales - Swimming Memberships	164	292
Parking Control	144	132
Swim School	156	168
Swimming User Groups	88	86
Swimming Centre Operations	193	125
Unley Community Centre	33	36
Other - User Charges across UCC	179	145
<b>Total User Charges</b>	<b>1,666</b>	<b>1,615</b>

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Income (continued)

\$ '000	2021	2020
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	41	51
<b>Total Investment Income</b>	<b>41</b>	<b>51</b>
<b>(e) Reimbursements</b>		
Corporate Activities	—	216
Depot	109	128
Parking Control	109	105
Strategic Projects	53	47
Events Operating Projects	18	38
Waste Management	2	22
Other	83	36
<b>Total Reimbursements</b>	<b>374</b>	<b>592</b>
<b>(f) Other income</b>		
Donations - General	14	22
Advertising - Other	97	79
Artisit - Exhibition Income	38	8
Contributions - CPCA Guarantee Fee	160	318
Contributions - Other	5	14
Community Services - Other	335	306
Book Club	1	2
Replacement Material	5	3
Workers Compensation Rebate	47	130
Insurance Claims Received	20	16
Fuel Tax Credits	16	17
CT Requests Fee	3	4
<b>Total Other income</b>	<b>741</b>	<b>919</b>

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Income (continued)

\$ '000	2021	2020
<b>(g) Grants, Subsidies, Contributions</b>		
Amounts Received Specifically for New or Upgraded Assets	1,868	4,860
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>	<b>1,868</b>	<b>4,860</b>
Other Grants, Subsidies and Contributions	3,493	3,357
<b>Total Other Grants, Subsidies and Contributions</b>	<b>3,493</b>	<b>3,357</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>5,361</b>	<b>8,217</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	1,402	1,812
State Government	3,957	3,898
Other	2	2,507
<b>Total</b>	<b>5,361</b>	<b>8,217</b>

**(ii) Individually Significant Items**

Grant Commission (FAG) Grant Recognised as Income	648	683
---	-----	-----

In June 2021 Council received payment for the 2021-22 Financial Assistance Grant (FAG).

As has been done in the previous years, these amounts are recognised as income upon receipt. Similarly in May 2020 the 2020-21 grant was paid and recognised as income in that year.

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 3. Expenses

\$ '000	Notes	2021	2020
<b>(a) Employee costs</b>			
Salaries and Wages		14,606	13,852
Employee Leave Expense		2,186	2,165
Superannuation - Defined Contribution Plan Contributions	18	1,526	1,473
Workers' Compensation Insurance		393	393
Less: Capitalised and Distributed Costs		(1,252)	(1,330)
<b>Total Operating Employee Costs</b>		<b>17,459</b>	<b>16,553</b>
Total Number of Employees (full time equivalent at end of reporting period)		173	168
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Current Year Audit Fees		23	34
Elected Members' Expenses		291	293
<b>Subtotal - Prescribed Expenses</b>		<b>314</b>	<b>327</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contracts		3,999	4,719
Maintenance Contracts		2,199	2,675
Legal Expenses		739	630
Levies Paid to Government - NRM levy		1,414	1,394
Parts, Accessories & Consumables		3,073	2,958
Insurance (Workers Compensation, Public Liability, Assets)		629	702
Brownhill Keswick Creek Contributions		94	74
Levies & Taxes		195	191
Other Contributions & Donations		96	61
Printing		21	37
Sitting Fees		36	32
Trader Associations Contributions		232	331
Valuation Fees (Property for Rating Purposes)		194	192
Electricity		721	753
Advertising		94	154
Bank Fees & Charges		105	105
Community Program Expenses		303	295
Economic Development Program Expenses		30	4
Community Grants & Sponsorship		250	411
Sundry Materials, Contract & Expenses		172	218
Waste Contract		4,062	3,912
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>18,658</b>	<b>19,848</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>18,972</b>	<b>20,175</b>

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 3. Expenses (continued)

\$ '000	2021	2020
<b>(c) Depreciation, Amortisation and Impairment</b>		
<b>(i) Depreciation and Amortisation</b>		
Infrastructure		
Stormwater Drainage / Recycled Water	1,188	1,173
Roads, Lanes, Kerb & Watertable	2,215	2,132
Pathways	1,417	1,306
Traffic & Lighting	323	185
Bridges	116	120
Equipment, Furniture & Fittings	1,646	1,681
Buildings - Level 2	1,413	1,392
Other Assets	1,580	1,375
<b>Subtotal</b>	<b>9,898</b>	<b>9,364</b>
<b>Total Depreciation, Amortisation and Impairment</b>	<b>9,898</b>	<b>9,364</b>
<b>(d) Finance Costs</b>		
Interest on Loans	289	373
<b>Total Finance Costs</b>	<b>289</b>	<b>373</b>

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

\$ '000	2021	2020
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	372	214
Less: Carrying Amount of Assets Sold	(1,175)	(1,662)
<b>Gain (Loss) on Disposal</b>	<b>(803)</b>	<b>(1,448)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(803)</b>	<b>(1,448)</b>

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 5. Current Assets

\$ '000	2021	2020
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	23	16
Deposits at Call	1,593	1,663
<b>Total Cash &amp; Cash Equivalent Assets</b>	<b>1,616</b>	<b>1,679</b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	619	1,207
Accrued Revenues	48	51
Debtors - General	661	843
Prepayments	371	103
<b>Subtotal</b>	<b>1,699</b>	<b>2,204</b>
<b>Total Trade &amp; Other Receivables</b>	<b>1,699</b>	<b>2,204</b>
<b>(c) Other Financial Assets</b>		
Loans to Community Organisations	15	69
<b>Total Other Financial Assets</b>	<b>15</b>	<b>69</b>

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

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 6. Non-Current Assets

\$ '000	2021	2020
<b>(a) Financial Assets</b>		
<b>Receivables</b>		
Loans to Community Organisations	—	7
<b>Subtotal</b>	—	7
<b>Total Receivables</b>	—	7
<b>Total Financial Assets</b>	—	7

\$ '000	Notes	2021	2020
<b>(b) Equity Accounted Investments in Council Businesses</b>			
Centennial Park Cemetery Authority	19	15,995	16,180
Brown Hill Keswick Creek Board		5,440	2,134
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>21,435</b>	<b>18,314</b>

Within the terminology of Section 43 of the Local Government Act 1999, the Centennial Park Cemetery Trust Incorporated is a jointly controlled 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 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).

## City of Unley

Financial Statements 2021

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property

## (a(ii)) Infrastructure, Property, Plant &amp; Equipment

		as at 30/06/20				Asset movements during the reporting period								as at 30/06/21			
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3 c)	WIP Transfers	Adjustments & Transfers	Reversal of prior period Revaluation Decrements to the P&L (Note 4)	Revaluation increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																	
Capital Work in Progress		–	5,673	–	5,673	–	–	–	–	(1,324)	–	–	–	–	4,349	–	4,349
Stormwater Drainage / Recycled Water	3	92,570	3,144	(43,041)	52,673	–	658	–	(1,188)	–	–	–	8,293	101,190	1,430	(42,184)	60,436
Roads, Lanes, Kerb & Watertable	3	186,880	4,469	(42,434)	148,915	–	3,300	(648)	(2,215)	–	–	–	–	185,395	7,769	(43,812)	149,352
Pathways	3	54,440	714	(12,007)	43,147	340	433	(95)	(1,417)	30	–	–	–	55,114	714	(13,390)	42,438
Traffic & Lighting	3	5,565	3,601	(1,920)	7,246	959	47	–	(323)	(120)	–	–	–	5,565	4,488	(2,244)	7,809
Bridges	3	9,388	16	(6,166)	3,238	–	12	–	(116)	–	–	–	2,903	11,899	–	(5,862)	6,037
Other Assets	3	10,172	12,599	(8,618)	14,153	144	508	(8)	(1,580)	(27)	–	–	–	10,097	13,223	(10,130)	13,190
Equipment, Furniture & Fittings		–	19,212	(11,215)	7,997	51	886	(386)	(1,646)	–	(47)	–	–	–	18,796	(11,941)	6,855
Land	2	48,140	1,415	–	49,555	–	–	–	–	–	–	–	–	48,140	1,415	–	49,555
Land	3	169,091	–	–	169,091	749	28	–	–	–	–	–	–	169,091	777	–	169,868
Buildings	2	54,970	1,721	(48,394)	8,297	–	228	–	(484)	–	–	–	–	25,892	1,996	(19,800)	8,088
Buildings	3	19,973	–	–	19,973	2,422	550	(38)	(929)	1,441	–	–	–	46,572	4,413	(27,613)	23,372
Recycled Water	3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Infrastructure, Property, Plant & Equipment		651,189	52,564	(173,795)	529,958	4,665	6,650	(1,175)	(9,898)	–	(47)	–	11,196	658,955	59,370	(176,976)	541,349
Comparatives		650,020	43,131	(182,870)	510,281	10,655	12,610	(1,662)	(9,364)	–	918	(2,082)	8,602	651,189	52,564	(173,795)	529,955

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

##### (b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

###### 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

Fair value hierarchy level 2 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.

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - 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. Accordingly, formal sensitivity analysis does not provide useful information.

###### *Transfers between fair value hierarchy levels*

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

###### 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.

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

##### Other Information - Fair Value Level Classification

An adjustment column named "Fair Value Level Reclassification" has been included for the purpose of aligning the asset classes fair value level balances.

##### Other Information - City of Unley's Tree Strategy

The Council recognises the important contribution trees and vegetation make to the City and our community. These assets provide multiple benefits like supporting flora and fauna and reducing the impacts of climate change, while creating a liveable city that adds character to neighbourhoods and economic value to properties.

This Tree Strategy sets out a vision of keeping Unley leafy for future generations. It provides a foundation for how the Council will continue to enrich our City through continual management of our most valuable assets, now and for future generations. It focuses on maintaining, managing and increasing trees on public land, and our role in educating, supporting and encouraging tree retention and expansion on private land.

Ongoing implementation and improvement of Councils' Tree Strategy and any associated maintenance is managed in accordance with, and subject to, adoption of Councils Annual Business Plan and Budget. An increase in planting and projects relating to trees will require additional and ongoing maintenance funding, including administrative support.

The financial life of a tree is defined with two major events that bookend its existence: (a) The costs of purchasing, planting and establishing and (b) the cost of removing the tree at the end of its life. Further implications of an increased urban forest will be realised insofar as Council's operational costs with respect to tree removal, pest and disease control, tree watering, street sweeping, civil infrastructure repairs associated with root growth, as some examples.

In the short to mid term, CoU will continue to support and invest in the Tree strategy until there is maturity in this space to ensure a consistent, reliable financial asset treatment that is uniform across councils.

##### 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.

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.

##### 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.

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property (continued)

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

Asset Type	Valuation Technique
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.

*Pathways (Footpaths, Car Parks, Bike Paths)*

- Date of valuation: 1 July 2019
- Valuer: Public Private Property
- Basis of valuation: Level 3, please refer to summary table below
- All acquisitions made after the valuation date are recorded at cost.

*Drainage / Recycled Water (Stormwater Drains, Creeks, Managed Aquifer Recharge Scheme)*

- Date of valuation: 30 June 2021
- Valuer: Public Private Property
- 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: 1 Jul 2019
- Valuer: Public Private Property
- 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 2021
- Valuer: Wallbridge Gilbert Aztec
- Basis of valuation: Level 3, please refer to summary table below

**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

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property (continued)

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

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

Asset Type	Valuation Technique
Infrastructure <ul style="list-style-type: none"> <li>• Pathways</li> <li>• Other Assets</li> </ul>	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 <ul style="list-style-type: none"> <li>• Bridges</li> </ul>	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 <ul style="list-style-type: none"> <li>• Bridges</li> </ul>	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.

