



AGENDA

COUNCIL

*meeting to be held on 22 October 2018 at 6:30 pm
in the Council Chamber, 12 James Street, Salisbury*

Elected Members

Mayor G Aldridge

Cr L Caruso (Deputy Mayor)

Cr D Balaza, Cr S Bedford, Cr B Brug, Cr D Bryant, Cr C Buchanan,
Cr G Caruso, Cr R Cook, Cr E Gill, Cr D Pilkington, Cr D Proleta,
Cr S Reardon, Cr G Reynolds, Cr S White, Cr J Woodman, Cr R Zahra

Apologies:

Leave of Absence: Nil

Prayer

Father in heaven

We thank you for the wondrous resources of our City, for its people, its environment and its sense of community. We thank you for the opportunity to now deliberate over how best to help our community. Please bless that we will respect one another and that we will all do our best to make decisions that will help our community to grow and prosper. Bless our efforts this day in God's name. Amen.

Kaurna Acknowledgement

The City of Salisbury acknowledges that we are meeting on the traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living.

ITEM 1: PUBLIC QUESTION TIME

ITEM 2: DEPUTATIONS / PRESENTATIONS

Deputy Mayor, Cr Linda Caruso, will present a certificate of service to Mayor Aldridge in recognition of 30 years as an Elected Member at the City of Salisbury.

ITEM 3: PETITIONS

ITEM 4: CONFIRMATION OF MINUTES

24 September 2018 Council Minutes
24 September 2018 Confidential Council Minutes

ITEM 5: COMMITTEE REPORTS

5.1 Policy and Planning Committee – 15 October 2018 *Page 19*
Cr D Pilkington (Chair)

- 1.0.1 Future Reports for the Policy and Planning Committee
- 1.1.1 Minutes of the Youth Council Sub Committee meeting held on Tuesday 9 October 2018
- 1.1.2 Telstra Safe Connections Program
- 1.3.1 Statutes Amendment (Decriminalisation of Sex Work) Bill 2018 Update

5.2 Works and Services Committee – 15 October 2018 *Page 23*
Cr G Reynolds (Chair)

- 2.0.1 Future Reports for the Works and Services Committee
- 2.6.1 Capital Works Report – September 2018
- 2.7.1 Traffic Safety: McGill Crescent, Para Hills
- 2.7.2 Installation of Slow Points on Daniel Avenue, Globe Derby
- 2.7.3 Pedestrian crossing at the Ingle Farm Recreation Centre
- 2.8.1 Cardboard Box Recycling Scheme
- OB1 Left Turning Lane onto Salisbury Highway

5.3 Resources and Governance Committee – 15 October 2018 *Page 27*
Cr S Bedford (Chair)

- 3.0.1 Future Reports for the Resources and Governance Committee
- 3.4.1 Voting Advice to Council Delegate for the Local Government Association Annual General Meeting - 26 October 2018
- 3.5.1 Draft 2017/18 Annual Report
- 3.6.1 Council Committee Structure - Recommendation for Incoming Council

5.4 Audit Committee of Council – 09 October 2018 *Page 33*
Cr G Reynolds (Chair)

- 4.0.1 Future Reports for the Audit Committee of Council
- 4.0.2 Actions List
- 4.0.3 Proposed Audit Committee meeting schedule for 2019
- 4.2.1 Report to the Audit Committee for the year ended 30 June 2018, prepared by Bentleys
- 4.2.2 End of Financial Year Statements and Analysis
- 4.2.3 Capital Works Projects – Final Report
- 4.2.4 Audit Committee Self-Assessment
- 4.2.5 Update on the Risk Management and Internal Control Activities
- 4.2.6 Risk and Governance Program

5.5 Council Assessment Panel

Council notes the minutes of the Council Assessment Panel meeting held on 25 September 2018.

5.6 Budget and Finance Committee – 15 October 2018 *Page 39*
Cr R Zahra (Chair)

- 6.0.1 Future Reports for the Budget and Finance Committee
- 6.0.2 Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018
- 6.1.1 Council Finance Report – September 2018

5.7 Sport, Recreation and Grants Committee – 15 October 2018
Cr J Woodman (Chair)

No Sport, Recreation and Grants Committee meeting was held in October 2018.

5.8 CEO Review Committee
Mayor G Aldridge (Chair)

No CEO Review Committee meeting was held in October 2018.

ITEM 6: GENERAL BUSINESS REPORTS

- 6.1 End of Year Financial Statement and Analysis *Page 41*
- 6.2 First Quarter Budget Review 2018/19 *Page 117*

ITEM 7: MOTIONS ON NOTICE *Page 153*

- 7.1 Donations to Council Candidates
- 7.2 Salisbury Oval Development and Neales Green Historical Information
- 7.3 Acknowledgement of Retiring Members
- 7.4 Footpath Construction Budget

ITEM 8: MAYOR'S DIARY

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ITEM 9: ELECTED MEMBER REPRESENTATION ACTIVITIES

ITEM 10: QUESTIONS WITHOUT NOTICE

ITEM 11: QUESTIONS ON NOTICE

Page 157

11.1 HACC Bus

ITEM 12: OTHER BUSINESS / MOTIONS WITHOUT NOTICE

ITEM 13: CONFIDENTIAL ITEMS

There are no Confidential Items for discussion.

CLOSE



John Harry
CHIEF EXECUTIVE OFFICER

ITEM 1: PUBLIC QUESTION TIME

ITEM 2: DEPUTATIONS / PRESENTATIONS

Deputy Mayor, Cr Linda Caruso, will present a certificate of service to Mayor Aldridge in recognition of 30 years as an Elected Member at the City of Salisbury.

ITEM 3: PETITIONS

No Petitions have been received.



**MINUTES OF COUNCIL MEETING HELD IN THE COUNCIL CHAMBER,
12 JAMES STREET, SALISBURY ON**

24 SEPTEMBER 2018

MEMBERS PRESENT

Mayor G Aldridge
Cr L Caruso (Deputy Mayor)
Cr D Balaza
Cr S Bedford
Cr B Brug
Cr D Bryant
Cr C Buchanan
Cr G Caruso
Cr R Cook
Cr E Gill
Cr D Pilkington
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr S White
Cr J Woodman
Cr R Zahra

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
Acting General Manager City Infrastructure, Mr M Purdie
General Manager Community Development, Ms P Webb
Manager Governance, Mr M Petrovski
Manager Communications and Customer Relations, Mr M Bennington
Governance Support Officer, Ms K Boyd

The meeting commenced at 6.30 pm.

OPENING PRAYER AND WELCOME

The Mayor welcomed the members, staff and the gallery to the meeting.

The Chief Executive Officer read the Opening Prayer.

The Mayor read the Kurna Acknowledgement.

APOLOGIES

There were no apologies.

LEAVE OF ABSENCE

Nil

ITEM 1: PUBLIC QUESTION TIME

Mr David Waylen from the Salisbury Business Association indicated that he would like to address the meeting and ask a question.

Mr Waylen addressed the Council to thank them for their support and contribution over the last four years. Mr Waylen advised that Elected Members and other candidates for Council are able to promote their profile on the Salisbury Business Association Facebook page and also at two public forums, and asked members to contact him if they wished to participate.

ITEM 2: DEPUTATIONS / PRESENTATIONS

10 Year Service Award For Cr Julie Woodman

Mayor Aldridge presented a certificate of service to Cr Woodman in recognition of 10 years as an Elected Member at the City of Salisbury.

ITEM 3: PETITIONS

No Petitions were received.

ITEM 4: CONFIRMATION OF MINUTES

Moved Cr L Caruso
Seconded Cr J Woodman

The Minutes of the Council Meeting held on 27 August 2018, be taken as read and confirmed.

CARRIED
2636/2018

Moved Cr S White
Seconded Cr S Reardon

The Minutes of the Confidential Council Meeting held on 27 August 2018, be taken as read and confirmed.

CARRIED
2637/2018

ITEM 5: COMMITTEE REPORTS

5.1 Policy and Planning Committee - Recommendations for Council Ratification

Moved Cr B Brug
Seconded Cr J Woodman

1. That Council adopt the recommendations of the Policy and Planning Committee meeting on 17 September 2018, contained in the report to Council (Item No. 5.1 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 1.0.1 – Future Reports for the Policy and Planning Committee
 2. Item 1.1.1 – Regional Public Health Plan Biennial Report to the Chief Public Health Officer 2018
 3. Item 1.1.2 – Safety in the City of Salisbury
 4. Item 1.1.3 – Bridgestone Reserve Athletics Facility
 5. Item P&P-OB1 – Safety in the City of Salisbury

**CARRIED
2638/2018**

5.2 Works and Services Committee - Recommendations for Council Ratification

Moved Cr S Reardon
Seconded Cr L Caruso

1. That Council adopt the recommendations of the Works and Services Committee meeting on 17 September 2018, contained in the report to Council (Item No. 5.2 on the agenda for the Council meeting held on 24 September 2018), and listed below, with the exception of Item 2.6.1FI which will be considered separately:

With leave of the meeting and consent of the seconder Cr S Reardon
AMENDED the MOTION as follows:

1. That Council adopt the recommendations of the Works and Services Committee meeting on 17 September 2018, contained in the report to Council (Item No. 5.2 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 2.0.1 – Future Reports for the Works and Services Committee
 2. Item 2.4.1 – Natural Resources Management Reform
 3. Item 2.6.1FI - Capital Works Report - August 2018
 4. Item W&S-OB1 - Letter from Resident to Works and Services Committee

**CARRIED
2639/2018**

5.3 Resources and Governance Committee - Recommendations for Council Ratification

Moved Cr G Caruso
Seconded Cr R Cook

1. That Council adopt the recommendations of the Resources and Governance Committee meeting on 17 September 2018, contained in the report to Council (Item No. 5.3 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 3.0.1 – Future Reports for the Resources and Governance Committee
 2. Item 3.4.1 – Election of the Local Government Association President
 3. Item 3.4.2 - Election of Two Representative Members to the Local Government Finance Authority Board of Trustees
 4. Item 3.6.1 – Variation to Delegations
 5. Item 3.6.2 – Summary Report for Attendance at Training and Development Activity – Cr Steve White

**CARRIED
2640/2018**

5.4 Audit Committee of Council

No Audit Committee of Council meeting was held in September 2018.

5.5 Council Assessment Panel

Council noted the minutes of the Council Assessment Panel meeting held on 28 August 2018.

5.6 Budget and Finance Committee - Recommendations for Council Ratification

Moved Cr D Proleta
Seconded Cr L Caruso

1. That Council adopt the recommendations of the Budget and Finance Committee meeting on 17 September 2018, contained in the report to Council (Item No. 5.6 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 6.0.1 – Future Reports for the Budget and Finance Committee
 2. Item 6.1.1 – Budget Timetable 2019/20
 3. Item 6.6.1 – Submission to ESCOSA - South Australian Local Government Rate Oversight Scheme

**CARRIED
2641/2018**

5.7 Sport, Recreation and Grants Committee - Recommendations for Council Ratification

Cr D Bryant declared a material conflict of interest on Item 7.2.9(a) - Community Event Sponsorship Program Applications - Round 1 – Grant No. 1/2018: Lutheran Church of Australia, SA-NT District Inc,(Sport, Recreation and Grants Committee held on 10 September 2018, on the basis of his employment. Cr D Bryant left the meeting at 6:46 pm.

Cr B Brug declared an actual conflict of interest on Item 7.2.1- Grant No. 3/2018: Lions Club of Gilles Plains – Mawson Lakes Lions Club Branch (Sport, Recreation and Grants Committee meeting held on 17 September 2018), on the basis of being an office bearer of the Mawson Lakes Lions Club Branch Committee. Cr B Brug left the meeting at 6:46 pm.

Moved Cr R Zahra

Seconded Cr S White

1. That Council adopt the recommendations of the Sport Recreation and Grants Committee meeting on 10 September 2018, contained in the report to Council (Item No. 5.7 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 7.0.1 – Future Reports for the Sport, Recreation and Grants Committee
 2. Item 7.2.1 – Youth Sponsorship Applications - August 2018
 3. Item 7.2.2 – Community Grants Program Applications for September 2018
 4. Item 7.2.3 – 13/2018: Bhutanese Australian Association of South Australia Inc. - Community Grants Program Application
 5. Item 7.2.4 - 15/2018: Pooraka Farm Community Centre Inc. - Community Grants Program Application
 6. Item 7.2.5 - 20/2018: Afghan National Association of Australia Inc. - Community Grants Program Application
 7. Item 7.2.6 - Coyote-Hoops Basketball Club Inc. - Community Grants Program Application
 8. Item 7.2.7 - 22/2018: Military Vehicle Preservation Society of South Australia Inc. - Community Grants Program Application
 9. Item 7.2.8 - 23/2018: United Indians of South Australia Inc. - Community Grants Program Application
 10. Item 7.2.9(a) - Community Event Sponsorship Program Applications - Round 1 – Grant No. 1/2018: Lutheran Church of Australia, SA-NT District Inc.
 11. Item 7.2.9(b) - Community Event Sponsorship Program Applications - Round 1 - Grant No. 2/2018: Para Vista CPC7 School

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12. Item 7.2.9(d) - Community Event Sponsorship Program Applications - Round 1 - Grant No. 4/2018: United Way South Australia Incorporated.
 2. That Council adopt the recommendation of the Sport Recreation and Grants Committee meetings on 17 September 2018, contained in the report to Council (Item No. 5.7 on the agenda for the Council meeting held on 24 September 2018), and listed below:
 1. Item 7.2.1 – Grant No. 3/2018: Lions Club of Gilles Plains – Mawson Lakes Lions Club Branch.

**CARRIED
2642/2018**

*Cr B Brug returned to the meeting at 6:47 pm.
Cr D Bryant returned to the meeting at 6:47 pm.*

5.8 CEO Review Committee

No CEO Review Committee meeting was held in September 2018.

ITEM 6: GENERAL BUSINESS REPORTS

6.1 Election of Members on the Greater Adelaide Regional Organisation of Councils

Mayor G Aldridge declared a material conflict of interest on the basis of being a member of the Board of the Greater Adelaide Regional Organisation of Councils. Mayor G Aldridge left the meeting at 6:48 pm. Deputy Mayor L Caruso assumed the Chair at 6.48 pm.

Moved Cr C Buchanan
Seconded Cr D Proleta

1. Council indicates its eight preferences as follows:
 - 1) Mayor Gillian Aldridge, City of Salisbury
 - 2) Mayor Karen Redman, Town of Gawler
 - 3) Mayor Kevin Knight, City of Tea Tree Gully
 - 4) Mayor David O'Loughlin, City of Prospect
 - 5) Cr Christel Mex, City of Norwood, Payneham and St Peters
 - 6) Mayor John Trainer, City of West Torrens
 - 7) Deputy Mayor Jan-Claire Wisdom, Adelaide Hills Council
 - 8) Deputy Mayor Janet Byram, City of Marionfor the eight positions on the Greater Adelaide Regional Organisation of Councils and instructs its delegate to vote accordingly.

**CARRIED
2643/2018**

Mayor G Aldridge returned to the meeting at 6:52 pm and resumed the Chair.

Further Motion: Election of Members on the Greater Adelaide Regional Organisation of Councils

Moved Cr R Zahra
Seconded Cr L Caruso

1. That Council write to the Local Government Association asking that future elections for Greater Adelaide Regional Organisation of Councils be held outside of Local Government Election process.

**CARRIED
2644/2018**

ITEM 7: MOTIONS ON NOTICE

7.1 Motion on Notice - Alice Crescent, Burton - Parking Bays

Moved Cr C Buchanan
Seconded Cr D Proleta

1. That a report be brought forward providing advice and associated costings for installing indented car parking bays on the reserve along Alice Crescent, Burton.

**CARRIED
2645/2018**

7.2 Motion on Notice - Gulfview Heights Lake

Moved Cr D Bryant
Seconded Cr S Reardon

1. That a report be provided to Council advising on and investigating various issues regarding the Gulfview Heights Lake / Dam, located on Bayview Parade, Parkside Drive, and Gulfview Circuit, including;
 - advice whether there is any leakage or erosion issues with the current lake, and the cost implications for any repairs deemed necessary;
 - advice on the current service levels for the reserve and options to renew and/or upgrade the reserve to improve general aesthetics, accessibility and usage of the space for greater community benefit.

**CARRIED
2646/2018**

ITEM 8: MAYOR'S DIARY

8.1 Mayor's Diary

Moved Cr D Proleta
Seconded Cr L Caruso

1. That this information be noted.

**CARRIED
2647/2018**

ITEM 9: ELECTED MEMBER REPRESENTATION ACTIVITIES**Cr E Gill:**

26/7/2018 JYC Advisory Committee
27/7/2018 Salisbury Bowling Club Night bowls comp
8/8/2018 Farewell to Mobarra Students
9/8/2018 MOU Meeting with LGA & LG Pro
11/8/2018 Street Corner meetings in Brahma Lodge
16/8/2018 Rotary Op Shop
PACC meeting
ALGWA AGM
18/8/2018 Vietnam Veterans Day
19/8/2018 Cobbler Creek Open day
21/8/2018 Radio programme
24/8/2018 Show judging at Gawler
25/8/2018 Coffee at Carisbrooke Park
4/9/2018 Teleconference with ALGWA National
Radio programme
13/9/2018 RU OK Presentation
16/9/2018 Salisbury Plays at Bridgestone Park
17/9/2018 Meeting with residents in Salisbury Park
18/9/2018 Radio re Crowing for Gold no Mayor
19/9/2018 Salisbury Business Association AGM & presentation
21/9/2018 JP signing at Nursing Home

ITEM 10: QUESTIONS WITHOUT NOTICE**10.1 Bridgestone Reserve – Locking of Toilet Block**

Cr D Pilkington asked a question in relation to the policy regarding locking the toilet block at Bridgestone Reserve.

The Acting General Manager City Infrastructure answered the question.

10.2 Carisbrook Reserve – Locking of Toilet Block

Cr D Balaza asked a question in relation to the locking of the toilet blocks being locked early at Carisbrook Reserve.

The Acting General Manager City Infrastructure answered the question.

PERSONAL EXPLANATION – CR C BUCHANAN

In response to Council's resolution to Item 6.1 – Code of Conduct – Cr Buchanan – at its meeting held on 27 August 2018, Cr C Buchanan publicly apologised to Council for making public comments that were deemed to not generate confidence in the Council.

ITEM 11: QUESTIONS ON NOTICE

11.1 Question on Notice - Pollution Survey

At the 27/08/2018 Council Meeting, Cr D Pilkington asked a question in relation to when the last time a pollution survey was done throughout the City of Salisbury, particularly along the main traffic corridors.

The question was taken on notice.

General Manager City Development, Mr Terry Sutcliffe has provided the following response:

Environmental Air Quality monitoring

The Environment Protection Agency conducts long-term ambient air quality monitoring around the state to improve the understanding of air pollution patterns and trends and the long term impacts on South Australian communities. Monitoring is generally done according to the requirements of the National Environment Protection (Ambient Air Quality) Measure. The desired environmental outcome of this Measure is ambient air quality that allows for the adequate protection of human health and well-being.

The EPA monitoring sites are also shown on Location SA (<http://location.sa.gov.au>), and the regions monitored include:

Site	Location
Adelaide CBD	CBD
Western Adelaide	Netley
Northwestern Adelaide	Le Fevre 1
Northwestern Adelaide	Le Fevre 2
Northern Adelaide	Elizabeth
Northeastern Adelaide	Northfield
Eastern Adelaide	Kensington
Southern Adelaide	Christies
Mobile Station	Port Augusta
Spencer Gulf	Whyalla
Spencer Gulf	Port Pirie

Whilst Salisbury doesn't have a monitoring site locally, the air quality is captured by surrounding stations in Le Fevre, Elizabeth and Northfield.

Data is captured hourly and covers, Ozone, Carbon Monoxide, Nitrogen Dioxide, Sulphur Dioxide, Particles and Fine Particles. The Elizabeth, Northfield and Le Fevre Stations Air Quality index on the 19th of September 2018 were all rated as Very Good.

The most recent summary report can be found on the EPA web site at; and downloaded via:

https://www.epa.sa.gov.au/files/13852_aq_quarterly_apr2018.pdf

EPA Site

https://www.epa.sa.gov.au/data_and_publications/air_quality_monitoring/reports_and_summaries

There was no specific information identified online or from other agencies in relation to monitoring around main traffic corridors.

11.2 Question on Notice - Salisbury Community Hub

Cr Chad Buchanan has submitted the following questions:

1. How many staff from the current James Street Council office will be transferred to the new Council office, known as the “Hub”?
2. What is the maximum number of staff allowed for in the design of the Hub?

General Manager City Development, Mr Terry Sutcliffe has provided the following response:

All current James Street staff (232) will be transferred to the new building.

The plan includes provision for up to 274 employees and space for 20 contractors, trainees and staff who work from other buildings. This arrangement provides for future flexibility as to which staff are accommodated at the Salisbury Community Hub. In addition, the design of the hub allows for potential future expansion of floor space to allow for re-configuration of the community space and reallocation of staff space if required. Flexibility in the building was one of the guiding principles approved by Council at the inception of the Hub project, and this principle has also been extended to the way in which staff will work. The level of flexibility in work styles, reflecting the varied functions of Council staff, also provides capacity for further flexibility in the number of staff accommodated within the floor space.

ITEM 12: OTHER BUSINESS / MOTIONS WITHOUT NOTICE

12.1 Motion Without Notice: Traffic Safety – Anson Avenue, Parafield Gardens

Moved Cr R Zahra

Seconded Cr D Balaza

That a report be brought back with options to improve traffic safety on Anson Avenue, Parafield Gardens adjacent to Catalina Avenue shops.

CARRIED
2648/2018

ITEM 13: CONFIDENTIAL ITEMS

13.1 Budget and Finance Committee - Confidential Recommendation for Council Ratification

Moved Cr R Cook
Seconded Cr S Reardon

1. Pursuant to Section 90(2) and (3)(a) 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 would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).
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
 - Non-disclosure of the matter and discussion of this item in confidence would protect information related to the personal affairs of any person (living or dead) and proposed action by Council where the rates for a property have been outstanding for a period of not less than three years.

*On that basis the public's interest is best served by not disclosing the **Budget and Finance Committee - Confidential Recommendation for Council Ratification** item 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, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.

**CARRIED
2649/2018**

The meeting moved into confidence at 7:03 pm.

The meeting moved out of confidence and closed at 7:04 pm.

CHAIRMAN.....

DATE.....

ITEM	5.1
	COUNCIL
DATE	22 October 2018
HEADING	Policy and Planning Committee - Recommendations for Council Ratification
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
APPROVING OFFICER	Chief Executive Officer

EXECUTIVE SUMMARY

The Policy and Planning Committee met on 15 October 2018 to consider 4 items on its Agenda. The Policy and Planning Committee agenda and reports were distributed to all Elected Members and made available to the public prior to the Committee meeting.

The recommendations of the Committee are provided in this report to Council. The corresponding Executive Summary of each report to the Committee is also provided as a prompt.

The Council may wish to adopt all the Committee recommendations by way of a single resolution, having given due consideration to each matter, OR, Elected Members may identify individual items/s to be withdrawn for separate discussion and resolution by Council.

A draft recommendation has been provided for each approach and is subject to the will of the Council meeting.

RECOMMENDATION

1. That Council adopt the recommendations of the Policy and Planning Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.1 on the agenda for the Council meeting held on 22 October 2018), and listed below:

1. Item 1.0.1 – Future Reports for the Policy and Planning Committee
2. Item 1.1.1 – Minutes of the Youth Council Sub Committee meeting held on Tuesday 9 October 2018
3. Item 1.1.2 – Telstra Safe Connections Program
4. Item 1.3.1 – Statutes Amendment (Decriminalisation of Sex Work) Bill 2018 update

OR

2. That Council adopt the recommendations of the Policy and Planning Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.1 on the agenda for the Council meeting held on 22 October 2018), and listed below, with the exception of Items ## and ## which will be considered separately:

(to be determined at meeting as necessary)

ATTACHMENTS

There are no attachments to this report.

1. COMMITTEE RECOMMENDATIONS FOR COUNCIL RATIFICATION

COMMITTEE AGENDA ITEM NO. and TITLE	EXECUTIVE SUMMARY AND COMMITTEE RECOMMENDATION TO COUNCIL
<u>Item No. 1.0.1</u> Future Reports for the Policy and Planning Committee	EXECUTIVE SUMMARY: This item details reports to be presented to the Policy and Planning Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral. COMMITTEE RECOMMENDATION: 1. The information be received.
<u>Item No. 1.1.1</u> Minutes of the Youth Council Sub Committee meeting held on Tuesday 9 October 2018	EXECUTIVE SUMMARY: The minutes and recommendations of the Youth Council Sub Committee meeting held on Tuesday 9 October 2018 are presented for Policy and Planning Committee's consideration. COMMITTEE RECOMMENDATIONS: 1. The information contained in the Youth Council Sub Committee Minutes of the meeting held on 9 October 2018 be received and noted and that the following recommendations contained therein be adopted by Council: YC1 Future Reports for the Youth Council Sub Committee 1. The information be received. YC2 Youth Council Project Team Updates 1. That the information be received and noted. YC3 Youth Programs and Events Update - August/September 2018 1. That the information is received and noted. OB1 Acknowledgement of the Resignation of Rick Henke 1. That Rick Henke be acknowledged for his role and time at Twelve25.

<p><u>Item No. 1.1.2</u> Telstra Safe Connections Program</p>	<p>EXECUTIVE SUMMARY: This report provides an update on the Telstra Safe Connections Program and the potential, if any, for service delivery through community centres.</p> <p>COMMITTEE RECOMMENDATION: 1. That this report be received and noted.</p>
<p><u>Item No. 1.3.1</u> Statutes Amendment (Decriminalisation of Sex Work) Bill 2018 update</p>	<p>EXECUTIVE SUMMARY: The consideration by Council in July of 2018 of the <i>Statutes Amendment (Decriminalisation of Sex Work) Bill of 2018</i> resulted in a resolution that included a further report on changing the planning rules to make Brothels a non-complying land use in Residential areas.</p> <p>The current illegal status of the sex work industry does not enable using the current Development Plan Amendment process to make changes to provisions until such time as the proposed Bill has been enacted by Parliament. Submissions on the proposed Bill by both Council and a Select Parliamentary Committee have been made to include the matter in the preparation of the provisions in the new Planning and Design Code as it is rolled out.</p> <p>The matter is to be raised with DPTI and the State Planning Commission as the opportunities arise during the upcoming consultations on the Code provisions.</p> <p>COMMITTEE RECOMMENDATION: 1. The information be received.</p>

CO-ORDINATION

Officer: MG
Date: 16/10/2018

ITEM	5.2
	COUNCIL
DATE	22 October 2018
HEADING	Works and Services Committee - Recommendations for Council Ratification
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
APPROVING OFFICER	Chief Executive Officer

EXECUTIVE SUMMARY

The Works and Services Committee met on 15 October 2018 to consider 6 items on its Agenda. The Works and Services Committee agenda and reports were distributed to all Elected Members and made available to the public prior to the Committee meeting.

The recommendations of the Committee, including one other business item, are provided in this report to Council. The corresponding Executive Summary of each report to the Committee is also provided as a prompt.

The Council may wish to adopt all the Committee recommendations by way of a single resolution, having given due consideration to each matter, OR, Elected Members may identify individual items/s to be withdrawn for separate discussion and resolution by Council.

A draft recommendation has been provided for each approach and is subject to the will of the Council meeting.

RECOMMENDATION

1. That Council adopt the recommendations of the Works and Services Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.2 on the agenda for the Council meeting held on 22 October 2018), and listed below:

1. Item 2.0.1 – Future Reports for the Works and Services Committee
2. Item 2.6.1 - Capital Works Report – September 2018
3. Item 2.7.1 - Traffic Safety: McGill Crescent, Para Hills
4. Item 2.7.2 - Installation of Slow Points on Daniel Avenue, Globe Derby
5. Item 2.7.3 - Pedestrian Crossing at the Ingle Farm Recreation Centre
6. Item 2.8.1 - Cardboard Box Recycling Scheme
7. Item W&S-OB1 - Left Turning Lane onto Salisbury Highway

OR

2. That Council adopt the recommendations of the Works and Services Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.2 on the agenda for the Council meeting held on 22 October 2018), and listed below, with the exception of Items ## and ## which will be considered separately:

(to be determined at meeting as necessary)

ATTACHMENTS

There are no attachments to this report.

1. COMMITTEE RECOMMENDATIONS FOR COUNCIL RATIFICATION

COMMITTEE AGENDA ITEM NO. and TITLE	EXECUTIVE SUMMARY AND COMMITTEE RECOMMENDATION TO COUNCIL
<u>Item No. 2.0.1</u> Future Reports for the Works and Services Committee	EXECUTIVE SUMMARY: This item details reports to be presented to the Works and Services Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral. COMMITTEE RECOMMENDATION: That: 1. The information be received.
<u>Item No. 2.6.1</u> Capital Works Report – September 2018	EXECUTIVE SUMMARY: The following monthly status report and requests for amendments is presented to effectively manage the City Infrastructure Capital Works Program. COMMITTEE RECOMMENDATIONS: 1. Include Parafield Gardens Recreation Centre, Court 2, air conditioning replacement within the 2018/19 Building Renewal Program. 2. Construction of new footpaths and/or associated kerb ramps as set out in this report (Item No. 2.6.1, Works and Services Committee, 15 October 2018) be endorsed as program inclusions within the Council Funded Footpath Program and Kerb Ramp Construction / Upgrade Programs.
<u>Item No. 2.7.1</u> Traffic Safety: McGill Crescent, Para Hills	EXECUTIVE SUMMARY: Staff have been requested to provide a report to Council identifying what devices can be used to stem speeding motorists travelling up and down McGill Crescent, Para Hills on the bend near Prettejohn Gully Reserve. COMMITTEE RECOMMENDATIONS: 1. Based on findings it was established that the appropriate traffic controls already exist. However, staff will establish collaboration with SAPOL to address the “hoon” behaviour issue. 2. Sight restrictions around the curve in McGill Crescent, Para Hills (created by residents landscaping within the verge area) continue to be monitored and addressed by Field Services in collaboration with the affected residents.

<p><u>Item No. 2.7.2</u> Installation of Slow Points on Daniel Avenue, Globe Derby</p>	<p>EXECUTIVE SUMMARY: This report considers the feasibility of the installation of one to two Slow Points on Daniel Avenue at Globe Derby, similar to those along the length of Trotters Drive.</p> <p>COMMITTEE RECOMMENDATIONS:</p> <ol style="list-style-type: none"> 1. Based on findings it was established that the appropriate traffic controls already exist. However, staff will establish collaboration with SAPOL to address the “hoon” behaviour issue. 2. Staff arrange for “REMEMBER 50 KM/H UNLESS OTHERWISE SIGNPOSTED” Advisory Signage to be installed at both ends of Daniel Avenue to reinforce the default speed limit and improve road safety for either riders on horseback or horses with buggies.
<p><u>Item No. 2.7.3</u> Pedestrian Crossing at the Ingle Farm Recreation Centre</p>	<p>EXECUTIVE SUMMARY: This report outlines options for installing a pedestrian crossing at the Ingle Farm Recreation Centre that allows centre users to move safely between the centre and the rear section of the car park.</p> <p>COMMITTEE RECOMMENDATION:</p> <ol style="list-style-type: none"> 1. The Traffic Group will conduct a review of the existing off-road carpark and identify the desired “line of crossings” for pedestrian safety. A “Zebra” type pedestrian crossing treatment be installed and modifications to the hazard markings on the speed humps will be undertaken in the 2018/19 financial year.
<p><u>Item No. 2.8.1</u> Cardboard Box Recycling Scheme</p>	<p>COMMITTEE RECOMMENDATION:</p> <ol style="list-style-type: none"> 1. The information in this report be received.
<p><u>Item No. W&S-OB1</u> Left Turning Lane onto Salisbury Highway</p>	<p>COMMITTEE RECOMMENDATION:</p> <ol style="list-style-type: none"> 1. That a report be brought back on options to introduce a left turning lane onto Salisbury Highway when heading north-east from Spains Road, Salisbury Downs.

CO-ORDINATION

Officer: MG
Date: 16/10/2018

ITEM	5.3
	COUNCIL
DATE	22 October 2018
HEADING	Resources and Governance Committee - Recommendations for Council Ratification
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
APPROVING OFFICER	Chief Executive Officer

EXECUTIVE SUMMARY

The Resources and Governance Committee met on 15 October 2018 to consider 4 items on its Agenda. The Resources and Governance Committee agenda and reports were distributed to all Elected Members and made available to the public prior to the Committee meeting.

The recommendations of the Committee are provided in this report to Council. The corresponding Executive Summary of each report to the Committee is also provided as a prompt.

The Council may wish to adopt all the Committee recommendations by way of a single resolution, having given due consideration to each matter, OR, Elected Members may identify individual items/s to be withdrawn for separate discussion and resolution by Council.

A draft recommendation has been provided for each approach and is subject to the will of the Council meeting.

RECOMMENDATION

1. That Council adopt the recommendations of the Resources and Governance Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.3 on the agenda for the Council meeting held on 22 October 2018), and listed below:
 1. Item 3.0.1 – Future Reports for the Resources and Governance Committee
 2. Item 3.4.1 – Voting Advice to Council Delegate for the Local Government Association Annual General Meeting - 26 October 2018
 3. Item 3.5.1 - Draft 2017/18 Annual Report
 4. Item 3.6.1 – Council Committee Structure - Recommendation for Incoming Council

OR

That Council adopt the recommendations of the Resources and Governance Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.3 on the agenda for the Council meeting held on 22 October 2018), and listed below, with the exception of Items ## and ## which will be considered separately:

(to be determined at meeting as necessary)

ATTACHMENTS

There are no attachments to this report.