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	2,479	–	2,664	–
Payments Received in Advance	72	–	1,509	–
Accrued Expenses - Employee Entitlements	370	–	209	–
Accrued Expenses - Finance Costs	67	–	99	–
Accrued Expenses - Other	575	–	379	–
Deposits, Retentions & Bonds	6	–	4	–
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>3,569</u></b>	<b><u>–</u></b>	<b><u>4,864</u></b>	<b><u>–</u></b>

**(b) Borrowings**

Loans	256	11,673	246	14,482
<b><u>TOTAL Borrowings</u></b>	<b><u>256</u></b>	<b><u>11,673</u></b>	<b><u>246</u></b>	<b><u>14,482</u></b>

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

**(c) Provisions**

Employee Entitlements (including oncosts)	4,318	272	3,946	428
<b><u>TOTAL Provisions</u></b>	<b><u>4,318</u></b>	<b><u>272</u></b>	<b><u>3,946</u></b>	<b><u>428</u></b>

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset Revaluation Reserve</b>					
Infrastructure					
Stormwater Drainage	22,607	8,293	—	—	30,900
Roads, Lanes, Kerb & Watertable	76,957	—	—	—	76,957
Pathways	26,270	—	—	—	26,270
Traffic & Lighting	598	—	—	—	598
Bridges	2,453	2,903	—	—	5,356
Land	205,475	—	—	—	205,475
Buildings	25,616	—	—	—	25,616
Other Assets	583	—	—	—	583
JV's / Associates - Other Comprehensive Income	11,672	—	—	—	11,672
<b>Total Asset Revaluation Reserve</b>	<b>372,231</b>	<b>11,196</b>	<b>—</b>	<b>—</b>	<b>383,427</b>
Comparatives	365,711	6,520	—	—	372,231

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other Reserves</b>					
Carpark Contribution Fund	129	—	—	—	129
Urban Tree Fund	33	6	(2)	—	37
Street Tree Amenity Fund	68	17	(74)	—	11
<b>Total Other Reserves</b>	<b>230</b>	<b>23</b>	<b>(76)</b>	<b>—</b>	<b>177</b>
Comparatives	256	(26)	—	—	230

## PURPOSES OF RESERVES

**Asset Revaluation Reserves**

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

## Note 10. Assets Subject to Restrictions

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

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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## (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	1,616	1,679
<b>Balances per Statement of Cash Flows</b>		<b>1,616</b>	<b>1,679</b>

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

<b>Net Surplus/(Deficit)</b>		4,514	7,160
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		9,898	9,364
Equity Movements in Equity Accounted Investments (Increase)/Decrease		214	235
Grants for capital acquisitions treated as Investing Activity		(1,868)	(4,860)
Net (Gain) Loss on Disposals		803	1,448
Other		(54)	(69)
		<b>13,507</b>	<b>13,278</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		505	477
Net Increase/(Decrease) in Trade & Other Payables		(1,297)	(8,232)
Net Increase/(Decrease) in Unpaid Employee Benefits		216	287
<b>Net Cash provided by (or used in) operations</b>		<b>12,931</b>	<b>5,810</b>

## (c) Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	250	231
LGFA Cash Advance Debenture Facility	20,000	14,900

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

## City of Unley

Financial Statements 2021

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions/Activities</b>										
Business Undertakings	—	—	—	—	—	—	—	—	—	(468)
Office of the CEO	230	413	2,438	2,824	(2,208)	(2,411)	—	—	21,435	18,313
City Development	2,233	2,064	24,391	23,957	(22,158)	(21,893)	1,256	797	318,484	307,335
Business Support & Improvement	43,107	43,340	8,750	8,270	34,357	35,070	804	844	6,078	7,647
City Services	4,449	4,632	11,039	11,411	(6,590)	(6,779)	1,433	1,716	220,117	219,404
<b>Total Functions/Activities</b>	<b>50,019</b>	<b>50,449</b>	<b>46,618</b>	<b>46,462</b>	<b>3,401</b>	<b>3,987</b>	<b>3,493</b>	<b>3,357</b>	<b>566,114</b>	<b>552,231</b>

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.



## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 12(b). Components of Functions

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The activities relating to Council functions are as follows:

##### **OFFICE OF THE CEO**

Governance, 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, Economic Development

##### **BUSINESS SUPPORT & IMPROVEMENT**

Business Support & Improvement Management, Business Systems & Solutions, Corporate Activities, People & Culture, Finance & Procurement, Risk, Human Resources, WHS

##### **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

## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 13. Financial Instruments

##### Recognised Financial Instruments

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

###### Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

###### Terms & Conditions:

Deposits are returning fixed interest rates of 0.35% (2020: 0.25% and 0.10%). Short term deposits have an average maturity of 30 days and an average interest rate of 0.65% (2020: 30 days and 1.21%).

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - Rates & Associated Charges

###### Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.2% (2020: 6.35%). 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:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### 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:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### Terms & Conditions:

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

###### Carrying Amount:

Approximates fair value.

##### Liabilities - Interest Bearing Borrowings

###### Accounting Policy:

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

continued on next page ...

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 13. Financial Instruments (continued)

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**Terms & Conditions:**

Secured over future revenues, Credit Foncier loans are repaid on a 6-monthly basis, whilst Cash Advance Debentures (CAD) are repaid as surplus funds become available. Interest is charged at fixed and variable rates between 1.3% and 4.0% (2020: 2.2% and 4.0%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - Leases**

**Accounting Policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
<b>2021</b>					
Cash & Cash Equivalents	1,616	—	—	1,616	1,616
Receivables	1,328	—	—	1,328	1,328
Other Financial Assets	15	—	—	15	15
<b>Total Financial Assets</b>	<b>2,959</b>	<b>—</b>	<b>—</b>	<b>2,959</b>	<b>2,959</b>
<b>Financial Liabilities</b>					
Payables	3,497	—	—	3,497	3,497
Current Borrowings	297	—	—	297	256
Non-Current Borrowings	—	6,499	5,233	11,732	11,673
<b>Total Financial Liabilities</b>	<b>3,794</b>	<b>6,499</b>	<b>5,233</b>	<b>15,526</b>	<b>15,426</b>
<b>2020</b>					
Cash & Cash Equivalents	1,679	—	—	1,679	1,679
Receivables	2,101	—	—	2,101	2,108
Other Financial Assets	76	—	—	76	69
<b>Total Financial Assets</b>	<b>3,856</b>	<b>—</b>	<b>—</b>	<b>3,856</b>	<b>3,856</b>
<b>Financial Liabilities</b>					
Payables	3,355	—	—	3,355	3,355
Current Borrowings	297	—	—	297	246
Non-Current Borrowings	—	1,186	13,396	14,582	14,482
<b>Total Financial Liabilities</b>	<b>3,652</b>	<b>1,186</b>	<b>13,396</b>	<b>18,234</b>	<b>18,083</b>

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	1.69%	10,843	2.20%	1,308
Fixed Interest Rates	4.00%	1,086	4.00%	13,420
		<b>11,929</b>		<b>14,728</b>

**Net Fair Value**

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

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 13. Financial Instruments (continued)

## 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 impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

## Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
---------	------	------

## (a) Capital Commitments

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

Infrastructure	9,204	13,364
	<u>9,204</u>	<u>13,364</u>

These expenditures are payable:

Not later than one year	9,033	10,306
Later than one year and not later than 5 years	171	3,058
	<u>9,204</u>	<u>13,364</u>

## (b) Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Maintenance Contracts on Investment Properties	3,406	2,117
Maintenance Contracts (Service & Consulting)	1,769	2,834
Waste Maintenance	5,245	6,593
	<u>10,420</u>	<u>11,544</u>

These expenditures are payable:

Not later than one year	5,260	7,499
Later than one year and not later than 5 years	5,160	4,045
	<u>10,420</u>	<u>11,544</u>

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
---------	-------------------	--------------------	--------------------

## Financial Indicators overview

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	6.9%	7.4%	9.3%
Total Operating Income			

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

## 2. Net Financial Liabilities Ratio

Net Financial Liabilities	33%	40%	28%
Total Operating Income			

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

## 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

Operating Surplus	6.9%	7.4%	8.7%
Total Operating Income			

## Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	33%	40%	28%
Total Operating Income			

## 3. Asset Renewal Funding Ratio

Net Asset Renewals	83%	135%	139%
Infrastructure & Asset Management Plan required expenditure			

Net asset renewals expenditure, as expressed in Council's Asset Management Plan, is used as the denominator in this indicator.

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.

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

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

Income	50,281	50,448
less Expenses	(46,832)	(46,700)
<b>Operating Surplus / (Deficit)</b>	<b>3,449</b>	<b>3,748</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(6,650)	(12,610)
add back Depreciation, Amortisation and Impairment	9,898	9,364
add back Proceeds from Sale of Replaced Assets	372	214
	<b>3,620</b>	<b>(3,032)</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property)	(4,665)	(10,655)
add back Amounts Received Specifically for New and Upgraded Assets	1,868	4,860
	<b>(2,797)</b>	<b>(5,795)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>4,272</b>	<b>(5,079)</b>

## Note 17. Leases

Council does not have any Leases.

## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18. Superannuation

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

##### Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). 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 2019/20) 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 119.34(a), 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 2021. 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.



## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 19. Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
<b>Council's Share of Net Income</b>				
Associates	(214)	(235)	21,435	18,314
<b>Total Council's Share of Net Income</b>	<b>(214)</b>	<b>(235)</b>	<b>21,435</b>	<b>18,314</b>

## ((a)i) Joint Ventures, Associates and Joint Operations

## (a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Brown Hill Keswick Creek Board	Stormwater Management	5,440	2,134
Centennial Park Cemetery Authority	Cemetery Industry	15,995	16,181
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>21,435</b>	<b>18,315</b>

**Brown Hill Keswick Creek Board**

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.

**Centennial Park Cemetery Authority**

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.

## (b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Brown Hill Keswick Creek Board	20.00%	20.00%	21.00%	21.00%	20.00%	20.00%
Centennial Park Cemetery Authority	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%

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## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

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

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

\$ '000	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority	
	2021	2020	2021	2020
Opening Balance	2,134	1,290	16,181	15,640
Share in Operating Result	(10)	(9)	(204)	(225)
Share in Other Comprehensive Income	2,133	—	(5)	(548)
New Capital Contributions	1,183	853	—	—
Adjustments to Equity	—	—	23	1,314
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>5,440</b>	<b>2,134</b>	<b>15,995</b>	<b>16,181</b>

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

## Statement of Financial Position

Cash and Cash Equivalents	12,135	5,002	7,328	10,564
Other Current Assets	271	325	1,503	1,570
Non-Current Assets	13,634	6,410	40,168	36,373
<b>Total Assets</b>	<b>26,040</b>	<b>11,737</b>	<b>48,999</b>	<b>48,507</b>
Current Trade and Other Payables	135	1,578	2,550	2,453
Current Financial Liabilities	—	—	111	169
Current Provisions	—	—	600	574
Non-Current Provisions	—	—	13,748	12,950
<b>Total Liabilities</b>	<b>135</b>	<b>1,578</b>	<b>17,009</b>	<b>16,146</b>
<b>Net Assets</b>	<b>25,905</b>	<b>10,159</b>	<b>31,990</b>	<b>32,361</b>

## Statement of Comprehensive Income

Other Income	472	389	9,467	9,930
Interest Income	25	25	85	166
<b>Total Income</b>	<b>497</b>	<b>414</b>	<b>9,552</b>	<b>10,096</b>
Employee Costs	285	270	4,833	4,753
Materials, Contracts & Other Expenses	199	152	3,483	4,102
Depreciation, Amortisation and Impairment	62	37	1,643	1,692
<b>Total Expenses</b>	<b>546</b>	<b>459</b>	<b>9,959</b>	<b>10,547</b>
<b>Operating Result</b>	<b>(49)</b>	<b>(45)</b>	<b>(407)</b>	<b>(451)</b>

## Contingent Liabilities of the Associate:

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

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

The 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 2021 is \$14,071,155 (2020: \$12,239,891). 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

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.25% (2020: 7.35%) of 44,513 (2020: 44,539) burial interment rights currently issued.

Total unused interment rights account for approximately 11.34% (2020: 8.59%) of 34,892 (2019: 36,771) memorial interment rights currently issued. Once an interment or placement of a monument has occurred a licence cannot be redeemed.

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

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

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

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

##### 1. LAND UNDER ROADS

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

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

##### 2. POTENTIAL INSURANCE LOSSES

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

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

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

##### 3. BANK GUARANTEES

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

##### 4. LEGAL EXPENSES

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 15 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.

Council is currently involved in legal proceedings relating to the determination of the status of land in its area. At the date of these reports, all parties have borne their own legal costs and all known costs have been recognised, but the amount of further costs cannot be known until court decisions and possible appeals have been determined.

continued on next page ...

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## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

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Council is currently involved in legal proceedings relating to the prosecution of unauthorised tree damaging activities in its area. At the date of these reports, all parties have borne their own legal costs and all known costs have been recognised, but the amount of further costs cannot be known until court decisions and possible appeals have been determined.

#### Note 22. Events after the Balance Sheet Date

---

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council does not expect that further financial impacts to flow into the 2021/22 financial year to be significant.

We refer to note 1.13 providing details of the financial impacts caused by COVID-19

Accordingly, the "authorised for issue" date is 22/11/21.

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

## City of Unley

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 23. Related Party Transactions

## 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, 17 persons (2020 : 29 persons) were paid the following total compensation:

\$ '000	2021	2020
<b>The compensation paid to Key Management Personnel comprises:</b>		
Short-Term Employee Benefits	2,859	2,725
Long-Term Benefits	637	479
<b>Total</b>	<b>3,496</b>	<b>3,204</b>

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

**Elected Members are members of the management committees of the following organisations:**

St Augustines Anglican Church, Diocesan Council of Adelaide Anglicans, Goodwood Primary School, Open Space Contemporary Arts, Unley Bicycle User Group, Sturt Football Club, Athletics SA, Transcend Australia, Inasmuch Inc, Centennial Park Cemetery Authority.

In accordance with the Local Government Act SA 1999, these persons declare a conflict of interest and leave the meeting environs when any matter affecting their Club/Association/Organisation is discussed or voted upon.

Many of the above-mentioned organisations use facilities maintained by Council for which there is no available arms length market pricing: these facilities are also used by other not-for-profit organisations and the general public.

Council made payments to a total value of \$15,934 to the above organisations for the period ending 30 June 2021.

**Employees are members of the following organisation's Boards/Management Committees :**

Libraries Board of SA, Glenelg Softball Club, Woodville West Torrens Football Club, Community Centres SA, Community Managers Network, Adelaide Titans Football Club Inc., Local Government IT SA Incorporated, LGP Continuous Improvement Network, Animal Welfare League Foster, Australia Day Council SA, St Basils Homes, Colton State Electoral Committee & Branch, Liberal Party of Australia SA Division, Mainstreet SA, Adelaide Park Lands Authority.

In accordance with the Local Government Act SA 1999, these persons declare a conflict of interest and leave the meeting environs when any matter affecting their Club/Association/Organisation is discussed or voted upon.

## City of Unley

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments

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##### Correction of errors relating to a previous reporting period

##### **Nature of prior-period error**

As part of Council's continuous process of reviewing and improving asset data quality, an overstatement of \$47k related to prior year errors has been identified and corrected in the balance of equipment, furniture and fittings.

City of Unley

Financial Statements 2021

**General Purpose Financial Statements**  
for the year ended 30 June 2021

**Independent Auditor's Report - Financial Statements**

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City of Unley

Financial Statements 2021

**General Purpose Financial Statements**  
for the year ended 30 June 2021

**Independent Auditor's Report - Internal Controls**

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## City of Unley

Financial Statements 2021

### General Purpose Financial Statements for the year ended 30 June 2021

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#### 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 2021, 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*.

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Peter Tsokas  
Chief Executive Officer

---

David Powell  
Presiding Member, Audit Committee

Date: 27 October 2021

## City of Unley

Financial Statements 2021

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Statement by Auditor

I confirm that, for the audit of the financial statements of City of Unley for the year ended 30 June 2021, 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 CA, Registered Company Auditor

Partner

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Date: 22 October 2021





Accountants, Auditors & Business Consultants

## 2020/21 Audit Completion Report

The City of Unley



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## EXECUTIVE SUMMARY

### To the members of the audit committee of The City of Unley

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2021. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to the Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to the Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Summary of Audit Risks and Overall Responses	Section 2
Key Audit Matters	Section 3
Internal Controls Opinion and Recommendations	Section 4
Final Management Letter	Section 5
Immaterial Uncorrected Misstatements	Section 6
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2
Draft Statement by Auditor	Appendix 3
Better Practice Model (BPM) Risks	Appendix 4
Risk Ratings	Appendix 5

We also confirm our intention to sign the statement by auditor regarding our independence, and confirm that for the audit of the year ended 30 June 2021 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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.

Yours faithfully

**Tim Muhlhausler** CA Registered Company Auditor  
Date: 18 October 2021



## 1. Status of Our Audit Work

Below a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final financial report after considerations from the audit committee	Management	To be completed
Signed certification of financial statements	Management	To be completed
Signed certification of auditor independence	Management	To be completed
Signed management representation letter	Management	To be completed
Signed statement by auditor	Audit	To be completed
Review of the subsequent events up to the date of the auditor's report.	Audit	To be completed
Final Independent Auditor's Report on the Internal Controls	Audit	To be completed
Final Independent Auditor's Report on the Financial Report	Audit	To be completed

Our final independent auditor's reports on the internal controls and on the financial report will be issued upon receipt of the final financial report (containing the signed certification of financial statements and the signed certification of auditor independence) and the signed management representation letter.

## 2. Summary of Audit Risks and Overall Responses

The following provides a summary of our initial audit risks identified in our audit plan presented to the audit committee, the audit approach and responses to address these risks and the final audit risks (residual risks) after the execution of our audit procedures.

### Statement of Comprehensive Income – Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Rates and charges	High	42,313	RA1/RA2/RA3/RA4/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Statutory charges	Moderate	1,653	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
User charges	Moderate	1,666	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
Grants	Moderate	3,493	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Investment Income	Low	41	II1	Substantive tests	Low	Fairly presented
Reimbursements	Low	374	OR1	Substantive tests	Low	Fairly presented
Other Income	Low	741	OR1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	-	OR1/OE1	Substantive tests	Low	Fairly presented

### Statement of Comprehensive Income - Expenses

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Employee costs	High	17,459	PA1/PA2/PA3/PA4/PAS/PA6	Controls and substantive tests	Low	Fairly presented
Materials / Contracts / Other Expenses	High	18,972	PP1/PP2/PP3/PP4/PP5/PP6 CO1/CO2/CO3 CC1/CC2/CC3	Controls and substantive tests	Low	Fairly presented
Depreciation and amortisation	High	9,898	FI4	Controls and substantive tests	Low	Fairly presented
Finance Costs	Low	289	BO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	214	OR1/OE1	Substantive tests	Low	Fairly presented

### Statement of Comprehensive Income – Other Comprehensive Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Asset Disposals & FV Adjust	High	(803)	FI1/FI3	Controls and substantive tests	Low	Fairly presented
Amounts Received Specifically for New or Upgraded Assets	Moderate	1,868	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Physical Resources Received Free of Charge	Low	-	FI1	Substantive tests	Low	Fairly presented



## Statement of Financial Position – Assets

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Cash and cash equivalents	High	1,616	BA1/BA2/IN1/IN2/IN3	Controls and substantive tests	Low	Fairly presented
Trade and other receivables	Moderate	1,699	DE1/DE2/DE3/DE4/DE5/PR1	Controls and substantive tests	Low	Fairly presented
Other Financial Assets	Low	15	LO1	Substantive tests	Low	Fairly presented
Financial Assets – NC	Low	-	LO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	21,435	OR1/OE1	Substantive tests	Low	Fairly presented
IPPE	High	541,349	FI1/FI2/FI3/FI4/FI5	Controls and substantive tests	Low	Fairly presented

## Statement of Financial Position – Liabilities

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Trade and other payables	High	3,569	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings	Low	256	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions	Moderate	4,318	EP1	Substantive tests	Low	Fairly presented
Borrowings - NC	Low	11,673	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Other Non-current liabilities	Low	-	AE1	Substantive tests	Low	Fairly presented
Provisions - NC	Moderate	272	EP1	Substantive tests	Low	Fairly presented

## Statement of Financial Position - Equity

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Accumulated Surplus	Low	162,422	N/A	Substantive tests	Low	Fairly presented
Asset Revaluation Reserves	High	383,427	FB	Controls and substantive tests	Low	Fairly presented
Other Reserves	Low	177	N/A	Substantive tests	Low	Fairly presented

## Intended Audit Opinion

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, the financial report prepared by the Council presents fairly, in all material respects, the Council's financial position as at 30 June 2021 and its financial performance for the year ended on that date.

\* A list of the main risks as per the Better Practice Model (BPM) addressed during our audit and related risk references is provided in Appendix 4.

### 3. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 3.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> <li>components of assets that are replaced at different times in the asset lifecycle</li> <li>costs required to replace these components using current prices for materials, labour, and plant costs</li> <li>indices for measuring subsequent changes in unit rates.</li> </ul> <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>reconciled closing balances to the asset registers</li> <li>reconciled the movements in note 7 to the asset register</li> <li>reviewed the basis for valuation used by external valuers</li> <li>assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards</li> <li>reviewed the fair value hierarchy provided in note 7 for each category of asset</li> <li>reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports</li> <li>reviewed the useful lives mentioned above for different components and compared them to other local government entities</li> <li>performed a recalculation of depreciation</li> <li>reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities</li> <li>reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the revaluation report</li> <li>reviewed the unit rates mentioned above and compared them to different local government entities</li> <li>assessed the adequacy of disclosures in the financial report.</li> </ul>

### 3.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of land and buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>▪ reconciled closing balances to the asset registers</li> <li>▪ reconciled the movements in note 7 to the asset registers</li> <li>▪ reviewed the basis for valuation used by external valuers</li> <li>▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards</li> <li>▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable</li> <li>▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports</li> <li>▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities</li> <li>▪ performed a recalculation of depreciation; and</li> <li>▪ assessed the adequacy of disclosures in the financial report.</li> </ul>



### 3.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> <li>whether Council is incurring capital expenditure to physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as this usually goes beyond the legal ownership;</li> <li>Inclusions and exclusions of costs at initial recognition of an assets in accordance with AASB 116;</li> <li>Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137;</li> <li>Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and</li> <li>accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.</li> </ul>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity;</li> <li>reviewed internal controls in place for capitalisation of assets;</li> <li>selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards;</li> <li>reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and</li> <li>reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.</li> </ul>

### 3.4 Revenue Recognition

Why the matter is significant	How the matter was addressed
<p>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities commence from 1 January 2019 – effectively 1 July 2019 for SA Councils.</p> <p>The main change for Council is that income from capital and other specific purpose grants previously recognised on receipt may be recognised over time as performance obligations are met (where these obligations are sufficiently specific and rise from enforceable contracts) and a liability recognised for unspent monies.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>evaluated Council's work to implement AASB 15 and AASB 1058 and assessed whether Council's accounting practices comply with Australian Accounting Standards</li> <li>performed analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and AASB 1058</li> <li>reviewed a sample of grant agreements and assessed whether agreements contain sufficiently specific performance obligations</li> <li>evaluated the accounting treatment used by Council to account for the existing grant agreements in place selected for our tests</li> <li>tested a sample of financial transactions for compliance with Australian Accounting Standards.</li> </ul>



### 3.5 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management's inherent ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is considered, by default, a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>▪ tested the appropriateness of journal entries recorded in the general ledger</li> <li>▪ reviewed accounting estimates for biases</li> <li>▪ performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity</li> <li>▪ requested written representation from Management</li> <li>▪ reviewed IT access controls rights processes in place</li> <li>▪ reviewed processes in place to ensure independent reviews of exception reports generated by Council</li> <li>▪ reviewed processes in place to ensure independent reviews of audit trails of changes to master files.</li> </ul>

### 3.6 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> <li>- largest revenue item</li> <li>- rates are often used as a reference point for analysing expenditure decisions</li> <li>- politically sensitive – reputational risk involved if rates are raised incorrectly.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- comparison of total capital values from the VG report to the total capital value recorded in the rates system</li> <li>- reconciliation of the rates modelling to the rates system and to the general ledger</li> <li>- recalculation of rates for a sample of rate payers</li> </ul>
Employee costs	<ul style="list-style-type: none"> <li>- one of the largest expense items</li> <li>- high volume of transactions / data – subject to error.</li> <li>- errors impact individuals financially.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- inspection of employee files (contracts, awards, EBs)</li> <li>- inspection of timesheets</li> <li>- recalculation of a sample of individual payments.</li> </ul>
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> <li>- one of the largest expense items</li> <li>- high volume of transactions / data – subject to error</li> <li>- fraud risk area (procurement, payments and credit cards)</li> <li>- procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses</li> </ul>
Cash and cash equivalents	<ul style="list-style-type: none"> <li>- material balance</li> <li>- fraud risk</li> <li>- if there is any instance of errors and/or fraud it will be indicative of broader errors</li> <li>- poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment</li> <li>- public money</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- bank confirmation</li> <li>- inspection of bank statements</li> <li>- verification of outstanding reconciling items</li> <li>- reperformance of bank reconciliations.</li> </ul>
Trade and other payables	<ul style="list-style-type: none"> <li>- one of the largest liabilities</li> <li>- material balance</li> <li>- opportunity for understatements</li> <li>- poor use of accrual basis of accounting can be indicative of poor controls culture</li> <li>- payments represent an opportunity for fraud</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- reconciliation between subsidiary ledgers and the general ledger</li> <li>- inspection of subsequent payments for a sample of creditors</li> <li>- inspection of a sample of subsequent payments for completeness test.</li> </ul>

## 4. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2021 Findings			
		2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	8	6	3	-	2	-	-
Fixed Assets	16	15	14	13	-	1	-	-
General Ledger	11	9	9	9	-	2	-	-
Accounts Payable	13	12	10	10	-	1	-	-
Credit Cards	5	3	5	5	-	1	1	-
Rates / Rates Rebates	10	10	8	8	-	-	-	-
Payroll	19	19	16	15	-	-	-	-
Receipting	5	5	4	4	-	-	-	-
Banking	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>-</b>	<b>7</b>	<b>1</b>	<b>-</b>

Overall, Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (92 out of 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in the Appendix 5 – Risk Ratings.