1. COMMITTEE RECOMMENDATIONS FOR COUNCIL RATIFICATION

COMMITTEE AGENDA ITEM NO. and TITLE	EXECUTIVE SUMMARY AND COMMITTEE RECOMMENDATION TO COUNCIL
<u>Item No. 3.0.1</u> Future Reports for the Resources and Governance Committee	EXECUTIVE SUMMARY: This item details reports to be presented to the Resources and Governance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for it. COMMITTEE RECOMMENDATION: 1. The information be received.
<u>Item No. 3.4.1</u> Voting Advice to Council Delegate for the Local Government Association Annual General Meeting - 26 October 2018	EXECUTIVE SUMMARY: In accordance with a previous Council resolution, this report presents the items to be considered at the Local Government Association Annual General Meeting (LGA AGM) to be convened on Friday 26 October 2018 and provides guidance to enable Council to instruct its delegate how to vote in relation to each item. COMMITTEE RECOMMENDATIONS: 1. Council direct its voting delegate in relation to the following recommendations listed in the Agenda for the Local Government Association Annual General Meeting being held 26 October 2018: 1.1 AGM181026/6.4 LGA Board Director Remuneration <i>That the Annual General Meeting adopts the following remuneration structure for LGA Board Directors:</i> <i>LGA President \$47,982 (unchanged from the current allowance)</i> <i>Directors (x 9 including the Immediate Vice Presidents) \$4,291(unchanged from the current allowance paid to Vice Presidents) plus reasonable expenses for directors to attend meetings.</i> <i>– SUPPORT</i>

	<p>1.2 AGM181026/8.12 Suspension of Allowances during State or Federal Elections (Mitcham)</p> <p><i>The Local Government Act 1999, be amended such that any local government elected member on nomination, endorsement or declaration of candidacy for any position in State or Federal Parliament shall for the duration of the Election cycle have all allowances suspended. This should include provision of motor vehicle and other support.</i></p> <p><i>The LGA will liaise with the Minister for Local Government to determine any further detail that makes the intent of this motion acceptable and enforceable.</i></p> <p>– <i>SUPPORT</i></p> <p>2. Council direct its voting delegate (Mayor Gillian Aldridge or Deputy Mayor Linda Caruso as proxy) to vote on the recommendations of the Local Government Association Annual General Meeting as set out in the attachment to this report (Resources and Governance Committee, 15 October 2018, Item 3.4.1).</p>
<p><u>Item No. 3.5.1</u> Draft 2017/18 Annual Report</p>	<p>EXECUTIVE SUMMARY:</p> <p>The Annual Report is a legislative document required following each financial year to highlight the achievements and financial statements of the City of Salisbury. This has been developed under the City Plan 2030 and its key directions. It also features Key Performance Indicators, showcases work based on Council’s Objectives, financial statements and annual reports from Council subsidiaries.</p> <p>COMMITTEE RECOMMENDATION:</p> <p>1. That the Draft 2017/18 Annual Report forming attachment 1 to this report (Resources and Governance Committee, 15 October 2018, Item 3.5.1) be endorsed, subject to any amendments by Council.</p>

Item No. 3.6.1
Council
Committee
Structure -
Recommendation
for Incoming
Council

EXECUTIVE SUMMARY:

This report summarises the current Council Committee structure and provides details of areas of responsibility for each Committee to enable a recommendation to be made to the incoming Council (post November 2018 elections) regarding an appropriate Committee structure to be applied for the next term of Council.

COMMITTEE RECOMMENDATIONS:

1. That a recommendation regarding an appropriate Council Committee decision making structure be made to the incoming Council as follows:

“That a Council/Committee Governance structure be adopted for the 2018/2022 Council term, consistent with Option 3 as set out in the report to item no. 3.6.1 on the agenda for the meeting of the Resource and Governance Committee on 15 October 2018, subject to recommendations of the Standing Committees being submitted for adoption to the Council meeting scheduled for the following fortnight, and comprising:

(a) Fortnightly Council Meetings.

(b) A Standing Committee structure consisting of:

- *Policy and Strategy Committee (or equivalent)*
- *Budget and Finance Committee (or equivalent)*
- *Community and Urban Services Committee (or equivalent)*
- *Audit Committee (in accordance with section 125 of the Local Government Act 1999)*
- *Council Assessment Panel (in accordance with the Development Act 1993)*
- *CEO Review Committee.*

(c) In accordance with the legislative requirement under the Section 101A of the Development Act 1993, for Councils to establish a strategic planning and development policy committee, the purposes of the committee be incorporated into the terms of reference of the proposed Policy and Strategy Committee in 2(b) of this recommendation.

(d) The following sub-committees be established be limited to the:

- *Innovation and Business Development Sub-Committee*
- *Strategic Property Development Sub-Committee*
- *Youth Council.*

2. A draft Meeting Schedule be prepared to accompany the Committee Structure recommendation presented at the November 2018 Council Meeting, which is to include a set time of 10.30 pm for the conclusion of deliberations of Council and its committees and sub-committees, for remaining matters to be deferred or referred to the next Council meeting, depending on the will of the meeting.
3. Revised Terms of Reference for the proposed Standing Committees be presented with the Committee Structure recommendation at the November 2018 Council Meeting.

CO-ORDINATION

Officer:

MG

Date:

17/10/2018

ITEM	5.4
	COUNCIL
DATE	22 October 2018
HEADING	Audit Committee - Recommendations for Council Ratification
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
APPROVING OFFICER	Chief Executive Officer

EXECUTIVE SUMMARY

The Audit Committee met on 9 October 2018 and considered 9 items on its Agenda. The Audit Committee agenda and reports were distributed to all Elected Members and made available to the public prior to the Committee meeting.

The recommendations of the Committee are provided in this report as recommendations to Council. The corresponding Executive Summary of each report to the Committee is also provided as a prompt.

The Council may wish to adopt all the Committee recommendations by way of a single resolution, having given due consideration to each matter, OR, Elected Members may identify individual items/s to be withdrawn for separate discussion and resolution by Council.

A draft recommendation has been provided for each approach and is subject to the will of the Council meeting.

RECOMMENDATION

1. That Council adopt the recommendations of the Audit Committee meeting on 9 October 2018, contained in the report to Council (Item No. 5.4 on the agenda for the Council meeting held on 22 October 2018), and listed below:

1. Item 4.0.1 – Future Reports of the Audit Committee of Council
2. Item 4.0.2 – Actions List
3. Item 4.0.3 – Proposed Audit Committee meeting schedule for 2019
4. Item 4.2.1 – Report to the Audit Committee for the year ended 30 June 2018, prepared by Bentleys
5. Item 4.2.2 – End of Financial Year Statements and Analysis
6. Item 4.2.3 – Capital Works Projects - Final Report
7. Item 4.2.4 - Audit Committee Self-Assessment
8. Item 4.2.5 - Update on the Risk Management and Internal Controls Activities
9. Item 4.2.6 - Risk and Governance Program

OR

2. That Council adopt the recommendations of the Audit Committee meeting on 9 October 2018, contained in the report to Council (Item No. 5.4 on the agenda for the Council meeting held on 22 October 2018), and listed below, with the exception of Items ## and ## which will be considered separately:

(to be determined at the meeting as necessary).

ATTACHMENTS

There are no attachments to this report.

1. COMMITTEE RECOMMENDATIONS FOR COUNCIL RATIFICATION

COMMITTEE AGENDA ITEM NO. and TITLE	EXECUTIVE SUMMARY AND COMMITTEE RESOLUTION RECOMMENDED TO COUNCIL
<u>Item No. 4.0.1</u> Future Reports for the Audit Committee of Council	EXECUTIVE SUMMARY: This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral. COMMITTEE RECOMMENDATION: 1. The information be received.
<u>Item No. 4.0.2</u> Actions List	EXECUTIVE SUMMARY: An action list has been developed to capture any actions arising out of the City of Salisbury Audit Committee meetings. These actions do not replace the minutes from the Audit Committee, or the recommendations of the Committee that were submitted to Council for endorsement. They are included in this report as an aid to the Audit Committee. COMMITTEE RECOMMENDATION: 1. The information be noted.
<u>Item No. 4.0.3</u> Proposed Audit Committee meeting schedule for 2019	EXECUTIVE SUMMARY: This report provides the proposed Audit Committee meeting schedule for 2019. It should be noted that this schedule is provided for information only and the Formal Meeting Schedule 2019 has not yet been endorsed by Council, as such the dates in this report may be subject to change. COMMITTEE RECOMMENDATION: 1. That the information be received.

<p><u>Item No. 4.2.1</u> Report to the Audit Committee for the year ended 30 June 2018, prepared by Bentleys</p>	<p>EXECUTIVE SUMMARY: Bentleys have been engaged by the City of Salisbury (“CoS”) to perform an end of financial year audit on the financial statements, financial internal controls and the acquittals of certain specific grants programs, with the findings to be reported to the Audit Committee.</p> <p>This report presents Bentleys’ Final Report on Audit Findings for the year ended 30 June 2018 and provides a high level summary of the work undertaken at the financial year end, with any key findings highlighted. Overall, no issues were identified by Bentleys and an unqualified opinion will be given on the City of Salisbury’s financial statements and financial internal controls.</p> <p>COMMITTEE RECOMMENDATION:</p> <p>That:</p> <ol style="list-style-type: none"> a. The information be received; and b. Bentleys’ Final Report on Audit Findings be endorsed for receipt by Council.
<p><u>Item No. 4.2.2</u> End of Financial Year Statements and Analysis</p>	<p>EXECUTIVE SUMMARY: This report and the associated attachments, provides the Audit Committee with the information required to review the Annual Financial Statements for 2018 in accordance with the requirements of the Local Government Act 1999.</p> <p>COMMITTEE RECOMMENDATION:</p> <ol style="list-style-type: none"> 1. The information be received. 2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2018 and is satisfied they present fairly the state of affairs of Council. 3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Bentleys.

<p><u>Item No. 4.2.3</u> Capital Works Projects - Final Report</p>	<p>EXECUTIVE SUMMARY: An audit on Capital Works Projects was conducted to provide assurance on the strategic risk; “Strategic and operational outcomes are not delivered”. BDO conducted the audit on behalf of the Governance Division. Two high, five medium and one low risk findings were identified by the audit. The high risk findings related to adoption of the full project methodology for major projects, and improvement opportunities associated with risk assessments and risk management. The medium risk findings related to incomplete and unapproved project briefs, project issue memo package testing anomalies, outdated contractor induction forms, incomplete practical completion documentation, and incomplete final completion certificates. The low risk finding related to a lack of variation approval evidence. Findings and recommendations are made in the report and actions and responses are also detailed in the report to address the recommendations.</p> <p>COMMITTEE RECOMMENDATION:</p> <ol style="list-style-type: none"> 1. That the final report for the Capital Works Projects Audit as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 9/10/2018) be noted, and the responses of the Administration contained therein, be endorsed. 2. A further audit Capital Works Projects will be suggested with other internal audits when the Committee discusses its forward plan in July 2019 for 2020.
<p><u>Item 4.2.4</u> Audit Committee Self- Assessment</p>	<p>EXECUTIVE SUMMARY Best practice indicates that the performance of the Audit Committee should be reviewed on a regular basis. The Committee approved the process for its self-assessment at the July 2018 meeting. A self-assessment questionnaire was issued to all members of the committee, who completed and returned it to the Risk & Governance Program Manager. This report summarises the results from the completed questionnaires.</p> <p>COMMITTEE RECOMMENDATIONS</p> <ol style="list-style-type: none"> 1. That the outcomes of the self-assessment questionnaire be accepted and noted.

<p><u>Item 4.2.5</u> Update on the Risk Management and Internal Controls Activities</p>	<p>EXECUTIVE SUMMARY This report provides an update on the risk management and internal controls activities conducted in the 2018-19 financial year. The report also includes an update on the outstanding actions from internal audits.</p> <p>COMMITTEE RECOMMENDATIONS</p> <ol style="list-style-type: none"> 1. The information be received. 2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 9/10/2018) be endorsed for approval by Council. 3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 5 to this report (Item 4.2.5, Audit Committee, 9/10/2018).
<p><u>Item 4.2.6</u> Risk and Governance Program</p>	<p>EXECUTIVE SUMMARY A proposal to review the Governance and Executive Office program of Council's administration was endorsed by Council in May 2017. The report informing Council of the results of the program review was provided to Council in November 2017. A report to the Audit Committee in May 2018 was provided on the progress of developing the risk management and governance framework. This report provides a further update.</p> <p>COMMITTEE RECOMMENDATIONS</p> <ol style="list-style-type: none"> 1. That the report be noted and received.

CO-ORDINATION

Officer: MG
Date: 11/10/2018

ITEM	5.6
	COUNCIL
DATE	22 October 2018
HEADING	Budget and Finance Committee - Recommendations for Council Ratification
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
APPROVING OFFICER	Chief Executive Officer

EXECUTIVE SUMMARY

The Budget and Finance Committee met on 15 October 2018 to consider 3 items on its Agenda. The Budget and Finance Committee agenda and reports were distributed to all Elected Members and made available to the public prior to the Committee meeting.

The recommendations of the Committee are provided in this report as recommendations to Council. The corresponding Executive Summary of each report to the Committee is also provided as a prompt.

The Council may wish to adopt all the Committee recommendations by way of a single resolution, having given due consideration to each matter, OR, Elected Members may identify individual items/s to be withdrawn for separate discussion and resolution by Council.

A draft recommendation has been provided for each approach.

RECOMMENDATION

1. That Council adopt the recommendations of the Budget and Finance Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.6 on the agenda for the Council meeting held on 22 October 2018), and listed below:

1. Item 6.0.1 – Future Reports for the Budget and Finance Committee
2. Item 6.0.2 – Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018
3. Item 6.1.1 – Council Finance Report - September 2018

OR

2. That Council adopt the recommendations of the Budget and Finance Committee meeting on 15 October 2018, contained in the report to Council (Item No. 5.6 on the agenda for the Council meeting held on 22 October 2018), and listed below, with the exception of Items ## and ## which will be considered separately:

(to be determined at meeting as necessary)

ATTACHMENTS

There are no attachments to this report.

1. COMMITTEE RECOMMENDATIONS FOR COUNCIL RATIFICATION

COMMITTEE AGENDA ITEM NO. and TITLE	EXECUTIVE SUMMARY AND COMMITTEE RESOLUTION RECOMMENDED TO COUNCIL
<p><u>Item No. 6.0.1</u> Future Reports for the Budget and Finance Committee</p>	<p>EXECUTIVE SUMMARY: This item details reports to be presented to the Budget and Finance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.</p> <p>COMMITTEE RECOMMENDATION: That: 1. The information be received</p>
<p><u>Item No. 6.0.2</u> Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018</p>	<p>EXECUTIVE SUMMARY: The minutes and recommendations of the Innovation and Business Development Sub Committee meeting held on Monday 8 October 2018 are presented for Budget and Finance Committee's consideration.</p> <p>COMMITTEE RECOMMENDATION: That: 1. The information contained in the Innovation and Business Development Sub Committee Minutes of the meeting held on 8 October 2018 be received and noted and that the following recommendations contained therein be adopted by Council:</p> <p style="text-align: center;">IBDSC1 Future Reports for the Innovation and Business Development Sub Committee</p> <p style="text-align: center;">1. The information be received.</p> <p style="text-align: center;">IBDSC2 Strategic Procurement - Progress Update</p> <p style="text-align: center;">1. Receive and note the report.</p>
<p><u>Item No. 6.1.1</u> Council Finance Report - September 2018</p>	<p>EXECUTIVE SUMMARY: This report provides key financial data as at 30 September 2018 for the information of Council.</p> <p>COMMITTEE RECOMMENDATION: 1. The information be received.</p>

CO-ORDINATION

Officer: MG
Date: 16/10/2018

ITEM 6: GENERAL BUSINESS REPORTS

6.1 End of Year Financial Statement and Analysis

Authors Tim Aplin, Senior Accountant, Business Excellence
Kate George, Manager Financial Services, Business Excellence

City Plan Links 4.3 Have robust processes that support consistent service delivery and informed decision making.
4.2 Develop strong capability and commitment to continually improve Council's performance.

Summary The City of Salisbury end of year processes for 2018 have been finalised and audited by Council's external auditor Bentleys. This report provides detail of actual results compared to prior year actuals and to the budget position.

The annual financial statements have been reviewed by the Audit Committee at the meeting on 09 October 2018. Further Council's external auditors are satisfied that they present fairly the state of affairs of the Council.

RECOMMENDATION

1. The information be received.
2. The Annual Financial Statements for the year ended 30 June 2018 be adopted.

1. ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Annual Financial Statements for the year ended 30 June 2018

1. BACKGROUND

1.1 Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the Council to

- (1) *...prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the Council, ... for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.*
- (2) *...council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 This report provides the mechanism for consultation and communication with Council regarding the City of Salisbury's Annual Financial Statements (AFS) for the year ending 30 June 2018. This report has been reviewed by the City of Salisbury's Audit Committee at the meeting held 9 October 2018.

2.2 External

2.2.1 The AFS for 2018 have been audited by Council's Auditors Bentleys, and they have provided an unqualified audit opinion.

3. REPORT

3.1 The City of Salisbury's Financial Statements for the 2018 Financial Year have been prepared in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, the Australian Accounting Standards and the Model Financial Statements.

3.2 In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advised that it has reviewed the annual financial statements of the Council for the year ended 30 June 2018 and is satisfied they present fairly the state of affairs of Council.

3.3 The external auditors Bentleys have conducted their audit and have provided an unqualified audit opinion.

3.4 The following comments are provided with respect to the 2018 AFS, with commentary highlighting significant movements year on year.

3.5 Please note the date convention that has been used in this report, where 2018 refers to the 2017/18 financial year and 2017 refers to the 2016/17 financial year.

4. FINANCIAL STATEMENT ANALYSIS

4.1 Statement of Comprehensive Income

4.1.1 The Statement of Comprehensive Income shows an Operating Surplus before capital amounts and other comprehensive income of \$15,038k compared to prior year of \$10,795k.

4.1.2 The main factors creating this significant change to the level of Operating Surplus is a decrease in depreciation costs resulting from the review of our road and kerbing assets, planned additional rate revenue, higher carry forwards year on year, and lower employee costs resulting from vacancies and service level reviews. Further details on these movements are outlined in the paragraphs below.

4.1.3 Rates Revenue has increased by 3.79% from \$91,438k in 2017 to \$94,899k in 2018. This increase is due to the rate increase of 3% for the 2018 financial year, combined with development growth in the city leading to a higher number of rateable properties. However it should be noted that there are also additional costs from this growth in rateable properties, primarily associated with infrastructure provision.