An *interim audit management letter* was issued and provided to Management containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

We recommended that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **Council has complied, in all material respects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

## 5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
1. Performance improvement observation on Accounts Payable reports		Low
Finding	<p>The 'Age Analysis (As at Date) Report – Detail Report' provides details of suppliers and outstanding invoices as at 30 June 2021.</p> <p>Audit noted that this report is a static report that is generated at the end of the month that only shows data that is relevant to a specific point in time (e.g. 30 June 2021 or a date near the end of the month when the report is generated).</p> <p>A number of invoices and payments that were subsequently posted in July that relate to the 2020/21 financial year were not captured by this report. The total accounts payable provided in the report is \$113,938 and total payables recorded in the account 20001 – Payables Creditor Control is \$2,475,758.</p> <p>As a result, finance management had to identify batches of invoices and payments posted in July related to the 2020/21 financial year to adjust the accounts payable general ledger accordingly.</p> <p>Whilst we concluded, based on our audit tests, that the sum of the amounts presented in the report provided and in the list of identified batches of invoices and payments was a fair representation of Council's accounts payable as at 30 June 2021, the following inefficiencies were noted:</p> <ul style="list-style-type: none"> <li>- this is a time-consuming and manual reconciliation process that increases the likelihood of human error; and</li> <li>- this process does not provide clear visibility and a complete list of all invoices owed by Council as at 30 June 2021.</li> </ul>	
Risk	Increased risk of misstatement of accounts payable.	
Recommendation	Investigate with your system vendor the possibility of modifying the payables 'Age Analysis (As at Date) Report – Detail Report' so that it captures all accounts payable invoices (i.e. including those posted in July, relating to pre-July).	





		Risk
<b>2. Employees with excessive annual leave balances</b>		<b>Low</b>
Finding	Audit identified 12 employees with annual leave balances in excess of 300 hours (being approximately 2 years entitlement).	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 5 – Risk Ratings.

## 6. Immaterial Uncorrected Misstatements

There are no Immaterial Uncorrected Misstatements to be reported.

## 7. Contact Details



**Tim Muhlhausler** CA, B Comm, Grad Dip. (ICAA),  
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## Appendix 1 – Proposed 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 statements of financial position as at 30 June 2021, 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 respects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *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 (including Independence Standards)* (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 misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level 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 decision 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 risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but 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.
- 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

Date:



## Appendix 2 – Proposed 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 2020 to 30 June 2021 have been conducted properly and in accordance with the 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 2020 to 30 June 2021.

#### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement 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 2020 to 30 June 2021. 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 applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, 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 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 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for 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 that for which it was prepared.

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

Date:



---

## Appendix 3 – Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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*.

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

Date:

## Appendix 4 – Better Practice Model (BPM) Risks

The risks outlined below are the main BPM risks addressed when determining our audit approach / response as described in section 2 of this report.

Business Cycles	Risk REF	Risks
Rates	RA1	Council does not raise the correct level of rate income
	RA2	Rates and rate rebates are either inaccurately recorded or not recorded at all
	RA3	The property master file data does not remain pertinent
	RA4	Rates are not collected on a timely basis
User Pay Income / Fee for services	US1	The fee charged does not reasonably reflect the value of the services provided
	US2	Council does not apply User Pay principles consistently
	US3	User pay income is either inaccurately recorded or not recorded at all
Investment / Interest Income	II1	Investment income is either inaccurately recorded or not recorded at all
Other Revenue	OR1	Other revenue is either inaccurately recorded or not recorded at all
Grants	GR1	Council loses recurrent grant funding to provide existing services
	GR2	Grant funding is not claimed by Council on a timely basis or not claimed at all
	GR3	Grants are either inaccurately recorded or not recorded at all
Receipting	RE1	Receipts are either inaccurately recorded or not recorded at all
	RE2	Receipts are not deposited at the bank on a timely basis
Purchasing & Procurement	PP1	Council does not obtain value for money in its purchasing and procurement
	PP2	Purchase of goods and services are made from non-preferred suppliers
	PP3	Purchase orders are either recorded inaccurately or not recorded at all
	PP4	Purchase orders are made for unapproved goods and services
	PP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Payroll	PA1	Payroll expense is inaccurately calculated
	PA2	Payroll disbursements are made to incorrect or fictitious employees
	PA3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all
	PA4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
	PA5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation
	PA6	Employees termination payments are not in accordance with statutory and enterprise agreements
Credit cards	CC1	Credit cards are issued to unauthorised employees
	CC2	Credit cards are used for purchases of a personal nature
	CC3	Credit card limits are set at inappropriate levels

Business Cycles	Risk REF	Risks
Other Expenses	OE1	Other expenses are invalid, inaccurately recorded or not recorded at all
Contracting	CO1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
	CO2	Council does not obtain value for money in relation to its Contracting
	CO3	Commitments are made for unapproved goods and services
Banking	BA1	Banking transactions are either inaccurately recorded or not recorded at all
	BA2	Fraud (i.e. misappropriation of funds)
Investments	IN1	Council makes poor investment decisions
	IN2	Investment transactions are either not recorded or are recorded inaccurately
	IN3	Investment income is inaccurately calculated or not recorded in the appropriate period
Debtors	DE1	Debtors are either inaccurately recorded or not recorded at all
	DE2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
	DE3	An appropriate provision for doubtful debts is not recorded
	DE4	Debtors are either not collected on a timely basis or not collected at all
	DE5	The Debtors master file data does not remain pertinent.
Fixed Assets	FI1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent
	FI2	Fixed assets are inadequately safeguarded
	FI3	Fixed assets are not valued correctly initially or on subsequent revaluation
	FI4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals
	FI5	Fixed asset maintenance and/or renewals are inadequately planned
Prepayments	PR1	Prepayments are either inaccurately recorded or not recorded at all
Loans to Community groups	LO1	Loans to community groups are inaccurately recorded or not recorded at all
Accounts Payable	AP1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
	AP2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
	AP3	Disbursements are not authorised properly
	AP4	Accounts are not paid on a timely basis
	AP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Accrued Expenses	AE1	Accrued Expenses are either inaccurately recorded or not recorded at all
Borrowings	BO1	Borrowings are either not recorded or are recorded inaccurately
	BO2	Loans are taken out without appropriate approval





Business Cycles	Risk REF	Risks
	BO3	Loans are not repaid in accordance with agreed terms
	BO4	Loan repayments are not recorded at all or are recorded inaccurately
Employee Provisions	EP1	Employee provisions are either inaccurately recorded or not recorded at all
Taxation	TA1	Tax liabilities are either inaccurately recorded or not recorded at all

## Appendix 5 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 4 of this report were rated as follows:

Category	Description
<b>Potential Material Weaknesses</b>	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Better Practice Weaknesses</b>	The issue described has been included in this report as an opportunity for better practice.

# Galpins

Accountants, Auditors  
& Business Consultants

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renee Nicholson CA  
Tim Muhlhausler CA  
Aaron Coonan CA  
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## CITY OF UNLEY

### GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021

#### Statement by Auditor

I confirm that, for the audit of the financial statements of City of Unley for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, 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) Regulation 2011*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

Tim Muhlhausler CA, Registered Company Auditor

Partner

20 October 2021



## City of Unley

Financial Statements 2021

### General Purpose Financial Statements for the year ended 30 June 2021

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#### 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 2021, 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*.

---

Peter Tsokas  
Chief Executive Officer

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David Powell  
Presiding Member, Audit Committee

Date: 27 October 2021



# Centennial Park Cemetery Authority

## GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

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*To be the pre-eminent end-of-life resting place: a place that  
connects people through a rich tapestry of beautiful gardens,  
services, events and histories.*





**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2021

Financial Statements 2021

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**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2021

Financial Statements 2021

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**Certification of Financial Statements**

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Authority's accounting and other records.



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Janet Miller  
**Chief Executive Officer**

26 August 2021



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Amanda Heyworth  
**CHAIR**

26 August 2021

## Centennial Park Cemetery Authority

Financial Statements 2021

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$	Notes	2021	2020
<b>Income</b>			
User Charges	2a	9,466,922	9,929,868
Investment Income	2b	85,379	165,957
<b>Total Income</b>		<b>9,552,301</b>	<b>10,095,825</b>
<b>Expenses</b>			
Employee costs	3a	4,833,484	4,752,628
Materials, Contracts and Other Expenses	3b	3,483,473	4,102,047
Depreciation, Amortisation and Impairment	3c	1,642,637	1,691,996
<b>Total Expenses</b>		<b>9,959,594</b>	<b>10,546,671</b>
Operating Surplus / (Deficit)		<b>(407,293)</b>	<b>(450,846)</b>
Asset Disposal & Fair Value Adjustments	4	7,118	(794,415)
<b>Net Surplus / (Deficit)</b>		<b>(400,175)</b>	<b>(1,245,261)</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(17,423)	(302,648)
<b>Total Other Comprehensive Income</b>		<b>(17,423)</b>	<b>(302,648)</b>
<b>Total Comprehensive Income</b>		<b>(417,598)</b>	<b>(1,547,909)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2021

## Statement of Financial Position

as at 30 June 2021

\$	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	7,328,052	10,564,156
Trade & Other Receivables	5b	872,108	869,383
Inventories	5c	630,641	701,730
<b>Total current assets</b>		<b>8,830,801</b>	<b>12,135,269</b>
<b>Non-current assets</b>			
Other Non-Current Assets	6	256,724	1,333,902
Infrastructure, Property, Plant & Equipment	7a	39,911,311	35,039,437
<b>Total non-current assets</b>		<b>40,168,035</b>	<b>36,373,339</b>
<b>TOTAL ASSETS</b>		<b>48,998,836</b>	<b>48,508,608</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	2,549,946	2,453,758
Borrowings	8b	58,195	58,195
Provisions	8c	599,561	574,328
<b>Total Current Liabilities</b>		<b>3,207,702</b>	<b>3,086,281</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	53,196	111,390
Provisions	8c	13,748,130	12,950,198
<b>Total Non-Current Liabilities</b>		<b>13,801,326</b>	<b>13,061,588</b>
<b>TOTAL LIABILITIES</b>		<b>17,009,028</b>	<b>16,147,869</b>
<b>Net Assets</b>		<b>31,989,808</b>	<b>32,360,739</b>
<b>EQUITY</b>			
Accumulated surplus		9,622,543	10,022,718
Asset revaluation reserves	9a	22,048,026	22,065,449
Other reserves	9b	270,537	223,870
Contributed Equity	9	48,702	48,702
<b>Total Equity</b>		<b>31,989,808</b>	<b>32,360,739</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2021

## Statement of Changes in Equity

for the year ended 30 June 2021

\$	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Contributed Equity	Total equity
<b>2021</b>						
Balance at the end of previous reporting period		10,022,718	22,065,449	223,870	48,702	32,360,739
Net Surplus / (Deficit) for Year		(400,175)	—	—	—	(400,175)
<b>Other Comprehensive Income</b>						
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	—	(17,423)	—	—	(17,423)
- Recycled Metals Charitable Reserve	9b	—	—	46,872	—	46,872
- E M M Kay	9b	—	—	(205)	—	(205)
<b>Other comprehensive income</b>		<b>—</b>	<b>(17,423)</b>	<b>46,667</b>	<b>—</b>	<b>29,244</b>
<b>Total comprehensive income</b>		<b>(400,175)</b>	<b>(17,423)</b>	<b>46,667</b>	<b>—</b>	<b>(370,931)</b>
<b>Balance at the end of period</b>		<b>9,622,543</b>	<b>22,048,026</b>	<b>270,537</b>	<b>48,702</b>	<b>31,989,808</b>
<b>2020</b>						
Balance at the end of previous reporting period		7,888,780	23,227,097	116,334	48,702	31,280,913
Net Surplus / (Deficit) for Year		(1,245,261)	—	—	—	(1,245,261)
<b>Other Comprehensive Income</b>						
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	—	(302,648)	—	—	(302,648)
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	859,000	(859,000)	—	—	—
- Reversal of Future Upkeep Provision		14,526,000	—	—	—	14,526,000
- Deferred IR Revenue		(12,005,801)	—	—	—	(12,005,801)
- Recycled Metals Charitable Reserve	9b	—	—	108,350	—	108,350
- E M M Kay	9b	—	—	(814)	—	(814)
<b>Other comprehensive income</b>		<b>3,379,199</b>	<b>(1,161,648)</b>	<b>107,536</b>	<b>—</b>	<b>2,325,087</b>
<b>Total comprehensive income</b>		<b>2,133,938</b>	<b>(1,161,648)</b>	<b>107,536</b>	<b>—</b>	<b>1,079,826</b>
<b>Balance at the end of period</b>		<b>10,022,718</b>	<b>22,065,449</b>	<b>223,870</b>	<b>48,702</b>	<b>32,360,739</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2021

## Statement of Cash Flows

for the year ended 30 June 2021

\$	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Operating Receipts		10,218,541	10,845,536
Investment Receipts		85,379	165,957
<u>Payments</u>			
Payments to Employees		(4,760,018)	(4,670,174)
Payments for Materials, Contracts & Other Expenses		(3,274,174)	(3,689,525)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>2,269,728</u>	<u>2,651,794</u>
<b>Cash flows from investing activities</b>			
Sale of Replaced Assets		30,000	15,947
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,261,397)	(1,189,032)
Expenditure on New/Upgraded Assets		(3,216,241)	(582,000)
<b>Net cash provided (or used in) investing activities</b>		<u>(5,447,638)</u>	<u>(1,755,085)</u>
<b>Cash flows from financing activities</b>			
<u>Payments</u>			
Repayment of Principal Portion of Lease Liabilities		(58,194)	(45,704)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(58,194)</u>	<u>(45,704)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(3,236,104)</u>	<u>851,005</u>
plus: Cash & Cash Equivalents at beginning of period		10,564,156	9,713,151
<b>Cash and cash equivalents held at end of period</b>	11a	<u>7,328,052</u>	<u>10,564,156</u>
Additional Information:			
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>7,328,052</u>	<u>10,564,156</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted 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 Critical Accounting Estimates

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

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

###### 1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either The Authority's response to the pandemic or due to mandatory restrictions and/or shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The gross impact to the Authority's revenue has been quantified at \$785K in lost revenue and the Net reduction to operating surplus has been quantified as \$460K.

The COVID-19 pandemic is expected to continue to impact the Authority's operations during financial year 2021/22. Impacts have been considered in setting the Authority's budget for the financial year 2021/22 and the Authority has determined that the pandemic will not impact its ability to continue as a going concern.

###### 1.4 Rounding

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

##### (2) The Local Government Reporting Entity

Centennial Park Cemetery Authority is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 760 Goodwood Road, Pasadena.

The principal activities relating to the Authority's functions are:

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

##### (3) Income Recognition

Revenue is recognised under *AASB 15 Revenue from Contracts with Customers* (AASB 15), *AASB 16 Leases* (AASB 16) or *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) when appropriate.

The Authority predominately generates revenue through the following streams:

- i. Burial, Cremation and Chapel services
- ii. Burial and Memorial Interment rights

Each of the above goods and services delivered or to be delivered to the customers are considered separate performance obligations even though for some situations they may be governed by a single legal contract with the customer.

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

##### 1. Burial, Cremation and Chapel Services

- **At-need** – Revenue is recognised when the service is performed, or the goods are supplied.
- **Prepaid funeral services** – The Authority enters into prepaid contracts to provide burial and cremation services in the future. Funds received are treated as unearned revenue as the payment has been received but the service has not yet been provided.

##### 2. Burial and Memorial Interment rights

- **Interment Rights (Limited Tenure)** – Revenue from interment rights is apportioned between a right to inter, a right to erect a monument, and a right to ongoing maintenance of the site. The right to inter provides an immediate benefit and this portion of revenue is recognised at contract inception. The right to erect a monument and the right to garden maintenance provide an ongoing benefit and this portion of revenue is accounted for on a straight-line basis over the term of the right.
- **Interment Right Renewals (Limited Tenure)** – Revenue from interment right renewals is for the ongoing maintenance of the site and is recognised as income on a straight-line basis over the average term of renewals that year.
- **Interment Rights (Perpetual)** – As a perpetual Interment Right has no end date revenue is recognised when control of the interment right passes to the customer. The customer gains control of the interment right at contract inception.

#### (4) Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

#### (5) Inventories

Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

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

##### 6.1 Initial Recognition

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

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

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. The current policy is to expense all capital items less than \$1,000.

##### 6.3 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value 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.

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

Plant & Equipment	2.5 to 10 years
Buildings	65 to 70 years
Other Structures	35 to 65 years
Infrastructure	12 to 100 years
Motor Vehicles	4 to 10 years

##### 6.5 Impairment

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

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.

#### (7) Payables

##### 7.1 Goods & Services

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

##### 7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or the amount is refunded as the case may be.

#### (8) Employee Benefits

##### 8.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate	0.99% (2020, 0.98%)
Weighted avg. settlement period	7 years (2020, 7 years)

No accrual is made for sick leave as the Authority does not make payment for untaken sick leave.

##### 8.2 Superannuation

The Authority 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

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

occurred during either the current or previous reporting periods. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 17.

#### (9) Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 9.1 The Authority as a lessee

The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-Use-Assets

The Authority recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Computers	3 to 5 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### ii) Lease Liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

##### iii) Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to any short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (10) GST Implications

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

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

#### (11) Payments to Constituent Councils

A Liability Guarantee Fee of \$325,721 was paid to the Constituent Councils (2020 Liability Guarantee Fee \$636,176). Constituent Councils approved a one-off six month waiver of the Liability Guarantee Fee in recognition of the impact to the Authority's revenue resulting from the COVID-19 pandemic.

#### (12) New accounting standards and UIG interpretations

In the current year, the Authority reviewed 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 and have found none requiring adoption.

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

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

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements. The Authority is of the view that the standards are not expected to have a material impact upon the future financial statements.

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2022**

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2023**

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

#### **(13) 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.

#### **(14) Disclaimer**

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

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Income

\$	2021	2020
<b>(a) User Charges</b>		
Cremation	1,368,024	1,553,235
Memorial	2,876,544	2,844,634
Burial	5,036,583	5,056,656
Chapel Fees	796,315	1,097,262
Deferred Interment Right Revenue	(754,344)	(814,014)
Cafe and Catering Revenue	1,538	-
Retail Store	13,579	-
Sundry Income	128,683	192,095
<b>Total User Charges</b>	<b>9,466,922</b>	<b>9,929,868</b>

**(b) Investment Income**

Interest on Investments		
- Local Government Finance Authority	79,262	156,586
- Banks & Other	6,117	9,371
<b>Total Investment Income</b>	<b>85,379</b>	<b>165,957</b>

## Note 3. Expenses

\$	Notes	2021	2020
<b>(a) Employee costs</b>			
Salaries and Wages		3,981,131	3,954,717
Employee Leave Expense		391,465	348,788
Superannuation - Defined Contribution Plan Contributions	17	381,760	370,863
Workers' Compensation Insurance		85,525	82,454
Less: Capitalised and Distributed Costs		(6,397)	(4,194)
<b>Total Operating Employee Costs</b>		<b>4,833,484</b>	<b>4,752,628</b>

Total Number of Employees (full time equivalent at end of reporting period)

51

51

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 3. Expenses (continued)

\$	Notes	2021	2020
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		15,000	14,564
<b>Subtotal - Prescribed Expenses</b>		<b>15,000</b>	<b>14,564</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		424,595	435,242
Energy		227,285	253,114
Individually Significant Items		325,721	636,176
Maintenance		628,694	664,227
Legal Expenses		72,394	42,203
Parts, Accessories & Consumables		591,352	684,268
Professional Services		42,611	26,908
Insurance		128,031	119,699
Licences		158,788	124,183
Water		195,163	304,280
Sundry		673,839	797,183
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>3,468,473</b>	<b>4,087,483</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>3,483,473</b>	<b>4,102,047</b>
<b>(iii) Individually significant items</b>			
Liability Guarantee Fee		325,721	636,176
<b>(c) Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		371,747	363,656
Infrastructure		736,994	752,203
Right-of-use Assets		56,675	51,949
Plant & Equipment		314,177	347,950
Motor Vehicle		160,162	175,026
<b>Subtotal</b>		<b>1,639,755</b>	<b>1,690,784</b>
<b>(ii) Amortisation</b>			
Trademarks		2,882	1,212
<b>Subtotal</b>		<b>2,882</b>	<b>1,212</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>1,642,637</b>	<b>1,691,996</b>



## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

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

\$	2021	2020
Infrastructure, Property, Plant & Equipment		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	30,000	15,947
Less: Carrying Amount of Assets Sold	(22,882)	(97,210)
<b>Gain (Loss) on Disposal</b>	<b>7,118</b>	<b>(81,263)</b>
<b>(ii) Assets Surplus to Requirements</b>		
Less: Carrying Amount of Assets Disposed	-	(713,152)
<b>Gain (Loss) on Disposal</b>	<b>-</b>	<b>(713,152)</b>
<b>Net Gain (Loss) on Disposal</b>	<b>7,118</b>	<b>(794,415)</b>

## Note 5. Current Assets

\$	2021	2020
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	237,126	359,588
Deposits at Call	1,090,926	704,568
Short Term Deposits & Bills, etc.	6,000,000	9,500,000
<b>Total Cash &amp; Cash Equivalent Assets</b>	<b>7,328,052</b>	<b>10,564,156</b>
<b>(b) Trade &amp; Other Receivables</b>		
Debtors - General	821,936	679,858
Prepayments & Other Receivables	50,172	189,525
<b>Total Trade &amp; Other Receivables</b>	<b>872,108</b>	<b>869,383</b>
<b>(c) Inventories</b>		
Stores & Materials	4,904	8,922
Trading Stock	625,737	692,808
<b>Total Inventories</b>	<b>630,641</b>	<b>701,730</b>

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 6. Non-Current Assets

\$	2021	2020
Other Non-Current Assets		
<b>Other</b>		
Capital Works-in-Progress	232,182	1,306,478
Trademarks	24,542	27,424
<u>Total Other Non-Current Assets</u>	<u>256,724</u>	<u>1,333,902</u>

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property

## (a) Infrastructure, Property, Plant &amp; Equipment

		as at 30/06/20				Asset movements during the reporting period					as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions: New / Upgrade	Asset Additions: Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$	Fair Value Level													
Land	2	5,650,000	—	—	5,650,000	—	—	—	—	—	5,650,000	—	—	5,650,000
Buildings & Other Structures	2	25,000	1,263,952	(112,936)	1,176,016	3,652,378	172,807	—	(111,043)	—	25,000	5,089,137	(223,979)	4,890,158
Buildings & Other Structures	3	19,580,220	—	(8,269,704)	11,310,516	—	—	—	(260,704)	—	19,580,220	—	(8,530,408)	11,049,812
Infrastructure	3	51,597,292	—	(39,401,773)	12,195,519	—	—	(20,921)	(633,913)	(17,423)	51,558,948	—	(40,035,686)	11,523,262
Infrastructure	2	25,000	3,179,466	(161,664)	3,042,802	391,585	1,144,648	—	(103,081)	—	25,000	4,715,699	(264,745)	4,475,954
Right-of-Use Assets		—	227,780	(51,949)	175,831	—	—	—	(56,675)	—	—	227,780	(108,624)	119,156
Plant & Equipment		—	4,059,030	(3,225,933)	833,097	269,456	835,365	(1,961)	(314,177)	—	—	5,161,890	(3,540,110)	1,621,780
Motor Vehicle		—	1,661,080	(1,005,424)	655,656	—	85,695	—	(160,162)	—	—	1,746,775	(1,165,586)	581,189
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>76,877,512</b>	<b>10,391,308</b>	<b>(52,229,383)</b>	<b>35,039,437</b>	<b>4,313,419</b>	<b>2,238,515</b>	<b>(22,882)</b>	<b>(1,639,755)</b>	<b>(17,423)</b>	<b>76,839,168</b>	<b>16,941,281</b>	<b>(53,869,138)</b>	<b>39,911,311</b>
Comparatives		77,990,522	9,245,020	(50,538,599)	36,696,943	392,684	764,092	(820,850)	(1,690,784)	(302,648)	76,877,512	10,391,308	(52,229,383)	35,039,437

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

##### (b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

###### 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

Fair value hierarchy level 2 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.

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - 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 Authorities, 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 the Authority.

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. Accordingly, formal sensitivity analysis does not provide useful information.

###### Other Information

Building & Other Structures and Infrastructure shown in fair value hierarchy level 2 and 3 were revalued as at 30 April 2017 by Martin Burns, Senior Commercial Valuer – Certified Practising Valuer of Liquid Pacific. Subsequent additions at cost have been disclosed on the basis that cost is a material representation of fair value.

Land for cemetery purposes is zoned Institutional and is considered a restricted asset. The valuation of the Land was based on sales of similarly zoned land which prohibit development.

Increases in the carrying amount arising on revaluation of land, buildings, improvements, plant, machinery and contents are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

###### Land & Land Improvements

Land available for burials and memorials is a restricted asset as the Authority has issued interment rights to third parties for perpetuity and the site must be maintained for the term of the interment right.

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## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

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

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##### Buildings & Other Structures

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### Infrastructure

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### Plant, Furniture & Equipment

Plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### Motor Vehicles

Motor vehicles are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of motor vehicles is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 8. Liabilities

\$	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	626,153	—	895,445	—
Payments Received in Advance	1,443,647	—	1,218,306	—
Accrued Expenses - Employee Entitlements	89,331	—	84,686	—
Accrued Expenses - Other	390,815	—	255,321	—
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>2,549,946</u></b>	<b><u>—</u></b>	<b><u>2,453,758</u></b>	<b><u>—</u></b>

\$	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(b) Borrowings</b>					
Lease Liabilities	16	58,195	53,196	58,195	111,390
<b><u>TOTAL Borrowings</u></b>		<b><u>58,195</u></b>	<b><u>53,196</u></b>	<b><u>58,195</u></b>	<b><u>111,390</u></b>

**(c) Provisions**

Employee Entitlements (including oncosts)	599,561	137,975	574,328	94,387
Heritage Monuments Restoration	—	36,000	—	36,000
Deferred Interment Right Revenue	—	13,574,155	—	12,819,811
<b><u>TOTAL Provisions</u></b>	<b><u>599,561</u></b>	<b><u>13,748,130</u></b>	<b><u>574,328</u></b>	<b><u>12,950,198</u></b>



## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset Revaluation Reserve</b>					
Land - Other	3,743,237	—	—	—	3,743,237
Buildings & Other Structures	7,423,411	—	—	—	7,423,411
Infrastructure	10,898,801	—	—	(17,423)	10,881,378
<b>Total Asset Revaluation Reserve</b>	<b>22,065,449</b>	<b>—</b>	<b>—</b>	<b>(17,423)</b>	<b>22,048,026</b>
Comparatives	23,227,097	—	(859,000)	(302,648)	22,065,449

	as at 30/06/20				as at 30/06/21
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other Reserves</b>					
E M M Kay	29,905	—	—	(205)	29,700
Recycled Metals Charitable Reserve	193,965	—	—	46,872	240,837
<b>Total Other Reserves</b>	<b>223,870</b>	<b>—</b>	<b>—</b>	<b>46,667</b>	<b>270,537</b>
Comparatives	116,334	—	—	107,536	223,870

## PURPOSES OF RESERVES

**Asset Revaluation Reserves**

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

**E M M Kay Reserve**

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

**Recycled Metals Charitable Reserve**

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

**Contributed Equity Reserve**

Equity contributed from City of Mitcham and City of Unley.