- 4.1.4 Statutory Charges received have increased by 5.41% from \$3,026k in 2017 to \$3,189k in 2018 with the significant impact being an increase in Planning Application Fees \$62k relating to higher dollar value applications received for large developments.
- 4.1.5 User Charges have increased by 6.58% from \$5,749k in 2017 to \$6,127k in 2018, with the significant impact being an increase in Water Supply \$521k, which is primarily for non-residential supply and usage. Offsetting this are decreases in Commercial Rent of \$62k and numerous smaller income sources that have decreased from the prior year, totaling \$101k.
- 4.1.6 Grants, Subsidies and Contributions have decreased by 12.17% from \$17,401k in 2017 to \$15,283k in 2018. The driving factor for this decrease is the Financial Assistance Grant and the timing and quantum of payments over the last two years. In the 2017 Financial Year there were six quarters of Financial Assistance grant received, with four quarters being for the 2017 year, and two quarters being in advance for the 2018 year. In 2018 Council received four quarters of revenue, being the remaining two quarters of the 2018 allocation and two quarters advance payment of the 2019 allocation. This timing variance is shown in the below table:

Details of Payment	2018	2017	Notes
	\$'000s	\$'000s	
Standard Payment	4,706	7,761	[A]
Advance Payment	4,208	3,995	[B]
	8,914	11,756	

[A] Four quarters of the 2017 allocation and two quarters of the 2018 allocation
[B] Advance Payment represents two quarters of the next years allocation

- 4.1.7 Investment Income has increased by 31.21% from \$562k in 2017 to \$737k in 2018, primarily as a result of higher cash holdings associated with timing adjustments undertaken during the year relating to major capital works and property developments proceeds, meaning our cash position was inflated. The average interest rate on short-term investments for 2018 was 1.70%, which is a reduction when compared to the 1.79% average rate for 2017, however there was more cash on hand on average during the year.
- 4.1.8 Reimbursements have increased by 1.95% from \$547k in 2017 to \$557k in 2018, which is a minor increase and results from an overall increase in the requirement for reimbursed works, however this is directly offset by higher associated expenditure.
- 4.1.9 Other Income has decreased by 1.12% from \$1,343k in 2017 to \$1,328k in 2018 which is an immaterial variance resulting from numerous small variances across a range of operations.

-
- 4.1.10 Employee Costs have decreased from \$34,883k in 2017 to \$34,306k in 2018. Offsetting the EB adjustment of 2.20% for MOA staff and 2.50% for LGE staff are favourable impacts relating to service level reviews that have been undertaken, vacancies and other wage and salary movements.
- 4.1.11 Materials, Contracts and Other Expenses have increased slightly by 1.28% from \$48,418k in 2017 to \$49,039k in 2018, noting this increase is below CPI. The primary reason for the increase is energy related costs increasing \$654k, the majority of which is related to street lighting costs \$439k and water rates increases of \$184k, both of which are predominantly due to contractual cost escalations. A further impact was an increase in the NRM Levy of \$254k, however this is offset by the rates collected to fund the Levy. These increased costs were partially offset by a \$298k decrease in general contractor expenditure across the organisation and \$146k decrease in sundry costs.
- 4.1.12 Depreciation costs have decreased by \$2.1m from \$24,781k in 2017 to \$22,719k in 2018. This is predominantly related to the recent external audit of our Road Assets which resulted in further componentisation of Road Pavements assets into the shorter and longer life assets of Base and Sub-Base, with a corresponding increase in useful lives being applied in alignment with accepted industry practices. This review also impacted the useful life of Kerbing Assets which have been increased to align their renewal with the renewal of the Road Sub-Base, which is the current practice in the field. This decrease is partly offset by an increase in Building depreciation resulting from the removal of Residual Values in accordance with guidance provided by the Australian Accounting Standard Board (AASB).
- 4.1.13 Finance Costs have decreased by 14.20% from \$1,106k in 2017 to \$949k in 2018, which reflects a real decrease in Council's long term borrowings and not having to draw down on any short term facilities.
- 4.1.14 Net Loss Equity Accounted Council decreased from an \$83k net loss in 2017 to a \$69k net loss in 2018. This reflects Council's Regional Subsidiaries performance, with NAWMA producing a net deficit of \$81k in 2018 compared to a net deficit of \$150k in 2017, and Council Solutions producing a net deficit of \$71k in 2018 as compared to a net deficit of \$76k in 2016. Council's share of these results in 2017 is a net loss of \$57k for NAWMA and a \$12k net loss for Council Solutions.
- 4.1.15 Asset disposal and fair value adjustments, amounts received specifically for new or upgraded assets and physical resources received free of charge, which are all items below the operating surplus, are discussed in detail in the budget and variance analysis below (Section Para 5.4).
- 4.1.16 Changes in Revaluation Surplus is discussed in Paragraph 4.2.2.

4.2 Statement of Financial Position 30 June 2018

- 4.2.1 The Statement of Financial Position as at 30 June 2018 shows Net Assets (Total Assets less Total Liabilities) or 'Equity' has increased by 4.04% or \$55,773k from \$1,379M in 2017 to \$1,435M in 2018.
- 4.2.2 The increase in Infrastructure, Property, Plant and Equipment from \$1,355M to \$1,401M is the most significant impact and is largely the result of additions to our current portfolio, being \$15,509k for renewal of assets and \$14,488k for new/upgraded and donated assets. Also contributing to this is net asset revaluation increments totaling \$41,716k, being revaluation increments for Land and Land Improvements \$22,191k and Infrastructure \$19,538k, offset by a revaluation decrement in Buildings and Other Structures \$13k. Offsetting these overall increases in Infrastructure Assets is accumulated depreciation increase \$22,719k.
- 4.2.3 As contained in AFS Note 15 'Financial Indicators', Net Financial Liabilities have decreased from \$2,045k to (\$5,827k) which means that financial assets exceed financial liabilities. The position as a proportion of total operating income has decreased from 2% to (5%). Net Financial Liabilities are defined as total liabilities less financial assets expressed as a percentage of total operating revenue. It should be noted that a negative Net Financial Liabilities Ratio represents a net financial assets position, with financial assets such as cash, receivables and financial assets being greater than total liabilities. This equates to a favourable position for Council, reflecting higher levels of cash holdings and trade receivables than levels of trade payables and debt.
- 4.2.4 The most significant movement impacting the Net Financial Liabilities ratio is Council's cash position as at 30 June 2018, which increased from \$28,576k in 2017 to \$33,780k in 2018. This is primarily related to the timing of major capital works and property settlement funds received. Further cash was held for supplier payments in July and August which are traditionally high with delivery of capital projects necessitating higher creditor payments and also once off yearly payments such WorkCover and Insurance Premiums. Further impacting favourably on the ratio is debt levels, which have decreased from \$15,067k in 2017 to \$12,717k in 2018.
- 4.2.5 The Asset Sustainability ratio has trended downwards to 111% in 2018 which is lower than the 133% achieved in 2017 and higher than the 72% in 2016. This is a reflection of cash expenditure on the renewal/replacement of assets \$19,291k in 2018 compared to the planned expenditure as per the Infrastructure Asset Management Plans \$17,439k. It was expected that this ratio would normalise in 2018 towards the endorsed range of between 90%-110%.

4.3 Statement of Cash Flows 30 June 2018

- 4.3.1 The Statement of Cash Flows shows a net increase in cash and investments of \$5,204k from \$28,576k at 30 June 2017 to \$33,780k at 30 June 2018.
- 4.3.2 Net cash provided by Operating Activities at 30 June 2018 was \$38,522k as compared with \$36,757k in 2017. This increase is primarily attributable to User Charges Income, \$7,313k in 2018 compared to \$4,881k in 2017. This is the result of the increase in income generated in the 2018 year of \$378k, and the movement in debtors year on year noting that 2017 saw an increase in debtors of \$1,276k, whereas the 2018 movement was a decrease of \$793k. Additional Rates Receipts in 2018 are \$94,953k compared to \$91,245k in 2017 reflecting the general increase in rates year on year.
- 4.3.3 Offsetting the increases in Operating Activities is a decrease in Grant, Subsidies and Contributions Income \$15,394k in 2018 compared to \$17,811k in 2017, as a result of the timing variances associated with the Financial Assistance Grants. Whilst Council has received an advance payment of the Financial Assistance Grant in 2018 the level of funding received during the year as a result of the timing of the advanced payments has decreased by \$3,001k compared to the 2017 year (refer para 4.1.6).
- 4.3.4 Operating Activity payments have remained relatively consistent at \$91,458k in 2018 as compared to \$90,481k in 2017 with movements in payments to employees and for materials and contracts and other expenses, reflecting the costs incurred for these expenses in the Statement of Comprehensive Income.
- 4.3.5 Net cash used in Investing Activities has increased from \$22,924k in 2017 to \$30,968k in 2018. This increase is primarily as a result of \$9,279k less cash received from property developments. There has been a relatively consistent amount of expenditure on infrastructure assets \$35,415k in 2018 as compared to \$35,702k in 2017, and there has also been a decrease in expenditure on property development given the completion or near completion of the Tranche 1 and 2 Projects.
- 4.3.6 Net cash used in Financing Activities relates solely to Council's investment and borrowings activities. Overall net cash used in financing activities has increased from \$2,073k in 2017 to \$2,350k in 2018. However it should be noted that while this has increased, Council's overall debt position has also decreased. In 2017 Council received \$500k proceeds for borrowings which is offset by special purpose loan receivable, and results in a nil net impact on cash used in financing activities. Adjusting for this Council's repayments of borrowings has decreased from \$2,573k in 2017 to \$2,350k in 2018, reflecting a real decrease in debt levels.

5. BUDGET ACTUAL ANALYSIS

5.1 The analysis below is based on the comparison between the actual end of year results for the year ended 30 June 2018, and the original budget. The commentary on the Statement of Comprehensive Income is designed to explain the variations appropriate to this 'view'. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to members' attention.

Statement of Comprehensive Income			
As at 30 June 2018			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Rates Revenues	94,899	94,745	154
Statutory Charges	3,189	2,792	397
User Charges	6,127	5,902	225
Grants, Subsidies & Contributions	15,283	12,848	2,435
Investment Income	737	142	595
Reimbursement	557	140	417
Other Income	1,328	810	518
Total Income	122,120	117,379	4,741
Expenses			
Employee Costs	34,306	37,444	3,138
Materials, Contracts and Other Expenses	49,039	47,789	(1,250)
Depreciation, amortisation & impairment	22,719	26,775	4,056
Finance Costs	949	1,512	563
Net Loss - Equity Accounted Council Businesses	69	-	(69)
Total Expenses	107,082	113,520	6,438
Operating Surplus/(Deficit)	15,038	3,859	11,179
Asset Disposal and Fair Value Adjustments	(3,353)	1,099	(4,452)
Amounts Received Specifically for New or Upgraded Assets	1,690	3,005	(1,315)
Physical Resources Received Free of Charge	682	4,000	(3,318)
Net Surplus/(Deficit) ⁽¹⁾	14,057	11,963	2,094
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	41,716	31,721	9,995
Total Other Comprehensive Income	41,716	31,721	9,995
Total Comprehensive Income	55,773	43,684	12,089

(1) Transferred to Equity Statement

5.2 Income Analysis

5.2.1 Rates Revenues – Favourable Variance \$154k

The favourable variance is predominantly a result of lower than anticipated Rates Rebates \$71k, Objections \$36k below budget, separate rates (NRM Levy) above budget by \$26k which will be adjusted for in the subsequent year, and higher than budgeted Fines \$18k.

5.2.2 Statutory Charges – Favourable Variance \$397k

The favourable variance is predominantly due to higher than budgeted Building and Development Lodgment fees \$200k related to the external client services area, due to a higher number of applications received and processed as compared to budget. Also impacting are higher than budgeted Planning fees \$261k resulting from a number of large sized developments associated with shopping centres and aged care facilities. Sundry and Other Charges are also above budget by \$62k. This is partially offset by lower than budgeted Dog License income \$83k and Parking Fines \$43k.

5.2.3 User Charges – Favourable Variance \$225k

The favourable variance is predominantly the result of higher than budgeted fees income generated at the Waste Transfer Station \$167k, Cemetery Fees \$94k, Property Rentals \$82k and Sundry \$36k. Offsetting these favourable variances a lower than anticipated water supply charges \$155k predominantly related to lower demand from irrigation based customers.

5.2.4 Grants, Subsidies & Contributions – Favourable Variance \$2,435k

The favourable variance results from higher Financial Assistance Grant received \$940k, and Untied Local Roads \$926k higher than budget due primarily to supplementary road funding being received, other grants of \$471k above budget including NDIS funding of \$92k, Roads to Recovery funding of \$59k and a number of smaller grants. Also received was \$237k for unbudgeted developer contributions.

5.2.5 Investment Income – Favourable Variance \$595k

The favourable variance is primarily the result of higher than anticipated interest received on our investment activity as a result of higher cash holdings through timing of property settlements and expenditure on major capital projects.

5.2.6 Reimbursements – Favourable Variance \$417k

The favourable variance is the result of various reimbursements received relating to works or services undertaken by Council, with the primary areas being Recreational Services contract management \$237k, Security Charges \$31k and Disability Services \$29k. These amounts relate to costs incurred within the materials, contracts and other expenses classification. Also impacting are numerous small amounts primarily from private works that are offset by the expenditure incurred.

5.2.7 Other Income – Favourable Variance \$518k

The favourable variance is due to higher than budgeted amounts received including unbudgeted distribution from the Local Government Risk Services \$242k, Sundry Income \$153k made up of numerous minor variances, revenue from the profit share arrangement with Belgravia \$66k, and Property and Buildings Permit Fees \$26k.

5.3 Expenditure Analysis

5.3.1 Employee Costs - Favourable Variance \$3,138k

The favourable variance is primarily due to the use of contractors and agency staff \$1,650k which is reported in Materials, Contracts and Other Expenses below. Also contributing to this favourable variance is lower than budgeted amounts relating to employee entitlements associated lower staff numbers and the length of service of the staff accruing Long Service Leave being shorter on average \$342k. There were also vacancies that were not backfilled during the year that contributed a further \$1,146k in savings.

5.3.2 Materials, Contracts and Other Expenses - Unfavourable Variance \$1,252k

Contract labour, which is required to be classified as a contractual expense for reporting purposes, resulted in an unfavourable variance of \$1,650k. Contract labour is utilised to backfill for vacant positions within operational roles, and is offset by savings in employee costs reported in wages and salaries above. Also attributing to the unfavourable variance is \$155k higher than budgeted Levies, primarily relating to an advance payment made to the Dog and Cat Management Board of \$165k and \$136k higher than budgeted Lease charges.

Offsetting these unfavourable variances are lower than budgeted operating components of Capital Projects \$528k and consultancies \$230k as a result of project timing, with a total of \$588k across these areas being included as Carry Forwards into the 2019 year.

5.3.3 Depreciation, Amortisation and Impairment - Favourable Variance \$4,056k

The favourable variance is primarily the result of the recent external audit of our road assets resulting in further componentisation of Road Pavements into the shorter and longer life assets of Base and Sub-Base, with a corresponding increase in useful lives being applied in alignment with accepted industry practices. This review also impacted the useful life of Kerbing assets which have been increased to align their renewal with the renewal of the Road Sub-Base as is the current practice in the field. The associated favourable depreciation impact of \$3,743k for all road related assets has been reflected in 2018. An additional favourable variance of \$469k in Drainage assets relates mainly to the recent audit of Council's major dams, which has resulted in a decrease in their estimated replacement values and an increase in their useful lives.

5.3.4 Finance Costs – Favourable Variance \$563k

The favourable variance relates to the timing of cash receipts and disbursements, with the budget allowing for the drawdown on cash advance debentures to fund major projects; however this was not required during the year. During the year there were project Timing adjustments made totaling \$28.9M (including \$26.2M for the Salisbury Community Hub), which have the effect of reducing our cash requirements in 2018 and will increase our cash requirements in 2019.

5.3.5 Net Loss – Equity Accounted Council Businesses – Unfavourable Variance \$69k

At the end of the financial year we have recognised our share of the operating results of the Northern Adelaide Waste Management Authority (NAWMA) Regional Subsidiary being a net loss of \$57k and our other Regional Subsidiary, Council Solutions a \$12k net loss. It should be noted that from a budgeting perspective we budget for these entities to break even.

5.4 Non-Operating Items Analysis

5.4.1 Net Gain/(Loss) on disposal of assets is \$3,353k unfavourable, with the budget anticipating a gain of \$1,099k for net proceeds from property sales. Actuals result primarily from \$3,935k accounting losses that represent the written down value of assets that have been disposed of as part of the renewal process. This includes Land and Land Improvement Assets \$276k, Building Assets \$385k and Infrastructure Assets \$3,274k. All of these assets have been renewed or replaced earlier than anticipated, resulting in a residual value needing to be written off. Slightly offsetting these is a favourable variance for Plant and Equipment Disposals \$600k and \$520k favourable net proceeds from property sales relating to the remainder of tranche 1 allotments.

5.4.2 Amounts specifically for new or upgraded assets were unfavourable \$1,315k primarily as a result of lower levels of grant funding received for capital projects than originally budgeted, with the most significant project being Diment Road Upgrade \$1,750k which was unsuccessful. However, grant funds were also received that had not been budgeted including \$461k for Salisbury Oval Change Rooms.