## Note 10. Assets Subject to Restrictions

The land on which the Authority operates is subject to restrictions as detailed in Note 7. No further restrictions to assets apply.



## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2021	2020
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## (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	7,328,052	10,564,156
<b>Balances per Statement of Cash Flows</b>		<b>7,328,052</b>	<b>10,564,156</b>

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

<b>Net Surplus/(Deficit)</b>	(400,175)	(1,245,261)
<b>Non-Cash Items in Income Statements</b>		
Depreciation, Amortisation & Impairment	1,642,637	1,691,996
Net (Gain) Loss on Disposals	(7,118)	794,415
Deferred Interment Right Revenue	754,344	814,014
Other Reserves	46,667	107,536
	<b>2,036,355</b>	<b>2,162,700</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	(2,725)	2,259
Net (Increase)/Decrease in Inventories	71,089	155,401
Net Increase/(Decrease) in Trade & Other Payables	96,188	306,383
Net Increase/(Decrease) in Unpaid Employee Benefits	68,821	25,051
<b>Net Cash provided by (or used in) operations</b>	<b>2,269,728</b>	<b>2,651,794</b>

## (c) Financing Arrangements

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

Bank Overdrafts	50,000	50,000
Corporate Credit Cards	30,000	30,000

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

## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 12. Financial Instruments

---

##### Recognised Financial Instruments

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

###### Accounting Policy:

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

###### Terms & Conditions:

Deposits are returning fixed interest rates between 0.35% and 0.30% (2020: 1.10% and 0.80%). Short term deposits are held either in LGFA or NAB at call and term deposit accounts.

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - Fees & Other Charges

###### Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### Terms & Conditions:

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

###### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### 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 Authority.

###### Terms & Conditions:

Liabilities are normally settled on 30 day terms.

###### Carrying Amount:

Approximates fair value.

##### Liabilities - Leases

###### Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 12. Financial Instruments (continued)

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
<b>2021</b>					
Cash & Cash Equivalents	7,328,052	—	—	7,328,052	7,328,052
Receivables	821,936	—	—	821,936	821,936
<b>Total Financial Assets</b>	<b>8,149,988</b>	<b>—</b>	<b>—</b>	<b>8,149,988</b>	<b>8,149,988</b>
<b>Financial Liabilities</b>					
Payables	2,069,800	—	—	2,069,800	2,069,800
Leases	58,195	53,196	—	111,391	111,391
<b>Total Financial Liabilities</b>	<b>2,127,995</b>	<b>53,196</b>	<b>—</b>	<b>2,181,191</b>	<b>2,181,191</b>
<b>2020</b>					
Cash & Cash Equivalents	10,564,156	—	—	10,564,156	10,564,156
Receivables	679,858	—	—	679,858	679,858
<b>Total Financial Assets</b>	<b>11,244,014</b>	<b>—</b>	<b>—</b>	<b>11,244,014</b>	<b>11,244,014</b>
<b>Financial Liabilities</b>					
Payables	2,096,783	—	—	2,096,783	2,113,752
Leases	58,195	111,390	—	169,585	169,585
<b>Total Financial Liabilities</b>	<b>2,154,978</b>	<b>111,390</b>	<b>—</b>	<b>2,266,368</b>	<b>2,283,337</b>

**Net Fair Value**

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

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 12. Financial Instruments (continued)

## Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any impairment. All of the Authority's 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 Authority's boundaries, and there is no material exposure to any individual debtor.

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

**Liquidity Risk** is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority also has 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. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

## Note 13. Capital Expenditure and Investment Property Commitments

\$	2021	2020
----	------	------

## Capital Commitments

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

Buildings & Other Structures	494,000	3,035,000
Infrastructure	416,000	392,000
Plant & Equipment	337,000	187,000
	<u>1,247,000</u>	<u>3,614,000</u>

These expenditures are payable:

Not later than one year	<u>1,247,000</u>	<u>3,614,000</u>
	<u>1,247,000</u>	<u>3,614,000</u>

## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 14. Financial Indicators

\$	Amounts 2021	Indicator 2021	Prior periods 2020	2019
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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	(407,293)	(4.3)%	(4.5)%	2.0%
Total Operating Income	9,552,301			

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

**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	8,808,868	92%	47%	62%
Total Operating Income	9,552,301			

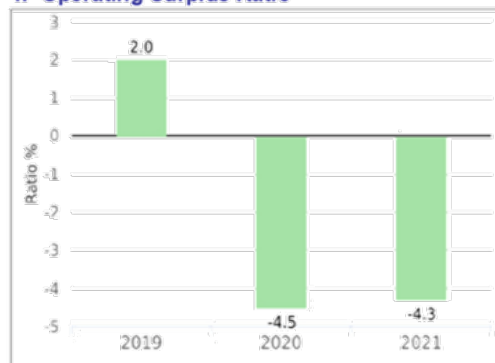
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in the Authority businesses). These are expressed as a percentage of total operating revenue.

**3. Asset Renewal Funding Ratio**

Net Asset Renewals	2,238,515	136%	69%	91%
Infrastructure & Asset Management Plan required expenditure	1,642,637			

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.

## Financial Indicators - Graphs

**1. Operating Surplus Ratio****Purpose of operating surplus ratio**

This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2020/21 result**

2020/21 ratio (4.3)%

The Authority's revenue has been impacted since 1 July 2019 by the new accounting standard AASB 16 Leases which requires the authority to defer a portion of Interment Right revenue as well as the ongoing impact of Covid-19 which has reduced service numbers.

The Authority's strong focus on financial discipline continues to mitigate the impact of reduced revenue from Covid-19.

continued on next page ...

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## Centennial Park Cemetery Authority

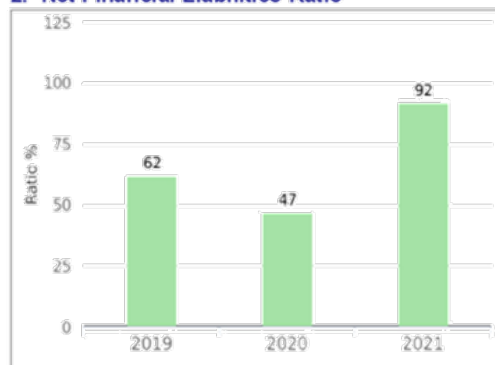
Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 14. Financial Indicators (continued)

## 2. Net Financial Liabilities Ratio



## Purpose of net financial liabilities ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

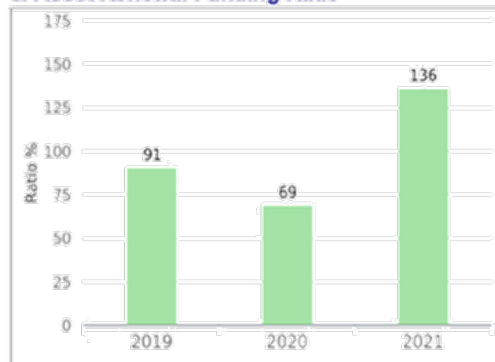
## Commentary on 2020/21 result

2020/21 ratio 92%

This ratio demonstrates that the Authority's liabilities are within acceptable levels.

The Authority does not borrow funds, the increase in the ratio is due to the increase in the Deferred Interment Right Revenue provision.

## 3. Asset Renewal Funding Ratio



## Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

## Commentary on 2020/21 result

2020/21 ratio 136%

This ratio demonstrates the Authority's capital outlay on renewed assets.

The ratio is higher than 100% due to two key renewal projects that were carried forward from the prior year and completed in the current financial year.



## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Uniform Presentation of Finances

\$	2021	2020
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The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Authorities in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

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

Income	9,552,301	10,095,825
less Expenses	(9,959,594)	(10,546,671)
<b>Operating Surplus / (Deficit)</b>	<b>(407,293)</b>	<b>(450,846)</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(2,261,397)	(1,189,032)
add back Depreciation, Amortisation and Impairment	1,642,637	1,691,996
add back Proceeds from Sale of Replaced Assets	30,000	15,947
	<b>(588,760)</b>	<b>518,911</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,216,241)	(582,000)
	<b>(3,216,241)</b>	<b>(582,000)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(4,212,294)</b>	<b>(513,935)</b>



## Centennial Park Cemetery Authority

Financial Statements 2021

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 16. Leases

## The Authority as a Lessee

## Computer Equipment

The Authority has entered into non-cancellable operating leases for various items of computer equipment.

No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit the Authority, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

## Right of use assets

\$	Computer Equipment	Total
<b>2021</b>		
Additions to right-of-use assets	—	—
Depreciation charge	(56,675)	(56,675)
<b>Balance at 30 June</b>	<b>(56,675)</b>	<b>(56,675)</b>
<b>2020</b>		
Additions to right-of-use assets	227,780	227,780
Depreciation charge	(51,949)	(51,949)
<b>Balance at 30 June</b>	<b>175,831</b>	<b>175,831</b>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2021	2020
Balance at 1 July	169,585	—
Additions	—	169,585
Payments	(58,194)	—
<b>Balance at 30 June</b>	<b>111,391</b>	<b>169,585</b>
<b>Classified as:</b>		
Current	58,195	58,195
Non Current	53,196	111,390

## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 17. Superannuation

The Authority 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 2020/21; 9.50% in 2019/20). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

##### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019/20) of "superannuation" salary.

In addition, the Authority 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), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

##### Contributions to Other Superannuation Schemes

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

## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

##### 1. CONTINGENT LIABILITY

The Authority has contingent liabilities with respect to the redemption of unused interment rights. The Burial and Cremation Act 2013 mandates the refund of unexercised interment rights at current prices less a provision for administration, maintenance and establishment costs; the calculation is determined in the regulations. The contingent liability as at the 30th June 2021 is \$14,071,155. An actual liability will only arise if a claim is made by existing interment right holders in the future. It is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is remote.

Total unused interment rights account for approximately 7.25% of 44,513 burial interment rights currently issued.

Total unused interment rights account for approximately 11.34% of 34,892 memorial interment rights currently issued.

Once an interment or placement of a monument has occurred an interment right cannot be redeemed.

#### Note 19. Events after the Balance Date

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Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "Authorised for issue" date is 26/08/2021

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

## Centennial Park Cemetery Authority

Financial Statements 2021

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 20. Related Party Transactions

##### Key Management Personnel

##### Transactions with Key Management Personnel

The Key Management Personnel of the Authority includes the Board, CEO and senior managers. In all, 13 persons were paid the following total compensation.

\$	2021	2020
<b>The compensation paid to Key Management Personnel comprises:</b>		
Salaries, allowances and other short term benefits	810,151	799,913
<b>Total</b>	<b>810,151</b>	<b>799,913</b>

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

##### Receipts from Key Management Personnel comprise:

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

##### Transactions with Council Entities

The Authority's Constituent Councils are:

The City of Mitcham  
The City of Unley

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

There are no amounts owed to or from Constituent Councils.

No one Member Council individually has control over these decisions.

During the year Liability Guarantee payments were made to the two Constituent Councils to the total value of \$325,721 (2019/20 \$636,176).

#### Note 21. Future Commitments

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

Some funds were paid to Funeral Plan Management Pty Ltd with income to the Authority being recorded only when the service has been provided. Funds under management by Funeral Plan Management Pty Ltd at 30 June 2021 total \$611,030 (2020 \$688,759). From 1st December 2014 pre-paid products were no longer paid to Funeral Plan Management Pty Ltd.

#### Note 22. Segment Reporting

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





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Dean Newbery  
ABN: 30 164 612 890

## INDEPENDENT AUDITOR'S REPORT

To the members of the Centennial Park Cemetery Authority

### Opinion

We have audited the accompanying financial report of the Centennial Park Cemetery Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

### Basis for Opinion

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

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

### Responsibility of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the Authority's financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such controls as Management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

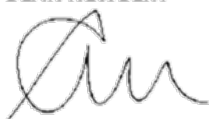
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

As part of an audit in accordance with the 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 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 Authority'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 the management'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 Authority'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 Authority 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.