5.4.3 Physical resources received free of charge had an unfavourable variance of \$3,318k. This amount represents the assets donated to Council which is usually associated with external property development and residential infill, with typical assets being road, kerbing, footpaths, drainage, and verges. It should be noted that the budget is an estimated figure due to the complexities involved in determining the expected levels of donated assets.

5.5 Other Comprehensive Income Analysis

5.5.1 Changes in Revaluation Surplus – IPP&E is resulting in a favourable variance to budget of \$9,995k. Budgeting for infrastructure revaluations is inherently complex, however the variance is the result of revaluation increments for Land and Land Improvements \$22,191k, Infrastructure \$19,538k, offset by revaluation decrements for Buildings \$13k.

Statement of Financial Position Analysis

- 5.5.2 The Statement of Financial Position for 2018 is set out below and details the actual end of financial position against the original endorsed budget. Commentary has been made on significant variances between the estimates as presented at the adoption of the budget and the 2018 end of year position.

Statement of Financial Position			
As at 30 June 2018			
	Actual	Original Budget	Variance
	\$000	\$000 [1]	\$000
Assets			
Current Assets			
Cash and Cash Equivalents	33,780	-	33,780
Trade and Other Receivables	6,026	5,072	954
Inventories	2,039	-	2,039
Total Current Assets	41,845	5,072	36,773
Non-Current Assets			
Financial Assets	1,212	988	224
Equity Accounted Investments in Council Businesses	3,877	4,030	(153)
Infrastructure, Property, Plant and Equipment	1,400,955	1,442,767	(41,812)
Other Non-Current Assets	22,150	16,061	6,089
Total Non-Current Assets	1,428,194	1,463,846	(35,652)
Total Assets	1,470,039	1,468,918	1,121
Liabilities			
Current Liabilities			
Trade and Other Payables	13,754	13,314	(440)
Borrowings	2,142	8,954	6,812
Provisions	7,193	7,227	34
Total Current Liabilities	23,089	29,495	6,406
Non-Current Liabilities			
Trade and Other Payables	-	-	-
Borrowings	10,575	9,715	(860)
Provisions	1,527	1,672	145
Total Non-Current Liabilities	12,102	11,387	(715)
Total Liabilities	35,191	40,882	5,691
Net Assets	1,434,848	1,428,036	6,812
Equity			
Accumulated Surplus	351,915	346,021	5,894
Asset Revaluation Reserve	1,058,641	1,057,276	1,365
Other Reserves	24,292	24,739	(447)
Total Equity	1,434,848	1,428,036	6,812
<p>[1] The original budget is that endorsed by Council, however a reclassification adjustment has been made. Specifically there was an amount of \$1,581k disclosed as Non Current Trade and Other Payables, which should have been disclosed as Non Current Provisions. To ensure accurate reporting this amount has been reclassified in the Statement of Financial Position above, noting that this has no effect on the substance of the endorsed budget.</p>			

5.5.3 The Statement of Financial Position as at 30 June 2018 shows a favourable variance when compared to budget for Net Assets (Total Assets less Total Liabilities) or 'Equity' of \$6,812k. This variance is made up of the following:

- Total Current Assets are \$36,773k favorable when compared to the original budget. This is primarily as a result of cash and cash equivalents being favourable by \$33,780k. This is a result of the original budget including \$28.9M worth of capital projects which have subsequently been re-timed into 2019, and the fact that the original budget is based on 100% delivery of all projects and operating expenditure, whereas the actuals include a level of carry forward, which has a favourable impact on our cash position.
- Infrastructure, Property, Plant and Equipment is \$41,812k unfavourable when compared to original budget, predominantly as a result of lower than budgeted expenditure on new and renewed assets with \$29,199k spent against budget expectations of \$59,196k. This is again primarily the result of projects being re-timed into the 2019 year and the fact the budget is based on 100% delivery of all projects, where actuals generally have a level of carry forward. Also attributing to the favourable variance is lower than budgeted depreciation expense \$4,056k, primarily resulting from componentisation of assets and adjustments made to the useful lives of Road and Kerbing assets. Offsetting this is revaluation adjustments of \$41,716k being higher than budgeted expectations of \$31,721k, noting that these adjustments are inherently complex, and are derived from periodic detailed asset audits.
- Other Non-current assets are \$6,089k higher than budget estimates, which is a result of higher than anticipated infrastructure projects in progress at the end of 2018. The budget was set with the last known actual result (30 June 2016), as it is expected to remain relatively static, although the mix of projects will of course change over time.
- Liabilities are overall lower than budget by \$5,691k, predominantly as a result of lower than anticipated Borrowings required during the 2018 year. The Original Budget included net loan borrowings of \$21,306k after allowing for the offset of Property Development proceeds. This position has been revised through quarterly Budget Reviews by a combination of budget variations and project timing adjustments resulting in an investment position of \$5,723k at the Third Quarter Review. The timing adjustments included \$26.3M for the Salisbury Community Hub. This reduced our borrowing requirements in 2018 and will subsequently increase cash requirements in 2019 as the project nears completion.

5.6 Financial Indicator Analysis

5.6.1 The Financial Indicators as presented in the original budget are set out below and have been compared to actual results for the 2018 financial year. Also included are adjusted Financial Indicators which normalise the ratios for the timing of the Financial Assistance Grant.

Financial Indicators	Endorsed Operating Range	2017-18 Original Budget	2017-18 Actuals	Variance to Original Budget	2017-18 Adjusted Actuals	Variance to Original Budget
Operating Surplus Ratio	0.5% - 5%	3.3%	12.3%	9.0%	12.1%	8.80%
Net Financial Liabilities Ratio	<40%	29.7%	(4.8%)	34.5%	(4.6%)	34.30%
Asset Sustainability Ratio	90-110%	100.0%	110.6%	10.6%	N/A	N/A

5.6.2 The operating surplus ratio of 12.3% provides a favourable variance of 9.0% when compared to budget. However, when adjusted for the year on year timing impact of the early receipt of the 2019 Financial Assistance Grant and the advance payment in the prior year of the 2018 Financial Assistance Grant the ratio decreases slightly to 12.1%, which is a favorable variance of 8.80%. Excluding the Financial Assistance Grants, the main factors attributing to this variance are favorable variances to the original budget for employee costs \$3,138k and depreciation \$4,056k, with reasons for these variances explained above. The current endorsed operating range for this indicator is 0.5%-5%.

5.6.3 Net Financial Liabilities was (4.8%) for 2018 which is favourable by 34.5% when compared to the original budget, primarily as a result of our cash position being \$33,780k higher than budget expectations. When adjusted for the timing impact of the early receipt of the 2018 Financial Assistance Grant the ratio increases to (4.6%), which is a favourable variance of 34.30%. The actual result falls within the current endorsed operating range for this indicator, being less than 40%.

5.6.4 The Asset Sustainability ratio of 110.6% provides a favourable variance of 10.6% when compared to budget, and is lower than the 133% achieved in 2017 and higher than the 72% in 2016. It should be noted that the calculated three year weighted average ratio is 105% which is in the target range endorsed by Council of between 90%-110%. This result is a reflection of higher cash expenditure incurred on the renewal/replacement of assets \$19,291k in 2018 when compared with \$17,439k planned expenditure per the Asset Management Plans, for this year, and reflects delivery of prior year projects.

6. CHANGES IN AUSTRALIAN ACCOUNTING STANDARDS FOR 2019

6.1.1 AASB 15 Revenue from Contracts with Customers – this standard requires that revenue is recognized when a performance obligation is satisfied, much like the old matching principle. We are not anticipating any material impact to the City of Salisbury.

6.1.2 AASB 16 Leases – this standard will requires all leases held by lessees to be accounted for leases on balance sheet, except low value or short term leases. We are not expecting any impact for the City of Salisbury, as the leases that we have when considering Council’s overall materiality are low value and are exempt from the provisions of the standard

6.1.3 AASB 1058 Income for Not for Profit Entities – The first major change is that the timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation. Effectively, this allows NFP entities to account for grants as ‘tied funding’. Under this standard where grant funds are received in advance, and there are conditions on the funds that have not been met and funds must be repaid, a liability must be recognized, and should funds need to be repaid there is a corresponding expense.

All grants are closely monitored to ensure that the conditions of the grant are met, and it is evident from our performance with no returned grant funds over the past five years. From a capital grant perspective virtually all grants are received on completion of works, or stages of work, in which case this standard will not result in any changes. Grants that may be impacted are more likely to be operating grants which are generally provided in advance, however, our management and acquittal processes are mature which has resulted in fully acquitting grants with no returned funds.

Financial Services partners with the organisation with respect to acquittal processes and has a good collective understanding of grant funding within the business. We believe that the main impact will be the need to determine grant funding received in advance at the end of financial year, where there are performance obligations to be delivered in future year(s), and include this in the financial statements. We are not anticipating that this will be difficult given the knowledge in the organisation, our record keeping, and that this review is not dissimilar to what we currently do to prepare Note 2 Income (g) Grants, Subsidies, Contributions and (h) conditions over Grants & Contributions.

This Standard also requires the recognition of the value of the volunteer services through inclusion of and income amount on the Operating Statement, and an equivalent expenditure amount. City of Salisbury has excellent volunteer records, and is well placed to be able to meet this standards requirements in the 2019 year when it comes into effect.

7. CONCLUSION / PROPOSAL

7.1.1 The Annual Financial Statements have been prepared in accordance with the applicable Australian Accounting Standards and legislative requirements, and are recommended to Council for adoption.

2. CO-ORDINATION

Officer:

Date:

City of Salisbury

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Salisbury - a flourishing City with opportunity for all



City of Salisbury

General Purpose Financial Statements
for the year ended 30 June 2018

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City of Salisbury

General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Financial Statements

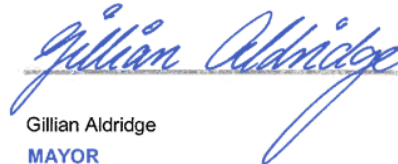
We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

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



John Harry
CHIEF EXECUTIVE OFFICER



Gillian Aldridge
MAYOR

Date:

10/10/2018

City of Salisbury

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true and fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate four "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income and expenses.

2. A Balance Sheet

A snapshot as at 30 June 2018 of Council's financial position including its assets and liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the four Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

City of Salisbury

Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Income			
Rates Revenues	2a	94,899	91,438
Statutory Charges	2b	3,189	3,026
User Charges	2c	6,127	5,749
Grants, Subsidies and Contributions	2g	15,283	17,401
Investment Income	2d	737	562
Reimbursements	2e	557	547
Other Income	2f	1,328	1,343
Total Income		122,120	120,066
Expenses			
Employee Costs	3a	34,306	34,883
Materials, Contracts and Other Expenses	3b	49,039	48,418
Depreciation, Amortisation and Impairment	3c	22,719	24,781
Finance Costs	3d	949	1,106
Net loss - Equity Accounted Council Businesses	19	69	83
Total Expenses		107,082	109,271
Operating Surplus / (Deficit)		15,038	10,795
Asset Disposal and Fair Value Adjustments	4	(3,353)	4,073
Amounts Received Specifically for New or Upgraded Assets	2g	1,690	1,935
Physical Resources Received Free of Charge	2i	682	3,741
Net Surplus / (Deficit) ¹		14,057	20,544
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	41,716	13,431
Total Other Comprehensive Income		41,716	13,431
Total Comprehensive Income		55,773	33,975

¹ Transferred to Statement of Changes in Equity

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

page 3

City of Salisbury

Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	33,780	28,576
Trade and Other Receivables	5b	6,026	5,848
Inventories	5c	2,039	5,144
Total Current Assets		41,845	39,568
Non-Current Assets			
Financial Assets	6a	1,212	1,327
Equity Accounted Investments in Council Businesses	6b	3,877	3,946
Infrastructure, Property, Plant and Equipment	7a	1,400,955	1,354,629
Other Non-Current Assets	6c	22,150	17,401
Total Non-Current Assets		1,428,194	1,377,303
TOTAL ASSETS		1,470,039	1,416,871
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	13,754	13,674
Borrowings	8b	2,142	2,350
Provisions	8c	7,193	7,241
Total Current Liabilities		23,089	23,265
Non-Current Liabilities			
Borrowings	8b	10,575	12,717
Provisions	8c	1,527	1,814
Total Non-Current Liabilities		12,102	14,531
TOTAL LIABILITIES		35,191	37,796
Net Assets		1,434,848	1,379,075
EQUITY			
Accumulated Surplus		351,915	333,969
Asset Revaluation Reserves	9a	1,058,641	1,016,925
Other Reserves	9b	24,292	28,181
Total Council Equity		1,434,848	1,379,075

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

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City of Salisbury

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

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2018					
Balance at the end of previous reporting period		333,969	1,016,925	28,181	1,379,075
Net Surplus / (Deficit) for Year		14,057	-	-	14,057
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	41,716	-	41,716
Other Comprehensive Income		-	41,716	-	41,716
Total Comprehensive Income		14,057	41,716	-	55,773
Transfers between Reserves					
		3,889	-	(3,889)	-
Balance at the end of period		351,915	1,058,641	24,292	1,434,848

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2017					
Balance at the end of previous reporting period		309,864	1,003,494	31,742	1,345,100
Net Surplus / (Deficit) for Year		20,544	-	-	20,544
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	13,431	-	13,431
Other Comprehensive Income		-	13,431	-	13,431
Total Comprehensive Income		20,544	13,431	-	33,975
Transfers between Reserves					
		3,561	-	(3,561)	-
Balance at the end of period		333,969	1,016,925	28,181	1,379,075

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

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City of Salisbury

Statement of Cash Flows for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		94,953	91,245
Statutory Charges		3,288	3,124
User Charges		7,313	4,881
Grants, Subsidies and Contributions (operating purpose)		15,394	17,811
Investment Receipts		772	557
Reimbursements		613	602
Other Receipts		7,647	9,018
<u>Payments</u>			
Payments to Employees		(34,806)	(35,233)
Payments for Materials, Contracts and Other Expenses		(55,703)	(54,142)
Finance Payments		(949)	(1,106)
Net Cash provided by (or used in) Operating Activities	11b	38,522	36,757
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,690	1,935
Sale of Replaced Assets		427	479
Sale of Surplus Assets		125	-
Net Disposal of Investment Securities		70	177
Sale of Real Estate Developments		2,349	11,359
Repayments of Loans by Community Groups		29	19
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(19,718)	(25,092)
Expenditure on New/Upgraded Assets		(15,697)	(10,610)
Development of Real Estate for Sale		(243)	(691)
Loans Made to Community Groups		-	(500)
Net Cash provided by (or used in) Investing Activities		(30,968)	(22,924)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	500
<u>Payments</u>			
Repayments of Borrowings		(2,350)	(2,573)
Net Cash provided by (or used in) Financing Activities		(2,350)	(2,073)
Net Increase (Decrease) in Cash Held		5,204	11,760
plus: Cash and Cash Equivalents at beginning of period	11	28,576	16,816
Cash and Cash Equivalents at end of period	11	33,780	28,576
Additional Information:			
plus: Investments on hand - end of year	6a	761	831
Total Cash, Cash Equivalents and Investments		34,541	29,407

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

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

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 10 October 2018.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The City of Salisbury is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 12 James Street, Salisbury. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions.

3 Income Recognition

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

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

In recent years the payment of untied financial assistance grants has varied from the annual allocation. During the 2015/16 year, there was no untied financial assistance grants paid in advance. However, on 09 June 2017, Council received two quarters of the 2017/18 grant amounting to \$3,995,448. Subsequently, on 25 June 2018, Council received two quarters of the 2018/19 grant amounting to \$4,208,096. The advanced payments received are summarised in the below table:

Financial Year	Payment Received In Advance \$'000	Comments
2015/16	Nil	
2016/17	3,995	Relates to 2017/18
2017/18	4,208	Relates to 2018/19

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable

value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

6 Infrastructure, Property, Plant and 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant and equipment when completed ready for use.

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 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

Examples of capitalisation thresholds applied during the year are disclosed in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 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.

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 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; these reviews are conducted either internally or externally through the completion of asset audits and valuations.

Major depreciation periods for each class of asset are detailed in Note 7. 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.

6.5 Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of AASB 138 *Intangible Assets*. An item is recognised as an intangible if it meets the definition of an intangible asset, it is probable that future economic benefits will flow to Council and the cost of the asset can be reliably measured.

Intangible Assets are tested for impairment yearly or when there is objective evidence or an indication that

these assets may be impaired. Further determinations on useful lives are reviewed annually.

6.6 Impairment

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

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

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

7 Payables

7.1 Goods and 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 and 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.

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

Note 1. Summary of Significant Accounting Policies (continued)

8 Borrowings

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".

9 Employee Benefits

9.1 Salaries, Wages and 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.

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.

9.2 Superannuation

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

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 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.

13 New accounting standards and UIG interpretations

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

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

City of Salisbury

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-Profit Entities*

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 Salisbury

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

Note 2. Income

\$ '000	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		93,994	90,582
Less: Mandatory Rebates		(1,138)	(1,102)
Less: Discretionary Rebates, Remissions and Write Offs		(330)	(319)
Total General Rates		92,526	89,161
Other Rates			
Natural Resource Management Levy		1,949	1,875
Salisbury Business Association Separate Rate		161	160
Globe Derby Community Club Separate Rate		6	6
Total Other Rates		2,116	2,041
Other Charges			
Penalties for Late Payment		257	236
Total Other Charges		257	236
Total Rates Revenues		94,899	91,438
(b). Statutory Charges			
Development Act Fees		893	873
Town Planning Fees		613	491
Animal Registration Fees and Fines		1,099	1,088
Parking Fines / Expiation Fees		277	296
Other Licences, Fees and Fines		307	278
Total Statutory Charges		3,189	3,026
(c). User Charges			
Cemetery Fees		581	579
Property Leases		723	790
Waste Disposal Fees		1,573	1,549
Water Supply		2,194	1,674
Aged and Disability Services		493	528
Sundry		563	629
Total User Charges		6,127	5,749

City of Salisbury

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

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		230	195
- Banks and Other		487	354
- Loans to Community Groups		20	13
Total Investment Income		737	562
(e). Reimbursements			
Contract Maintenance		237	154
Other		320	393
Total Reimbursements		557	547
(f). Other Income			
Insurance and Other Recoupments - Infrastructure, IPP&E		5	10
Rebates Received		776	767
Sundry		547	566
Total Other Income		1,328	1,343

City of Salisbury

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

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,690	1,935
Total Amounts Received Specifically for New or Upgraded Assets		1,690	1,935
Other Grants, Subsidies and Contributions		6,369	5,644
Untied Financial Assistance Grant		4,706	7,762
Individually Significant Item - Additional Financial Assistance Grant (refer below)		4,208	3,995
Total Other Grants, Subsidies and Contributions		15,283	17,401
Total Grants, Subsidies, Contributions		16,973	19,336

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

(i) Sources of grants

Commonwealth Government	2,633	2,398
State Government	13,836	15,718
Other	504	1,220
Total	16,973	19,336

(ii) Individually Significant Items

Advanced Financial Assistance Grant Recognised as Income	4,208	3,995
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On 25 June 2018, Council received payment of the first two instalments of the 2018/19 Financial Assistance Grant, totalling \$4,208k comprising of \$3,384k in general purpose funding and \$824k in untied local road funding. This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt. Potential material effects will be experienced when the timing of these grant payments are once again restored to a normal schedule.

City of Salisbury

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

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(h). Conditions over Grants and Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		325	981
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Economic Regional Collaboration - Business Taskforce		(98)	(28)
Digital Growth Program		(64)	(33)
Aged Friendly SA Grant		(17)	-
Aboriginal Sports Development Program		(10)	-
Resilient Salisbury		(9)	(11)
Duke of Edinburgh School Program		(6)	-
Fairbanks / Byron Bay Traffic Management		(6)	-
Youth Network Grant		(5)	(5)
Roads Infrastructure		-	(280)
Green Trails		-	(279)
St Kilda / Robinson Road - Traffic Management Device		-	(134)
Crime Prevention Grant		-	(100)
St Kilda CCTV Renewal		-	(41)
Building Safe Communities		-	(26)
Mawson Lakes Signs		-	(24)
Aged Friendly Retail Project		-	(8)
Playford Business Services		-	(5)
Waterwatch General Program		-	(5)
Other		(5)	(2)
Subtotal		(220)	(981)

City of Salisbury

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

Note 2. Income (continued)

\$ '000	Notes	2018	2017
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Bridgestone Athletic Track Grant		993	-
Salisbury Oval Female Change Rooms		397	-
Development Infrastructure 2018 - Footpath Program		63	-
Digital Growth Program		-	128
Tea Tree Gully Business Advisory		60	-
Pooraka Farm CCTV		39	-
Business Services Advisory		30	-
Salisbury Oval CCTV		19	-
Development Infrastructure 2018 - Street Tree Program		17	-
Playford Business Services		12	-
Drug and Alcohol Foundation Grant		11	-
Economic Regional Collaboration - Business Taskforce		-	137
Aged Friendly SA Grant		-	17
Aboriginal Sports Development		-	10
Resilient Salisbury		-	9
Duke of Edinburgh		5	8
Fairbanks Drive / Byron Bay Drive Traffic Management		-	6
Youth Network Grant		-	5
Be Connected - Digital Awareness Program		1	-
Other		-	5
Subtotal		1,647	325
Unexpended at the close of this reporting period		1,752	325
Net increase (decrease) in assets subject to conditions in the current reporting period		1,427	(656)
 (i). Physical Resources Received Free of Charge			
Land and Improvements		331	602
Roads, Bridges and Footpaths		118	2,237
Stormwater Drainage		233	902
Total Physical Resources Received Free of Charge		682	3,741

City of Salisbury

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

Note 3. Expenses

\$ '000	Notes	2018	2017
(a). Employee Costs			
Salaries and Wages		28,134	28,225
Employee Leave Expense		4,441	5,276
Superannuation - Defined Contribution Plan Contributions	18	1,171	1,242
Superannuation - Defined Benefit Plan Contributions	18	1,880	1,766
Workers' Compensation Insurance		1,552	1,545
Less: Capitalised and Distributed Costs		(2,872)	(3,171)
Total Operating Employee Costs		34,306	34,883
Total Number of Employees (full time equivalent at end of reporting period)		382	407
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		35	59
Bad and Doubtful Debts		11	12
Elected Members' Expenses		479	467
Election Expenses		59	121
Operating Lease Rentals - Cancellable Leases		926	748
Subtotal - Prescribed Expenses		1,510	1,407
(ii) Other Materials, Contracts and Expenses			
Contractors		32,923	33,221
Energy		4,468	3,785
Legal Expenses		301	247
Levies Paid to Government - NRM levy		1,945	1,874
Levies - Other		500	330
Parts, Accessories and Consumables		2,794	3,027
Sundry		2,879	3,009
Insurance		943	926
Water Rates		776	592
Subtotal - Other Material, Contracts and Expenses		47,529	47,011
Total Materials, Contracts and Other Expenses		49,039	48,418

City of Salisbury

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

Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Land Improvements		4,928	4,565
Buildings and Other Structures		2,297	1,293
Infrastructure		13,471	16,954
Plant and Equipment		1,813	1,760
Library Books		210	209
Subtotal - Total Depreciation, Amortisation and Impairment		22,719	24,781
(ii) Impairment			
No assets have been impaired during the current financial period.			
Total Depreciation, Amortisation and Impairment		22,719	24,781
(d). Finance Costs			
Interest on Loans		949	1,106
Total Finance Costs		949	1,106

City of Salisbury

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

Note 4. Asset Disposal and Fair Value Adjustments

\$ '000	Notes	2018	2017
Infrastructure, Property, Plant and Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		427	479
Less: Carrying Amount of Assets Sold		(3,702)	(3,231)
Gain (Loss) on Disposal		(3,275)	(2,752)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		125	-
Less: Carrying Amount of Assets Sold		(471)	(53)
Less: Other Amounts Relating to the Sale of Surplus Assets		(252)	-
Gain (Loss) on Disposal		(598)	(53)
Real Estate Development Assets			
Proceeds from Disposal		2,349	11,359
Less: Carrying Amount of Assets Sold		(1,829)	(4,501)
Gain (Loss) on Disposal		520	6,858
Other Financial Assets			
Proceeds from Disposal		69	177
Less: Carrying Amount of Assets Sold		(69)	(157)
Gain (Loss) on Disposal		-	20
Net Gain (Loss) on Disposal or Revaluation of Assets		(3,353)	4,073

City of Salisbury

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

Note 5. Current Assets

\$ '000	Notes	2018	2017
(a). Cash and Cash Equivalents			
Cash on Hand at Bank		832	688
Short Term Deposits and Bills, etc.		32,948	27,888
Total Cash and Cash Equivalents		33,780	28,576
(b). Trade and Other Receivables			
Rates - General and Other		2,822	2,751
Accrued Revenues		11	46
Debtors - General		1,566	2,331
GST Recoupment		935	274
Prepayments		661	417
Loans to Community Organisations		31	29
Total Trade and Other Receivables		6,026	5,848
(c). Inventories			
Stores and Materials		253	250
Real Estate Developments	6c	1,751	4,855
Cemetery Plinths and Vaults		35	39
Total Inventories		2,039	5,144

City of Salisbury

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

Note 6. Non-Current Assets

\$ '000	Notes	2018	2017
(a). Financial Assets			
Receivables			
Council Rates Postponement Scheme		8	22
Loans to Community Organisations		443	474
Total Receivables		451	496
Other Financial Assets (Investments)			
Mortgages over Property - Affordable Housing Scheme		761	831
Total Other Financial Assets (Investments)		761	831
Total Financial Assets		1,212	1,327
(b). Equity Accounted Investments in Council Businesses			
Northern Adelaide Waste Management Authority	19	3,801	3,858
Council Solutions	19	76	88
Total Equity Accounted Investments in Council Businesses		3,877	3,946
(c). Other Non-Current Assets			
(i) Inventories			
Real Estate Developments		1,859	1,846
Total Inventories		1,859	1,846
(ii) Other			
Capital Works-in-Progress		20,125	15,389
Intangible Assets		166	166
Total Other		20,291	15,555
Total Other Non-Current Assets		22,150	17,401

City of Salisbury

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

Note 6. Non-Current Assets (continued)

\$ '000	Notes	2018	2017
Real Estate Developments - Current & Non-Current			
(Valued at the lower of cost and net realisable value)			
Residential		3,610	6,701
Total Real Estate for Resale		3,610	6,701
Represented by:			
Acquisition Costs		1,865	3,886
Development Costs		1,745	2,815
Total Real Estate of Resale		3,610	6,701
(ii) Apportionment of Real Estate Developments			
Current Assets		1,751	4,855
Non-Current Assets		1,859	1,846
		3,610	6,701

Note 7a. Infrastructure, Property, Plant and Equipment

	Fair Value Level	as at 30/6/2017						Asset Movements during the Reporting Period							as at 30/6/2018			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Tfrs from/to Real Estate Assets	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value		
						New / Upgrade	Renewals											
\$ '000																		
Land - Other	2	406,641	-	-	409,641	3,358	-	(305)	-	1,505	-	14,920	429,119	-	-	429,119		
Land Improvements	3	170,588	-	62,210	108,378	3,332	1,516	(85)	(4,928)	-	7,271	182,700	-	67,226	115,474			
Buildings and Other Structures	3	81,408	-	20,232	61,176	179	2,009	(133)	(2,297)	-	(13)	84,009	-	23,088	60,921			
Infrastructure	3	1,154,166	-	388,204	765,962	4,614	11,984	(3,274)	(13,471)	-	19,538	1,187,939	-	402,586	785,353			
Plant and Equipment	3	-	23,022	14,899	8,123	2,878	-	(366)	(1,813)	-	-	-	24,961	16,139	8,822			
Library Books		-	1,349	-	1,349	127	-	-	(210)	-	-	-	1,266	-	1,266			
Total Infrastructure, Property, Plant and Equipment		1,815,803	24,371	485,545	1,354,629	14,488	15,509	(4,173)	(22,719)	1,505	(13)	41,728	1,883,767	26,227	509,039	1,400,955		
Comparatives		1,841,356	23,419	536,268	1,328,507	18,249	21,190	(3,284)	(24,781)	1,317	(24,538)	37,969	1,815,803	24,371	485,545	1,354,629		

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

\$ '000

Valuation of Assets

Council measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land
- Land Improvements
- Infrastructure
- Buildings and Other Structures

Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a) Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be characterised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.	Measurements based on unobservable inputs for the asset.

The fair value of assets that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

b) Valuation Techniques

Council selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends upon the specific characteristics of the asset being measured. The valuation techniques selected by Council are consistent with one or more of the following valuation approaches:

- *Market Approach* uses prices and other relevant information generated by market transactions involving identical or similar assets.
- *Income Approach* converts estimated future cash flows or income and expenses into a single current (ie. discounted) value.
- *Cost Approach* reflects the current replacement cost of an asset at its current service capacity.

City of Salisbury

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

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

\$ '000

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

During 2017/18 Council undertook a review of the internal overhead costs, such as project management, supervision and design, that are directly related to the renewal of Council's Transport and Stormwater assets. The purpose of the review was to ensure that the appropriate level of direct internal overhead costs were being reflected in the unit rates that are utilised to revalue these asset classes. Council reviewed the internal resources that are allocated to capital renewal projects for these asset classes over the preceding five financial years and utilised this information to develop an average annual overhead cost to be applied, expressed as a percentage of the total capital costs. These percentages, and the associated allocation to each asset class are as follows:

- Transport Design Overhead - 1.25% (Allocated to Traffic Control Devices and the Road Pavement asset classes)
- Stormwater Design Overhead - 7.10% (Allocated to all Stormwater assets, excluding PVC pipe assets)
- Transport Supervision Overhead - 2.60% (Allocated to all Transport asset classes)
- Stormwater Supervision Overhead - 4.60% (Allocated to all Stormwater assets classes)

These overhead percentages were reviewed independently by Tonkin Consulting and subsequently incorporated into their review of Council's asset valuations, with further detail in the methodology utilised disclosed below under the respective asset categories.

This change in accounting estimate has caused an increase in the carrying value of Council's Transport and Stormwater Assets for the 2017/18 Reporting period which will flow into future reporting periods. Given the complex nature of infrastructure asset revaluations, Council has considered it impractical to estimate the future year impacts of this change.

c) Capitalisation Thresholds

Capitalisation Thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture and Equipment	\$5,000
Plant and Light Vehicles	\$5,000
Buildings - new construction/extensions	\$10,000
Park and Playground Furniture and Equipment	\$5,000
Road construction and reconstruction	\$10,000
Paving and footpaths, Kerb and Gutter	\$5,000
Drains and Culverts	\$10,000
Reticulation extensions	\$5,000
Sidelines and household connections	\$5,000
Artworks	\$5,000

City of Salisbury

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

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

\$'000

d) Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture and Equipment:	
Office Equipment	3 to 10 years
Office Furniture	3 to 10 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant and Equipment	3 to 20 years
Building and Other Structures:	
Building Components	10 to 80 years
Playground Equipment	15 to 25 years
Benches, Seats, etc	10 to 15 years
Infrastructure:	
Roads - Seal	20 to 40 years
Roads - Base	60 to 150 years
Roads - Sub-Base	180 to 300 years
Unsealed Roads	5 to 10 years
Bridges	100 years
Footpaths	8 to 80 years
Kerb, Gutter and Medians	50 to 300 years
Drainage Pipes	80 to 100 years
Culverts, Headwalls and Junction Boxes	40 to 100 years
Dams and Reservoirs	400 years
Bores	75 years
Reticulation Pipes - PVC	60 to 80 years
Pumps and Telemetry	10 to 50 years
Other Assets:	
Library Books	3 to 7 years
Artworks/Local History	Indefinite
Street Trees	50 years

City of Salisbury

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

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

\$ '000

e) Table of Fair Values 2017/18

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
Land	-	429,119	-	429,119
Land Improvements	-	-	115,474	115,474
Buildings and Other Structures	-	-	60,921	60,921
Infrastructure	-	-	785,353	785,353
Total	-	429,119	961,748	1,390,867

f) Disclosed Fair Value Measurements

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Land	2	Market Value	\$429,119

Valuations of assets in this category are undertaken using the State Valuer Generals Site Values.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Land Improvements	3	Cost Approach	\$115,474

Valuations of assets in this category are undertaken via one of three methods:

- Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a depreciated replacement cost for each asset. Assets valued via this method include Footpaths and Carpark Pavement/Seals all situated on Council Reserves.
- Revalued using the Local Government Pricing Index (LGPI). Assets valued via this method include Fencing, Irrigation Equipment, Playgrounds, Kerbing, Sports Courts/Facilities, Reserve Furniture, Landscaping and Other Structures all situated on Council Reserves.
- Independent valuations were provided by Inside Infrastructure and Aquentia Consulting in 2014/15 (as sub-consultant to Inside Infrastructure) using a methodology that utilises observable rates and cost information from their extensive knowledge across the water industry. Assets valued via this method include all those associated with Councils Recycled Stormwater Business Unit, which includes assets such as Pipework, Pumps, Bores, Valves, Electrical and Computer Equipment. In 2015/16, 2016/17 and 2017/18 an independent valuation of the current depreciated replacement cost for these assets was undertaken using an ASR Asset Price Index provided by Tonkin Consulting, derived from references to various construction guides (such as Rawlinsons Australian Construction Handbook).
- Independent valuations were provided by JLL in 2017/18 using a methodology that utilises observable rates and cost information from their research across the Playground and Fitness Equipment industries. Assets valued via this method included Playgrounds and Fitness Equipment.

City of Salisbury

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

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

\$ '000

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Buildings and Other Structures	3	Cost Approach	\$60,921

Valuation of assets in this category are undertaken via the following method:

a. Independent valuation of the current depreciated replacement value and depreciated replacement cost for buildings at a component level was undertaken by GHD for the year ending 30 June 2017 using a methodology that utilises observable rates and cost information from their extensive knowledge across Building Infrastructure. In 2017/18 an independent valuation of the current depreciated replacement cost for these assets was undertaken using Building Component Indexes provided by Tonkin Consulting, derived from references to the Rawlinsons Australian Construction Handbook.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Infrastructure	3	Cost Approach	\$785,353

Valuation of assets in this category are undertaken via one of three methods:

a. Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a depreciated replacement cost for each asset. Assets valued via this method include Footpaths, Kerbing, Carpark Pavements/Seals, Road Pavement/Seals and Drainage Pipes/Pits all situated on or under Council Roads.

b. Independent valuations were provided by SMEC in 2016/17 using a methodology that utilises observable rates and cost information from their extensive knowledge of water retention related infrastructure. Assets valued via this method include Major Drainage Dams. In 2017/18 these assets were revalued using the Local Government Pricing Index (LGPI).

c. Revalued using the Local Government Pricing Index (LGPI). Assets valued via this method include Bridges, Irrigation Equipment on Roads, Road Furniture, Landscaping on Roads, Open Drainage Systems and Minor Drainage Dams.

The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013. There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements from previous years.