**DEAN NEWBERY**



**SAMANTHA CRETEN**

**Partner**

Signed on the 1<sup>st</sup> day of September 2021,  
at 214 Melbourne Street, North Adelaide, South Australia 5006



## Centennial Park Cemetery Authority

Financial Statements 2021

### General Purpose Financial Statements

for the year ended 30 June 2021

---

#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2021, the Authority's Auditor, Dean Newberry has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Janet Miller  
Chief Executive Officer



Todd Davies  
Chair of the Audit & Risk Committee

Date: 19 August 2021

## Centennial Park Cemetery Authority

Financial Statements 2021

### General Purpose Financial Statements

for the year ended 30 June 2021

---

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



Peter Tsokas

Chief Executive Officer

Corporation of the City of Unley

Date: 27/08/2021

## Centennial Park Cemetery Authority

Financial Statements 2021

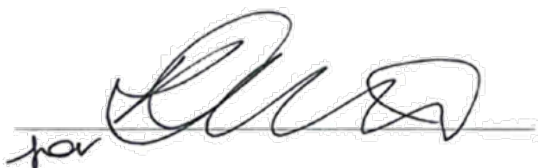
### General Purpose Financial Statements for the year ended 30 June 2021

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#### Certification of Auditor Independence

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Matthew Pears  
Chief Executive Officer  
City of Mitcham

Date: 1.09.2021



Chartered  
Accountants

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**Auditor's Independence Declaration under Section 22 of the Local Government (Financial Management) Regulations 2011 to the Centennial Park Cemetery Authority**

I confirm that, for the audit of the financial statements of the Centennial Park Cemetery Authority for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

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

**SAMANTHA CRETEN**  
**PARTNER**

Signed on the 1<sup>st</sup> day of September 2021,  
at 214 Melbourne Street, North Adelaide, South Australia 5006



# **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

## **Financial Statements**

**For the Year Ended 30 June 2021**



## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

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**For the Year Ended 30 June 2021**

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**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Statement of Profit or Loss and Other Comprehensive Income****For the Year Ended 30 June 2021**

		2021	2020
	Note	\$	\$
Contributions	4	472,005	388,655
Investment income	4	25,483	24,737
Employee Costs	5	(285,618)	(270,290)
Materials, contracts and other expenses	5	(198,850)	(151,631)
Depreciation	5	(62,157)	(36,646)
Finance costs	5	(293)	(198)
<b>Operating surplus / (deficit)</b>		<b>(49,430)</b>	<b>(45,373)</b>
Capital funding / grants	4	9,876,755	1,761,766
<b>Total surplus</b>		<b>9,827,325</b>	<b>1,716,393</b>
Other comprehensive income – asset revaluation reserve		279,477	-
<b>Total comprehensive income for the year</b>		<b>10,106,802</b>	<b>1,716,393</b>

The accompanying notes form part of these financial statements.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Statement of Financial Position****As At 30 June 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	12,135,273	5,002,849
Trade and other receivables	7	270,819	325,122
TOTAL CURRENT ASSETS		<u>12,406,092</u>	<u>5,327,971</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,634,383	6,410,219
TOTAL NON-CURRENT ASSETS		<u>13,634,383</u>	<u>6,410,219</u>
TOTAL ASSETS		<u>26,040,475</u>	<u>11,738,190</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	117,054	1,568,187
Employee benefits	10	18,791	10,739
TOTAL CURRENT LIABILITIES		<u>135,845</u>	<u>1,578,926</u>
TOTAL LIABILITIES		<u>135,845</u>	<u>1,578,926</u>
NET ASSETS		<u>25,904,630</u>	<u>10,159,264</u>
<b>EQUITY</b>			
Capital contributions	11	13,869,907	8,231,343
Capital funding / grants		11,638,521	1,761,766
Asset revaluation reserve	8	279,477	-
Accumulated surplus		116,725	166,155
TOTAL EQUITY		<u>25,904,630</u>	<u>10,159,264</u>

The accompanying notes form part of these financial statements.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Statement of Changes in Equity**  
**For the Year Ended 30 June 2021**

2021

	Capital Contributions of Councils	Capital Funding and Grants	Asset Revaluation Reserve	Accumulated Surplus	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	8,231,343	1,761,766	-	166,155	10,159,264
Surplus for the year	-	-	-	9,827,325	9,827,325
Capital contributions of Councils	5,638,564	-	-	-	5,638,564
Transfer to capital funding / grants	-	9,876,755	-	(9,876,755)	-
Revaluation of infrastructure and land improvements	-	-	279,477	-	279,477
<b>Balance at 30 June 2021</b>	<b>13,869,907</b>	<b>11,638,521</b>	<b>279,477</b>	<b>116,725</b>	<b>25,904,630</b>

2020

	Capital Contributions of Councils	Capital Funding and Grants	Accumulated Surplus	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	5,929,279	-	211,528	6,140,807
Surplus for the year	-	-	1,716,393	1,716,393
Capital contributions of Councils	2,302,064	-	-	2,302,064
Transfer to capital funding / grants	-	1,761,766	(1,761,766)	-
<b>Balance at 30 June 2020</b>	<b>8,231,343</b>	<b>1,761,766</b>	<b>166,155</b>	<b>10,159,264</b>

The accompanying notes form part of these financial statements.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Statement of Cash Flows****For the Year Ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating receipts from constituent councils		581,487	2,298,949
Payments to employees		(285,618)	(266,051)
Payments to suppliers		(417,837)	(212,587)
Interest received		25,483	24,737
Interest paid		(293)	(198)
Net cash used in operating activities	12	<u>(96,778)</u>	<u>1,844,850</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for capital projects		<u>(5,395,595)</u>	<u>(4,872,515)</u>
Net cash used in investing activities		<u>(5,395,595)</u>	<u>(4,872,515)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Contributions from Constituent Councils		5,638,564	2,302,064
SMA Funding		6,821,233	1,696,767
NRM Board Water Sustainability Funding		<u>165,000</u>	<u>65,000</u>
Net cash provided by financing activities		<u>12,624,797</u>	<u>4,063,831</u>
Net increase in cash and cash equivalents held		7,132,424	1,036,166
Cash and cash equivalents at beginning of year		<u>5,002,849</u>	<u>3,966,683</u>
Cash and cash equivalents at end of financial year	6	<u>12,135,273</u>	<u>5,002,849</u>

The accompanying notes form part of these financial statements.

## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and relevant South Australian Legislation. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

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

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

The financial statements were authorised for issue on 22 September 2021 by the members of the Board.

#### **2 Summary of Significant Accounting Policies**

##### **(a) Revenue and other income**

###### **Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Board expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.



## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(a) Revenue and other income**

###### **Revenue from contracts with customers**

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

###### **Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Board are:

###### **Operating revenue from constituent councils**

Operating revenue from constituent councils is recognised as income as and when the Board becomes entitled to receive the funds. This is outlined within the Board's Annual Budget which is agreed with all constituent councils.

###### **Interest revenue**

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

###### **Other income**

Other income is recognised on an accruals basis when the Board is entitled to it.

##### **(b) Equity**

###### **Capital contributions**

Capital contributions from constituent councils are recorded directly against equity as and when the Board becomes entitled to receive the funds. This is outlined within the Board's Annual Budget, which is agreed with all constituent councils.

##### **(c) Income Tax**

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

##### **(d) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(e) Property, plant and equipment**

###### **Initial Recognition**

All assets are initially recognised at cost. For assets acquired at no cost or 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, engineering design costs and all other costs incurred.

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

The Board considers that it controls the infrastructure assets in accordance with its Charter. The constructed infrastructure assets may be located on land owned by constituent councils.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality thresholds set by the Board within the capitalisation policy. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Current thresholds applicable to Board assets are as follows:

Stormwater infrastructure - \$2,000

Computer equipment - \$1,000

Office equipment - \$1,000

###### **Subsequent Measurement**

Stormwater infrastructure is subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is determined using the current replacement cost method.

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements has been undertaken as at 30 June 2021. The valuation has been undertaken by Tina-James Freeman, Asset Consultant at Tonkin, FIEAust CPEng. Refer to note 8(b) for additional information on fair value determination of stormwater infrastructure.

Computer equipment and office equipment are carried at cost less accumulated depreciation and impairment.

###### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Board, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

Fixed asset class	Depreciation rate
Stormwater infrastructure	1% - 2%
Freehold Land	0%
Land improvements	1% - 10%
Office equipment	10%
Computer Equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Board becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, the Board classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Board changes its business model for managing financial assets.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Board's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(f) Financial instruments**

###### **Financial assets**

###### *Impairment of trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Board has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

###### **Financial liabilities**

The Board measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Board comprise trade payables.

##### **(g) Impairment**

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

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

##### **(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### **(i) Trade and other payables**

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

## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(j) Trade and other receivables**

These include amounts due from owner councils for capital contributions, the ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

##### **(k) Employee benefits**

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

No accrual is made for sick leave. The Board does not make payment for untaken sick leave.

##### **Superannuation**

All superannuation schemes to which the Board makes contributions on behalf of employees 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 Board.

##### **(l) Adoption of new and revised accounting standards**

The Board has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Board.

##### **(m) Economic dependence**

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

#### **3 Critical Accounting Estimates and Judgments**

The Board makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****3 Critical Accounting Estimates and Judgments****Key estimates - impairment of property, plant and equipment**

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

**Key estimates – fair valuation of stormwater infrastructure and land improvements**

In determining fair values for stormwater infrastructure there is no known market for these assets, and they have been independently valued at depreciated current replacement cost. For further information relating to the estimates made in determining fair value refer to note 8(b)

**Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

**4 Income**

	2021 \$	2020 \$
<b>Operating Contributions</b>		
- City of Mitcham	94,401	77,731
- City of Burnside	94,401	77,731
- City of West Torrens	94,401	77,731
- The Corporation of the City of Adelaide	94,401	77,731
- The Corporation of the City of Unley	94,401	77,731
<b>- Total Operating Contributions</b>	<b>472,005</b>	<b>388,655</b>
<b>Other Income</b>		
- Bank Interest	25,483	24,737
<b>- Total Other Income</b>	<b>25,483</b>	<b>24,737</b>
<b>Capital Funding / Grants</b>		
- Stormwater Management Authority	6,821,233	1,696,766
- NRM Water Sustainability Grant	165,000	65,000
- Gifted Infrastructure - Glenside Park	2,890,522	-
<b>- Total Capital Funding / Grants</b>	<b>9,876,755</b>	<b>1,761,766</b>
<b>Total Income</b>	<b>10,374,243</b>	<b>2,175,158</b>

In accordance with the Charter of the Brown Hill and Keswick Creeks Stormwater Board Schedule 1, operating contributions are received equally from each of the constituent councils at an agreed rate. The total value of operating contributions to be received is agreed in the annual budget prepared by the Board.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****5 Expenses**

	2021 \$	2020 \$
<b>Employee Costs</b>		
Salaries and Wages - Board	82,000	83,500
Salaries and Wages - Employee	178,184	162,282
Superannuation contributions	23,952	22,947
Workers compensation	1,482	1,561
<b>Total Employee Costs</b>	<b>285,618</b>	<b>270,290</b>
<b>Materials, Contracts &amp; Other Expenses</b>		
Prescribed Expenses - Audit Remuneration	5,000	5,000
Administration	13,245	16,788
Asset Maintenance, Management & Valuation	15,530	-
Business Case & Delivery Strategy	72,787	-
Entertainment & Catering	443	4,400
Contractor & Consultant Services	2,250	19,160
Human Resources	550	-
Insurance - Mutual Liability Scheme	33,321	43,458
IT Expenses	3,115	3,671
Legal Expenses	12,630	10,031
Professional Services	21,955	48,788
Other Expenses	17,248	-
Sundry	776	335
<b>Total Materials, Contracts &amp; Other Expenses</b>	<b>198,850</b>	<b>151,631</b>
<b>Depreciation</b>		
Depreciation - Office Equipment	-	2,313
Depreciation - Hawthorn Reserve Creek Upgrade	33,346	34,333
Depreciation - Everard Park	28,811	-
<b>Total Depreciation</b>	<b>62,157</b>	<b>36,646</b>
<b>Finance Costs</b>		
Bank Fees	238	161
Interest Expense	55	37
<b>Total Finance Costs</b>	<b>293</b>	<b>198</b>
<b>Total Expenses</b>	<b>546,918</b>	<b>458,765</b>



**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****6 Cash and Cash Equivalents**

	2021	2020
	\$	\$
Cash at bank and in hand	12,135,273	5,002,849
	<u>12,135,273</u>	<u>5,002,849</u>

As at 30 June 2021, cash held includes an amount of \$7,235,798 (2020: \$3,416,019) which is restricted for the purpose of approved capital development projects.