City of Salisbury

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

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

\$ '000

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use, unless market or other factors suggest a different use by market participants would maximise the value of the asset.

Land Under Roads

Council being of the opinion that it is not possible to attribute a value sufficiently reliably 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.

Land

Much of the land under Councils care and control is Crown land or has been declared as community land under the provision of the *Local Government Act 1999*. Other types of restrictions on the land may also apply. Valuations of this land are based on the State Valuer Generals Site Values, which are based on observable sales in an active market of similar properties with a similar land use on both vacant land and land with improvements. Adjustments to these values are then made by the State Valuer General taking into consideration the highest and best use of the property e.g. if there is a single house on the land but zoning would allow it to be divided for home units.

Infrastructure, Buildings and Land Improvements

As there is no known active market for the majority of infrastructure, building and land improvement assets owned by Council, these assets have been valued at depreciated replacement cost using the *Cost Approach*. Upon revaluation, the current replacement cost and accumulated depreciation are restated such that the difference (the current depreciated replacement cost) represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*.

This method involves the determination of the current cost to construct the asset (or its modern engineering equivalent) and then calculating the value of its remaining service capacity (depreciated replacement cost). Council utilise a number of observable and unobservable inputs in the calculation of these values which may include:

Observable Inputs:

- Council specific contract rates
- Recent construction costs for similar assets
- Independent valuations

Unobservable Inputs/Estimates:

- Quantities of materials used
- Economic (Useful) Lives of assets
- Residual Value of assets
- Preserved Value of assets
- Pattern of consumption of an assets economic benefits
- Condition
- Obsolescence
- Impairment
- Industry construction pricing indexes e.g. Rawlinson's Construction Handbook and Cost Guide
- Other construction pricing indexes e.g. Local Government Pricing Index which is an index developed by the Australian Bureau of Statistics and is prepared quarterly by the South Australia Centre for Economic Studies and is based on price movements in the goods and services purchased by Local Governments.

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City of Salisbury

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

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

\$ '000

Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of AASB 138 *Intangible Assets*. Council has purchased, from the market in arm's length transactions, Water Licences that enable the harvesting and sale of stormwater, and is of the opinion that these Water Licences meet the definition and recognition requirements of Intangible Assets, specifically intangible assets with an indefinite useful life. Initial recognition of these Water Licences is at cost, and after initial recognition they are carried at cost less any accumulated impairment losses.

Testing for impairment, in accordance with AASB 136 *Impairment of Assets*, is undertaken annually, or whenever there may be an indication that the intangible assets may be impaired. The determination that these Water Licences have an indefinite useful life is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

Street Trees

Council is of the opinion that street trees and tree screens are tangible assets that the City uses to support the provision of environmental and recreational services to the community, and have an initial cost that can be reliably measured, that is the cost of planting and establishment. It is therefore considered that costs relating to tree plantings for street trees and tree screens only meet the recognition criteria of property, plant and equipment and should be recognised as an asset.

Plant, Furniture and Fittings

Assets are carried at cost, less any accumulated depreciation and impairment losses.

Library Books

Library books are accounted for under the replacement method. Library stock at 30 June 2018 is valued using nominal values recommended by PLS (Public Library Service). All new purchases are treated as replacement items and the expense is classified as depreciation. This expense is then adjusted by the movement in the calculated value of the library stock.

City of Salisbury

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

Note 8. Liabilities

\$ '000	Notes	2018		2017	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods and Services		12,057	-	12,203	-
Payments Received in Advance		1,346	-	1,207	-
Accrued Expenses - Other		49	-	56	-
Deposits, Retentions and Bonds		302	-	208	-
Total Trade and Other Payables		13,754	-	13,674	-
(b). Borrowings					
Loans		2,142	10,575	2,350	12,717
Total Borrowings		2,142	10,575	2,350	12,717
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		7,193	1,429	7,241	1,726
Salisbury Memorial Park Maintenance Provision		-	70	-	60
Mortgage Loss Provision		-	28	-	28
Total Provisions		7,193	1,527	7,241	1,814
		Salisbury Memorial Park Maintenance Provision	Mortgage Loss Provision		
Opening Balance		60	28		
Additional Amounts Recognised		10	-		
Closing Balance		70	28		

City of Salisbury

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

Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve					
Land - Other	315,946	14,920	-	-	330,866
Land Improvements	18,895	7,271	-	-	26,166
Buildings and Other Structures	10,034	(13)	-	-	10,021
Infrastructure	669,360	19,538	-	-	688,898
Library Books	2,338	-	-	-	2,338
JV's / Associates - Other Comprehensive Income	352	-	-	-	352
Total Asset Revaluation Reserve	1,016,925	41,716	-	-	1,058,641
Comparatives	1,003,494	13,431	-	-	1,016,925

\$ '000	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
(b). Other Reserves					
Plant Replacement Reserve	350	-	-	-	350
Development and Public Infrastructure Reserve	1,604	89	(98)	-	1,595
Open Space Reserve	1,045	189	-	-	1,234
Car Parking Reserve	958	15	(45)	-	928
Property Disposal Reserve	3,901	849	-	-	4,750
Mausoleum Perpetual Care Reserve	772	41	-	-	813
Salisbury Memorial Park Reserve	879	14	-	-	893
Carried Forward Funds Reserve	16,791	12,335	(16,791)	-	12,335
Salisbury Water Business Unit Reserve	1,881	409	(896)	-	1,394
Total Other Reserves	28,181	13,941	(17,830)	-	24,292
Comparatives	31,742	23,236	(26,271)	(526)	28,181

City of Salisbury

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 9. Reserves

\$ '000

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).

Plant Replacement Reserve

Used to fund the purchase of items of major plant.

Development and Public Infrastructure Reserve

The Development and Public Infrastructure Reserve contains developer contributions towards future footpaths, street signs and street trees specific to the development site. It also contains developer contributions towards future works associated with drainage systems, water pipes and pumps, Council road network, trails and bridges necessary to facilitate the development and external to the development site.

Open Space Reserve

For developer contributions towards the future acquisition of open space areas.

Carpark Reserve

For the provision of car parking areas within the Salisbury Town Centre, Ingle Farm Town Centre and Mawson Lakes Town Centre.

Property Disposal Reserve

To retain the proceeds of any property sales under the provision of Section 194 of the *Local Government Act 1999* and subject to compliance with all legal requirements thereof, and to be utilised to repay debt or reduce future borrowings.

Mausoleum Perpetual Care Fund Reserve

To provide maintenance for the mausoleum at Salisbury Memorial Park.

Salisbury Memorial Park Reserve

To fund future development work and maintenance at the Salisbury Memorial Park.

Carried Forward Funds Reserve

Used for unspent budget funds at the end of financial year that are to be carried forward for use in the following year.

Salisbury Water Business Unit Reserve

Generated by the allocation of surpluses, and offset by deficits resulting from the operations of the Salisbury Water Business Unit. Allocations from the Reserve can only be made following a resolution of Council and can only be utilised to fund either business development, asset renewal, offset losses or to distribute dividends to Council.

City of Salisbury

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

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2018	2017
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash and Financial Assets			
Unexpended amounts received from Federal Government			
Open Space Contributions	9b	1,234	1,045
Developer Contributions	9b	2,523	2,562
Unexpended Grants and Subsidy Funds	2h	1,752	325
Total Cash & Financial Assets		5,509	3,932

Developer Contributions are received primarily to fund infrastructure works in new subdivisions. These funds are held in Reserves (as disclosed in Note 9) until required and as such are regarded as restricted. Grant and Subsidy Funds received but not yet expended are regarded as restricted, and are disclosed in Note 2h.

City of Salisbury

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2018	2017
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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 and Equivalent Assets	5	33,780	28,576
Balances per Statement of Cash Flows		33,780	28,576

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

Net Surplus/(Deficit)		14,057	20,544
Non-Cash Items in Income Statements			
Depreciation, Amortisation and Impairment		22,719	24,781
Equity Movements in Equity Accounted Investments (Increase)/Decrease		69	83
Non-Cash Asset Acquisitions		(682)	(3,741)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,690)	(1,935)
Net (Gain) Loss on Disposals		3,353	(4,073)
		37,826	35,659
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(162)	(784)
Net (Increase)/Decrease in Inventories		1	(19)
Net Increase/(Decrease) in Trade and Other Payables		1,192	1,364
Net Increase/(Decrease) in Unpaid Employee Benefits		(345)	527
Net Increase/(Decrease) in Other Provisions		10	10
Net Cash provided by (or used in) operations		38,522	36,757

(c). Non-Cash Financing and Investing Activities

Nil

Acquisition of assets by means of:

- Physical Resources Received Free of Charge	2i	682	3,741
Total Non-Cash Financing and Investing Activities		682	3,741

(d). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	500	500
LGFA Cash Advance Debenture Facility	23,317	28,747

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term drawdown facility and variable interest rate borrowings under a cash advance facility from the Local Government Finance Authority of South Australia.

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

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$ '000										
Public Order and Safety	3,103	3,068	3,450	3,668	(347)	(600)	-	60	918	862
Health	216	177	1,539	1,570	(1,323)	(1,393)	22	13	543	286
Social Security and Welfare	3,388	3,349	6,817	6,385	(3,429)	(3,036)	2,711	2,670	20,175	19,644
Housing and Community Services	4,842	4,232	29,226	25,906	(24,384)	(21,674)	264	214	469,960	439,242
Recreation and Culture	1,265	1,140	27,031	20,960	(25,766)	(19,820)	698	596	861,652	868,738
Transport and Communication	4,658	3,862	18,163	9,136	(13,505)	(5,274)	4,652	3,855	6,460	6,138
Economic Affairs	279	476	5,490	5,707	(5,211)	(5,231)	169	385	244	159
Other, Not Attributed and Administration	104,369	103,762	15,297	35,856	89,072	67,906	6,767	9,608	6,087	81,802
Total Functions/Activities	122,120	120,066	107,013	109,188	15,107	10,878	15,283	17,401	1,470,039	1,416,871

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

City of Salisbury

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

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

Public Order and Safety

Supervision of various laws, fire prevention, crime prevention and repair, road safety and dog control.

Health

Health Act administration, immunisation services and pest and pest plant control.

Social Security and Welfare

Operation of senior citizens centre, aged care services, youth services and community information.

Housing and Community Services

Town planning, community development planning, road sweeping, roadside rubbish collection, domestic refuse collection, operating of waste transfer station and rubbish tips, stormwater drainage, operation of the St Kilda Mangrove Trail, street signs, landscape design, tree management and operation of cemetery.

Recreation and Culture

Maintenance and operation of libraries, recreation centres, swimming pool, community centre, parks, gardens and reserves, neighbourhood houses, clubrooms, playgrounds, sports grounds, halls and plant nursery.

Transport and Communication

Construction and maintenance of roads, footpaths, bridges, parking facilities and bus shelters.

Economic Affairs

Building Act administration, economic initiatives, tourism.

Other, Not Attributed and Administration

Rates, public debt transactions, administration costs, capital works in progress and costs which relate to multiple functions but cannot accurately be split between these functions.

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms and Conditions:

Deposits are returning fixed interest rates between 1.65% and 1.8% (2017: 1.65% and 2.0%). Short term deposits have an average maturity of 35 days and an average interest rate of 1.66% (2017: 37 days and 1.73%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates and Associated Charges

(including legals and penalties for late payment)

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

Accounting Policy:

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

Terms and Conditions:

Secured over the subject land, arrears attract interest of 2.0% (2017: 2.0%). 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 and Other Charges

Accounting Policy:

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

Terms and 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).

City of Salisbury

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms and Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms and Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms and Conditions:

Secured over future revenues, borrowings are repayable biannually; interest is charged at fixed rates between 4.0% and 7.01% (2017: 4.0% and 7.01%).

Carrying Amount:

Approximates fair value.

City of Salisbury

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash and Equivalents	33,780	-	-	33,780	33,780
Receivables	1,608	443	-	2,051	2,051
Other Financial Assets	-	-	761	761	761
Total Financial Assets	35,388	443	761	36,592	36,592
Financial Liabilities					
Payables	12,408	-	-	12,408	12,408
Current Borrowings	2,947	-	-	2,947	2,142
Non-Current Borrowings	-	10,367	2,553	12,920	10,575
Total Financial Liabilities	15,355	10,367	2,553	28,275	25,125

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Financial Assets					
Cash and Equivalents	28,576	-	-	28,576	28,576
Receivables	2,406	474	-	2,880	2,880
Other Financial Assets	-	-	831	831	831
Total Financial Assets	30,982	474	831	32,287	32,287
Financial Liabilities					
Payables	12,467	-	-	12,467	12,467
Current Borrowings	3,306	-	-	3,306	2,350
Non-Current Borrowings	-	11,684	4,183	15,867	12,717
Total Financial Liabilities	15,773	11,684	4,183	31,640	27,534

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

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	7.12%	-	7.12%	-
Other Variable Rates	0.00%	-	0.00%	-
Fixed Interest Rates	6.23%	12,717	6.25%	15,067
		<u>12,717</u>		<u>15,067</u>

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.

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

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with either the SA Local Government Finance Authority and are guaranteed by the SA Government, or with the National Australia Bank. Except as detailed in Notes 5 and 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.

City of Salisbury

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

Note 14. Commitments for Expenditure

\$ '000	Notes	2018	2017
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		33,664	924
Infrastructure		4,041	7,721
Plant and Equipment		1,817	12
		<u>39,522</u>	<u>8,657</u>
These expenditures are payable:			
Not later than one year		<u>39,522</u>	<u>8,657</u>
		<u>39,522</u>	<u>8,657</u>
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		<u>35</u>	<u>37</u>
		<u>35</u>	<u>37</u>
These expenditures are payable:			
Not later than one year		<u>35</u>	<u>37</u>
		<u>35</u>	<u>37</u>
(c). Finance Lease Commitments			
Council has no Finance Leases.			

City of Salisbury

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

Note 15. Financial Indicators

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

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

1. Operating Surplus Ratio

Operating Surplus	15,038			
Total Operating Income	122,120	12.3%	9%	5%

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

1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30 June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	14,825			
	122,120	12.1%	6%	9%

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(5,827)			
Total Operating Income	122,120	(4.8%)	2%	14%

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.

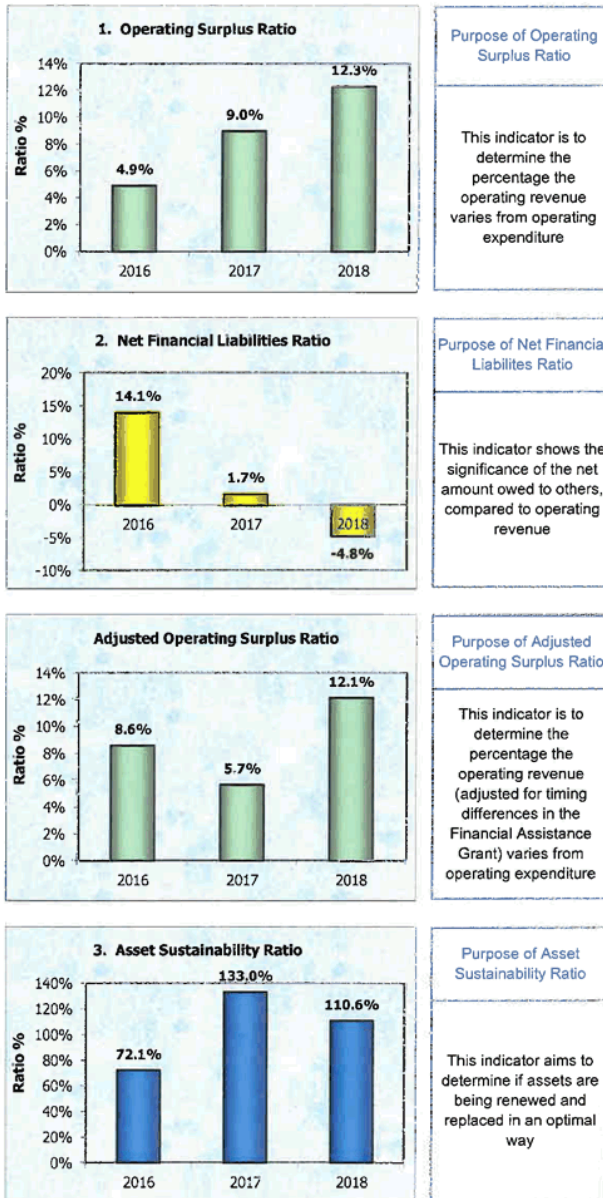
When the Net Financial Liabilities Ratio falls below zero, it represents a net financial assets position, which is when the financial assets (cash, receivables and financial assets) are greater than total liabilities. A negative ratio equates to a favourable position for Council, reflecting higher levels of cash holdings and trade receivables than levels of trade payables and debt.