**7 Trade and Other Receivables****CURRENT**

Trade receivables	104,500	71,500
GST receivable	166,319	253,622
	<u>270,819</u>	<u>325,122</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**8 Property, plant and equipment****Capital Works in Progress**

South Park Lands – Parks 16 and 20	4,764,314	829,633
Upper Brown Hill Creek - Area 1 Creek Works	-	2,243,546
Upper Brown Hill Creek - Area 1 Land Acquisition	-	349,276
Upper Brown Hill Creek - Area 3 Millswood	14,212	8,500
Reference Design – Capital	138,114	7,300
<b>Total Capital Works in Progress</b>	<u>4,916,640</u>	<u>3,438,255</u>

**Infrastructure and Land Improvements**

Hawthorn Reserve Creek Upgrade	3,006,297	3,006,297
Accumulated Depreciation – Hawthorn Reserve Creek Upgrade	(33,346)	(34,333)
Upper Brown Hill Creek Area 1, Everard Park	2,883,081	-
Accumulated Depreciation – Everard Park	(28,811)	-
Glenside	2,890,522	-
<b>Total Infrastructure and Land Improvements</b>	<u>8,717,743</u>	<u>2,971,964</u>

**Office Equipment**

At cost	4,493	4,493
Accumulated depreciation	(4,493)	(4,493)

**Total Office Equipment**

	-	-
<b>Total Property, Plant and Equipment</b>	<u>13,634,383</u>	<u>6,410,219</u>

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****8 Property, plant and equipment****(a) Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Infrastructure and Land Improvements	Office Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2021</b>				
Balance at the beginning of year	3,438,255	2,971,964	-	6,410,219
Additions	4,116,322	2,890,522	-	7,006,844
Transfers	(2,637,937)	2,637,937	-	-
Revaluation	-	279,477	-	279,477
Depreciation Expense	-	(62,157)	-	(62,157)
<b>Balance at the end of the year</b>	<b>4,916,640</b>	<b>8,717,743</b>	<b>-</b>	<b>13,634,383</b>

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements has been undertaken as at 30 June 2021. The valuation has been undertaken by Tina-James Freeman, Asset Consultant at Tonkin, FIEAust CPEng. Refer to note 8(b) for additional information on fair value determination of stormwater infrastructure.

	Capital Works in Progress	Infrastructure and Land Improvements	Office Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>				
Balance at the beginning of year	3,206,880	-	2,313	3,209,193
Additions	3,237,672	-	-	3,237,672
Transfers	(3,006,297)	3,006,297	-	-
Depreciation Expense	-	(34,333)	(2,313)	(36,646)
<b>Balance at the end of the year</b>	<b>3,438,255</b>	<b>2,971,964</b>	<b>-</b>	<b>6,410,219</b>

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****8 Property, plant and equipment****(b) Fair Value Determination**

Infrastructure and land improvements are carried at fair value. 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).

In determining fair values for infrastructure and land improvements there is no known market for these assets, and they 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, or on industry construction guides where these are more appropriate; and
- 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 the Board.

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. Accordingly, the fair value of all assets within the infrastructure and land improvements class are considered Level 3 in the fair value hierarchy.

**9 Trade and Other Payables**

	2021	2020
	\$	\$
CURRENT		
Trade payables	108,646	1,556,813
Credit Card	(79)	366
PAYG Payable	4,256	4,576
Superannuation Payable	6,765	5,800
Wages Payable	(2,534)	632
	<u>117,054</u>	<u>1,568,187</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****10 Employee Benefits**

	2021 \$	2020 \$
CURRENT		
Provision for employee benefits	18,791	10,739
	<u>18,791</u>	<u>10,739</u>

**11 Capital Contributions of Constituent Councils****Contributions by Owners**

City of Mitcham	1,386,991	823,134
City of Burnside	1,664,389	987,761
City of West Torrens	6,796,254	4,033,358
The Corporation of the City of Adelaide	1,109,593	658,508
Corporation of the City of Unley	2,912,680	1,728,582

**Total Contributions by Owners**

<u>13,869,907</u>	<u>8,231,343</u>
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**City of Mitcham Movement Table**

Opening balance	823,134	592,928
Contributions	563,857	230,206

**Closing balance**

<u>1,386,991</u>	<u>823,134</u>
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**City of Burnside Movement Table**

Opening balance	987,761	711,513
Contributions	676,628	276,248

**Closing balance**

<u>1,664,389</u>	<u>987,761</u>
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**City of West Torrens Movement Table**

Opening balance	4,033,358	2,905,346
Contributions	2,762,896	1,128,012

**Closing balance**

<u>6,796,254</u>	<u>4,033,358</u>
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**The Corporation of the City of Adelaide Movement Table**

Opening balance	658,508	474,343
Contributions	451,085	184,165

**Closing balance**

<u>1,109,593</u>	<u>658,508</u>
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**Corporation of the City of Unley Movement Table**

Opening balance	1,728,582	1,245,149
Contributions	1,184,098	483,433

**Closing balance**

<u>2,912,680</u>	<u>1,728,582</u>
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Capital contributions of Constituent Councils are payments received for investing in infrastructure. The rates of contributions are agreed in the Charter of the Board.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****12 Cash Flow Information****(a) Reconciliation of result for the year to cashflows from operating activities**

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Surplus for the year	9,827,325	1,716,394
Cash flows excluded from profit attributable to operating activities		
- Capital funding / grants	(9,876,755)	(1,761,767)
Non-cash flows in surplus:		
- depreciation	62,157	36,646
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	54,303	1,699,051
- increase/(decrease) in trade and other payables	(171,860)	150,288
- increase/(decrease) in employee benefits	8,052	4,239
Cashflows from operations	<u>(96,778)</u>	<u>1,844,850</u>

**13 Financial Risk Management**

The Board is exposed to a variety of financial risks through its use of financial instruments. The most significant financial risks to which the Board is exposed to are described below:

**Specific risks**

- Liquidity risk
- Credit risk

**Financial instruments used**

The principal categories of financial instrument used by the Board are:

- Trade receivables
- Cash at bank
- Trade and other payables

**Objectives, policies and processes**

The Board of Directors have overall responsibility for the establishment of the Board's financial risk management framework. This includes the development of policies covering financial governance and the identification and management of financial risk in accordance with the Board's risk management policy.

Details of significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****13 Financial Risk Management****Objectives, policies and processes**

asset, financial liability and equity instruments are disclosed in Note 2 Summary of Significant Accounting Policies.

Mitigation strategies for specific risks faced are described below:

**Liquidity risk**

Liquidity risk arises from the Board's management of working capital. It is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due.

The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

At the reporting date, the Board has sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The following table depicts the categorisation of financial instruments held by the Board, noting that due to the nature of the balances held, carrying value is equal to fair value:

	2021 \$	2020 \$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	12,135,273	5,002,849
Trade and other receivables	270,819	325,122
<b>Total financial assets</b>	<b>12,406,092</b>	<b>5,327,971</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Trade and other payables	117,054	1,568,187
<b>Total financial liabilities</b>	<b>117,054</b>	<b>1,568,187</b>

The table below reflects the undiscounted contractual maturity analysis for financial liabilities:

	<b>Weighted average</b>		<b>Within 1 Year</b>		<b>1 to 5 Years</b>	
	<b>Interest rate</b>					
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	-	-	117,054	1,568,187	-	-
			<b>Over 5 Years</b>		<b>Total</b>	
			2021 \$	2020 \$	2021 \$	2020 \$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	-	-	-	-	117,054	1,568,187

The timing of expected outflows is not expected to be materially different from contracted cashflows.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****13 Financial Risk Management****Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Board.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties. There is no collateral held by the Board securing trade and other receivables.

**14 Contingent Liabilities and Contingent Assets**

In the opinion of the Directors, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report at 30 June 2021 (30 June 2020: None).

**15 Commitments for Expenditure****(a) Capital Commitments****Contracted Commitments****South Park Lands**

Procure Project Management	-	280,107
Tonkin Design Contract	-	7,997
Wetland Construction	6,414,058	-

6,414,058	288,104
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**Upper Brown Hill Creek - Area 1**

Beltrame Construction Contract	-	763,585
Inside Infrastructure Project Management Contract	-	76,492
	-	840,077

**Upper Brown Hill Creek - Area 3 Millswood**

Project Management	11,287	-
Engineering	85,460	-
	96,747	-

**Reference Design**

Engineering Services	466,420	-
Consultant Services	258,573	-
	724,993	-

<b>Total Contracted Commitments</b>	<b>7,235,798</b>	<b>1,128,181</b>
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All contracted commitments noted above are expected to be paid within the next twelve months.



## **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

#### **16 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Board, the results of those operations, or the state of affairs of the Board in future financial years.

#### **17 Related Parties**

Key management personnel of the Board include the Project Director and members of the Board appointed under section 112 of the Local Government Act 1999.

Payments made to key management personnel were as follows:

Salaries and Wages for the year ending 30 June 2021 is \$252,132 (2020: 245,782)

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. There were no transactions with other related parties for the year ending 30 June 2021 (2020: Nil).

#### **18 Statutory Information**

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

Brown Hill & Keswick Creeks Stormwater Board  
PO Box 124 Unley SA 5061

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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

1. Presents a true and fair view of the financial position of Brown Hill and Keswick Creeks Stormwater Board as at 30 June 2021 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Brown Hill and Keswick Creeks Stormwater Board will be able to pay its debts as and when they fall due.

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

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

*Judy Choate*

Judy Choate (Sep 14, 2021 18:14 GMT+9:30)

Name: Judith Choate  
Position: Chairperson

Date: Sep 14, 2021 September 2021

*G. T. Vogt*

G. T. Vogt (Sep 14, 2021 18:14 GMT+9:30)

Name: G T Vogt  
Position: Board Member

Date: Sep 14, 2021 September 2021

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

**ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 JUNE 2020**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Brown Hill and Keswick creeks Stormwater Board for the year ended 30 June 2021, the Board'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*

Judy Choate  
Judy Choate (Sep 14, 2021 18:14 GMT+9.5)

Name: Judith Choate  
Position: Chairperson

Date: Sep 14, 2021 September 2021

G. T. Vogt  
G. T. Vogt (Sep 14, 2021 16:14 GMT+9.5)

Name: G T Vogt  
Position: Board Member

Date: Sep 14, 2021 September 2021


## 3 FY21 Financial Statements


Final Audit Report


2021-09-14

Created:	2021-09-14
By:	Peta Mantzarapis (peta.mantzarapis@bhkcstormwater.com.au)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5vn7UpqQejuf8twZCfkTKeKCPQqA98X7


### "3 FY21 Financial Statements" History


 Document created by Peta Mantzarapis (peta.mantzarapis@bhkcstormwater.com.au)  
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Signature Date: 2021-09-14 - 8:44:52 AM GMT - Time Source: server- IP address: 58.174.42.35

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## DECISION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION FOR ITEM 4.2 -  
PRUDENTIAL AND PROBITY REPORTS FOR  
THE WASTE COLLECTION AND  
PROCESSING TENDER

**ITEM NUMBER:** 4.1

**DATE OF MEETING:** 27 OCTOBER 2021

**AUTHOR:** AARON WOOD

**JOB TITLE:** MANAGER ASSETS AND OPERATIONS

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Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on the grounds set out below.

### 1. **RECOMMENDATION**

That:

1. Pursuant to Section 90(2) and (3) (b)(i) and (ii) of the *Local Government Act 1999*, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because it relates to information the disclosure of which:
2. In weighing up the factors related to disclosure:
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations; and
  - non-disclosure of this item at this time will enable Council to consider the tender assessment for the management of Councils' Waste Collection and Processing without compromising the commercial position of Council

On that basis, the public's interest is best served by not disclosing 4.2 Prudential and Probity Reports for the Waste Collection and Processing Tender, Report and discussion at this point in time.

3. Pursuant to Section 90(2) of the *Local Government Act 1999* it is recommended the Council orders that all members of the public be excluded, with the exception of staff of the City of Unley on duty in attendance.

## CONFIDENTIAL MOTION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION TO REMAIN IN  
CONFIDENCE FOR ITEM 4.2 -  
CONFIDENTIALITY MOTION - PRUDENTIAL  
AND PROBITY REPORTS FOR THE WASTE  
COLLECTION AND PROCESSING TENDER

**ITEM NUMBER:** 4.3

**DATE OF MEETING:** 27 OCTOBER 2021

**AUTHOR:** AARON WOOD

**JOB TITLE:** MANAGER ASSETS AND OPERATIONS

### 1. RECOMMENDATION

That:

1. Pursuant to Section 91(7) of the *Local Government Act 1999* the following elements of Item 4.1 Confidentiality Motion - Prudential and Probity Reports for the Waste Collection and Processing Tender, considered at the Audit Committee Meeting Meeting on 27 October 2021:

- ☒ Minutes
- ☒ Report
- ☒ Attachment

remain confidential

*until the execution of the Waste Management Contract for the collection and processing of waste.*

and not available for public inspection until the cessation of that period.

2. Pursuant to Section 91(9)(c) of the *Local Government Act 1999*, the power to revoke the order under Section 91(7) prior to any review or as a result of any review is delegated to the Chief Executive Officer.