3. Asset Sustainability Ratio

Net Asset Renewals	19,291			
Infrastructure & Asset Management Plan required expenditure	17,439	110.6%	133%	72%

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

Note 15. Financial Indicators - Graphs (continued)



City of Salisbury

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

Note 16. Uniform Presentation of Finances

\$ '000

2018

2017

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	122,120	120,066
less Expenses	(107,082)	(109,271)
Operating Surplus / (Deficit)	15,038	10,795
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(19,718)	(25,092)
<i>add back</i> Depreciation, Amortisation and Impairment	22,719	24,781
<i>add back</i> Proceeds from Sale of Replaced Assets	427	479
Subtotal	3,428	168
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property and Real Estate Developments)	(15,940)	(11,301)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	1,690	1,935
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property and Real Estate Developments)	2,474	11,359
Subtotal	(11,776)	1,993
Net Lending / (Borrowing) for Financial Year	6,690	12,956

City of Salisbury

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

Note 17. Operating Leases

\$ '000 2018 2017

Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	548	647
Later than one year and not later than 5 years	1,214	1,032
Later than 5 years	2,455	2,302
	<u>4,217</u>	<u>3,981</u>

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment. Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased. No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	479	575
Later than one year and not later than 5 years	280	354
	<u>759</u>	<u>929</u>

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

Note 18. Superannuation

\$'000

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

Accumulation only Members

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

Salarylink (Defined Benefit Fund) Members

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

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

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

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

Contributions to Other Superannuation Schemes

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

City of Salisbury

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

Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2018	2017	2018	2017
Joint Ventures	(69)	(83)	3,877	3,946
Total	(69)	(83)	3,877	3,946

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Northern Adelaide Waste Management Authority	Waste Management	3,801	3,858
Council Solutions	Procurement	76	88
Total Carrying Amounts - Joint Ventures & Associates		3,877	3,946

Northern Adelaide Waste Management Authority

Manages the waste collection, recycling and waste disposal for the Cities of Salisbury and Playford and the Town of Gawler.

Council Solutions

Established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully in December 2012, this regional subsidiary has been established for the purposes of providing a centre of excellence in procurement and to provide services to the Constituent.

(b) Relevant Interests

Name of Entity	Interest in		Ownership		Proportion of	
	Operating		Share of		Voting Power	
	2018	2017	2018	2017	2018	2017
Northern Adelaide Waste Management Authority	56%	57%	56%	57%	33%	57%
Council Solutions	17%	17%	17%	17%	17%	17%

(c) Movement in Investment in Joint Venture or Associate

	Northern Adelaide Waste Management Authority		Council Solutions	
	2018	2017	2018	2017
Opening Balance	3,858	3,928	88	101
Share in Operating Result	(57)	(70)	(12)	(13)
Council's Equity Share in the Joint Venture or Associate	3,801	3,858	76	88

City of Salisbury

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Northern Adelaide Waste Management Authority		Council Solutions	
	2018	2017	2018	2017
Cash and Cash Equivalents	1,061	4,282	174	334
Other Current Assets	2,738	2,466	563	469
Non-Current Assets	16,585	10,723	-	-
Total Assets	20,384	17,471	737	803
Current Trade and Other Payables	2,271	2,768	124	222
Current Financial Liabilities	1,079	791	158	55
Current Provisions	263	366	-	-
Non-Current Financial Liabilities	7,415	4,331	-	-
Non-Current Provisions	2,605	2,428	-	-
Total Liabilities	13,633	10,684	282	277
Net Assets	6,751	6,787	455	526
Statement of Comprehensive Income	Northern Adelaide Waste Management Authority		Council Solutions	
	2018	2017	2018	2017
Other Income	29,234	27,148	641	61
Contributions from Constituent Councils	-	-	1,054	1,167
Interest Income	108	171	4	6
Total Income	29,342	27,319	1,699	1,234
Employee Costs	2,191	1,773	-	-
Materials, Contracts and Other Expenses	25,524	24,205	1,770	1,310
Depreciation, Amortisation and Impairment	1,449	1,360	-	-
Finance Costs	373	281	-	-
Total Expenses	29,537	27,619	1,770	1,310
Other Revenue / Expense Items	-	(30)	-	-
Operating Result	(195)	(330)	(71)	(76)

City of Salisbury

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

Note 19. Interests in Other Entities (continued)

\$ '000

(e). Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

(i) Capital Expenditures Payable

No capital expenditure is committed at the reporting date that has not been recognised as a liability.

	Northern Adelaide Waste Management Authority		Council Solutions	
	2018	2017	2018	2017
(ii) Operating Expenditures Payable				
Not later than one year	14,766	9,620	-	-
Later than one year and not later than 5 years	56,300	9,881	-	-
Later than 5 years	11,232	57,422	-	-
	82,298	76,923	-	-

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

	Northern Adelaide Waste Management Authority		Council Solutions	
	2018	2017	2018	2017
(iii) Lease Payments Commitments Payable				
Not later than one year	1,075	994	-	-
Later than one year and not later than 5 years	3,326	3,476	-	-
Later than 5 years	482	73	-	-
	4,883	4,543	-	-

(iv) INDIVIDUALLY IMMATERIAL COUNCIL BUSINESSES

Council did not have any individually immaterial businesses.

(v) UNCONSOLIDATED STRUCTURED ENTITIES

Council has no Unconsolidated Structured Entities.

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

Note 20. Contingencies and 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.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the *Development Act 1993* (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of 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.

4. CEMETERY

Council operates a Cemetery Facility - Salisbury Memorial Park. A Contingent Liability exists for the ongoing maintenance of this Cemetery. This liability remains for a period of 100 years after the expiry of the lease on the last burial of the site. In addition, Council has negotiated a new lease of the Mausoleum, requiring the facility to be maintained by the lessee. The lessee will continue to contribute to the Perpetual Care Fund to ensure that maintenance of the facility for the next 100 years is funded. The contribution value will be assessed twice during the proposed lease period for adjustment purposes to ensure the Fund will be sufficient to provide for the ongoing maintenance of the Mausoleum.

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

Note 21. Events after the Balance Sheet Date

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

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

Accordingly, the "authorised for issue" date is 11/10/18.

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

City of Salisbury

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

Note 22. Related Party Transactions

\$ '000

	2018	2017
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO, General Managers and certain prescribed officers under section 112 of the *Local Government Act 1999*, as well as other personnel that satisfy the criteria of KMP as contained within AASB 124 *Related Party Transactions*. In some circumstances members of the KMP have left Council during the financial year, however their compensation has still been included. In all, 46 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	4,836	5,336
Post-Employment Benefits	417	427
Long-Term Benefits	788	754
Total	6,041	6,517

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

Receipts from Key Management Personnel:

A Councillor operates a retail business and has a formal commercial agreement in place with Council under which they sell tickets to use a Council facility on Council's behalf. The details of this arrangement are the Councillor purchases books of tickets from Council, and pays Council 70% of the face value, therefore retaining 30% of the sales revenue. In the 2018 Financial Year, the total income generated from tickets sold on Council's behalf was \$62k and the amount retained by the Councillor equated to \$19k.

There have been no other material amounts received from Key Management Personnel during the financial year, other than amounts paid in their capacity as ratepayers or residents (e.g. rates, swimming pool entry fees, etc).

Transactions with Regional Subsidiaries:

In regards to Council's Regional Subsidiaries, further information relating to their specific activities and carrying amounts are disclosed in Note 19. Council is an equity owner, along with other member Councils, of both these subsidiaries. Member Councils have equal representation on the Board of both Regional Subsidiaries and accordingly have influence over both the financial and operational decisions of the subsidiaries. However, no one Member Council individually has control over these decisions. The following material transactions occurred with Council's Regional Subsidiaries, during the financial year:

	Payments	Outstanding
Northern Adelaide Waste Management Authority	11,846	1,104
Council Solutions	-	-
Total	11,846	1,104

Amounts payable that are outstanding at 30 June 2018 are recorded in Trade and Other Payables in Note 8.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CITY OF SALISBURY

Opinion

We have audited the accompanying financial report of the City of Salisbury, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the City of Salisbury as of 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

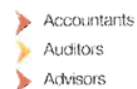
Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee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

In preparing the financial report, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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



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Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>). This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP

DAVID PAPA
PARTNER

Dated at Adelaide this 10th day of October 2018



Bentleys SA Audit Partnership

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INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE CITY OF SALISBURY

Opinion

We have audited the compliance of the City of Salisbury (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation 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 2017 to 30 June 2018 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2017 to 30 June 2018.

Limitation on 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 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.

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 internal 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.

Independence

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



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The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, 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 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 10th day of October 2018

City of Salisbury

General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Salisbury for the year ended 30 June 2018, the Council's Auditor, Bentleys 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*.



John Harry

CHIEF EXECUTIVE OFFICER



Councillor Graham Reynolds

PRESIDING MEMBER, AUDIT COMMITTEE

Date:

9/10/2018



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Certification of Auditor Independence

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

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

Bentleys SA Audit Partnership

David Papa
Partner

Dated at Adelaide this 9th day of October 2018



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- Accountants
- Auditors
- Advisors

ITEM 6: GENERAL BUSINESS REPORTS ... (cont'd)**6.2 First Quarter Budget Review 2018/19**

Authors Kate George, Manager Financial Services, Business Excellence
Sam Zhang, Assistant Accountant, Business Excellence

City Plan Links 4.2 Develop strong capability and commitment to continually improve Council's performance.

Summary In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached First Budget Review for the financial year 2018/19 has been prepared. The budget review has been presented in short form as Council is in caretaker period and is unable to make significant decisions, which includes endorsing budget review bids

RECOMMENDATION

1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net \$2,019,400 be credited to the Sundry Project Fund. This will bring the balance to \$2,019,400.
2. The balance of the Sundry Projects Fund of \$2,019,400 be allocated to reduce loan borrowings for 2018/19.

1. ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. First Quarter Budget Review 2018/19

1. BACKGROUND

- 1.1 In accordance with Part 2 of the Local Government (Financial Management) Regulations 2011, Financial Accountability, the attached First Budget Review for the financial year 2018/19 has been prepared.

2. CONSULTATION / COMMUNICATION**2.1 Internal**

- 2.1.1 The process of preparing the budget review requires extensive internal consultation to ensure that commentary reflects the operations of Council.

2.2 External

- 2.2.1 N/A

3. REPORT

- 3.1 The First Quarter Budget Review is presented to members in short form. This is to enable reporting to Council in October given elections being held in November. Also, as Council is in “caretaker” period the ability to make budget decisions is limited, consequently there are no bids for consideration.
- 3.2 The most significant impact at the First Quarter Budget Review has been the early receipt of 2018/19 Financial Assistance Grants and Untied Local Road Grants in 2017/18, totaling \$4,208k which is partly offset by above budget 2018/19 grants of \$2,058k. Together with reinstated timing adjusted projects of \$20,680k, the original budgeted borrowings of \$16,278k being recommended to increase by \$18,660k to \$34,938k.
- 3.3 It should be noted that our final results will be impacted by subsequent reviews and by other variations throughout our operations.
- 3.4 The original expenditure budget for the capital program was \$47,375k and has been increased by carry forward funds and adjusted timing projects to become \$78,671k. To the end of September, 7.6% of the revised budget has been expended, however, when factoring in commitments 55.1% has been expended against revised budget.

4. CONCLUSION / PROPOSAL

It is proposed that Council consider the First Budget Review 2018/19 Report attached and endorse the Recommendations as detailed on page 10.

2. CO-ORDINATION

Officer:

Date:



FIRST QUARTER BUDGET REVIEW
2018/19 REPORT

For the period ended
30 September 2018

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1. Executive Summary

The First Quarter Budget Review for this financial year is presented to members in short form. This is to enable reporting to Council in October given elections being held in November. Also, as Council is in “caretaker” period the ability to make budget decisions is limited, consequently there are no bids for consideration.

Consolidated Funding Statement

This statement (Section 2.3) details the movement between the original budget and our budget position following the adoption of this review, with the summary of operating surplus / (deficit) detailed below:

2018/19 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,586
Early Receipt of FAG, ULR and ACE in 2017/18	(4,272)
2017/18 Operating Carry Forward Funds	(2,652)
2018/19 Operating Carry Forward Funds - Estimated	1,400
First Quarter Budget Review Adjustments	2,019
Forecast Operating Surplus / (Deficit)	82

This year’s operating budget has been significantly impacted by the early receipt of the Federal Financial Assistance Grants, Untied Local Road Grants and Adult Community Education Grants, resulting in a reduction in the current year income of \$4,272k. These funds were received in June 2018, and although they relate to the 2018/19 financial year, had to be recognised in the year of receipt as required by the Local Government Act and relevant Accounting Standards. This had a favourable impact on our cash and surplus for the 2017/18 financial year, with a corresponding reduction in 2018/19. Both 2018/19 Financial Assistance Grants and Local Road Grants income are expected to be higher than budget with an income gain of \$2,058k is included in Appendix 1 Budget Variation Summary. From a forecast perspective it is appropriate to be conservative and therefore we have not included any financial assistance payments due for 2019/20 in this year’s operating results.

The operating surplus / (deficit) is also adversely impacted by the carry forward of prior year projects of \$2,652k into the current year. These projects were funded in last year’s operating budget and are being spent during 2018/19. Similarly we have estimated that there will be carry forwards of \$1,400k from this year into 2019/20, which is the average level of operating carry forward and partially offsets the prior year’s carry forward amount. These impacts bring the operating result to a deficit of

2

\$1,938k. Adjustments totalling \$2,019k included in this Budget Review will bring the operating surplus to \$82k.

Capital Works Program

The Capital Works spend to date is \$5,941k or 12.5% of the original capital budget of \$47,375k. The original capital expenditure budget of \$47,375k has increased to \$78,671k, which includes the reinstatement of budgets for timing adjusted projects from 2017/18 of \$20,680k. Also increasing the revised budget are carry forward funds of \$9,693k, carry forwards for property development projects of \$2,245k, and changes resulting from grant funded projects and other adjustments. The Capital Works spend to date is \$5,941k or 7.6% of the revised budget and \$43,332k or 55.1% inclusive of commitments. Detailed analysis of the capital program and the status of individual projects are contained within Appendix 4.

Sundry Projects Fund

The overall impact of budget variations is a favourable \$2,019k as detailed in Appendix 1, and these funds are recommended to reduce borrowings as part of this review.

Loan Borrowings / Investments

The original budget for loan borrowings was \$16,278k to deliver the approved budget initiatives. The reinstatement of timing adjusted projects of \$20,680k has increased loan borrowings to \$36,958k, which will be managed through drawing down on CADs and ongoing review of our cash position.

The first budget review budget variations resulted in a decrease in loan borrowings of \$2,019k, and borrowings are estimated at this time to be \$34,938k, which will be varied at subsequent reviews. Further details are contained in Section 3.

2. Budget Review

2.1 Policy and Context

In considering the various aspects of this review, Council has adopted the following policy in relation to the Sundry Projects Fund, contained within the Treasury Policy.

1. Any surplus contained within the Sundry Projects Fund following adjustments for variations to existing estimates is applied in the first instance to a reduction in borrowings.
2. Any new bids/projects arising through the year are to be referred to the budget planning process for the subsequent year unless they are of sufficient urgency, in which case Council may finance such project by reducing/cancelling an existing budgeted project or approving an increase to the borrowing or reducing investments.
3. The Surplus Community Land Policy requires that net property development proceeds be offset against current or future borrowings.

It should be noted that there are no bids as part of this budget review due to “caretaker” mode.

2.2 Sundry Projects Fund

The Sundry Projects Fund (SPF) represents a mechanism or 'clearing house' for dealing with budget variations and urgent bids. In a sense its balance represents the projected surplus for the year but it must be remembered that there are variations through the budget and the final result will be a combination of the Sundry Projects Fund and these other variations. The current status of the Sundry Projects Fund as a result of this review is represented below:

Original Budget 1st July 2018	\$
	-
Recommendations – First Quarter Budget Review:	
Operating Variations	2,019,400
Balance after Variations to the Sundry Projects Funds	2,019,400
Movements in General Loan Borrowings	
Reduction in Borrowings due to Operating & Capital Variations	2,019,400
Net Movements in General Loan Borrowings	2,019,400
Balance Remaining	-

As a result of the Budget Variations in this review, \$2,019k will be used to reduce borrowings.

2.3 Consolidated Funding Statement

Consolidated Funding Statement as at 30th September 2018

Consolidated Funding Statement	First Quarter Revised Budget 2018/2019	Original Budget 2018/19
	\$'000	\$'000
<u>PART 1 - OPERATING</u>		
Operating Revenue - Original Budget	118,372	118,372
Proposed First Quarter Adjustments:		
Operating Income Gains (Appendix 1)	2,073	
Operating Income Losses (Appendix 1)	(4,326)	
Operating Income Budget Variations (Appendix 1)	14	
Operating Revenue	116,133	118,372
Operating Expenditure - Original Budget	114,785	114,785
Proposed First Quarter Adjustments:		
Operating Expenditure Budget Variations (Appendix 1)	14	
Operating Prior Year Carry Forwards Funds	2,652	
Operating Expenditure	117,451	114,785
Estimated 2017/18 Operating Carry Forwards	1,400	
Operating Surplus/(Deficit)	82	3,586
<u>PART 2 - CAPITAL AND OTHER ADJUSTMENTS</u>		
Capital Revenue - Original Budget	2,530	2,530
Capital Revenue	2,530	2,530
Net Surplus/(Deficit) Resulting From Operations	2,612	6,116
Capital Expenditure - Original Budget	48,027	48,027
Proposed First Quarter Adjustments:		
Capital Prior Year Carry Forwards Funds	9,693	
Reinstate Budget for Timing Adjusted Projects 2017/18	20,680	
Capital Expenditure	78,400	48,027
Principal Repayments	(2,142)	(2,142)
Net Transfers to and from Reserves	660	660
Prior Year Carry Forward Funds	12,345	
Timing Difference in FAG, ULR & ACE Grants	4,272	
Estimated Current Year Operating Carry Forward Funds	(1,400)	
Add Back Depreciation of Non-Current Assets	26,599	26,599
Net gain (loss) on disposal or revaluation of assets	515	515
Cash Surplus/(Deficit/Borrowings)	(34,938)	(16,278)
Proposed / Investment Balance/(Loan Borrowings)	(34,938)	(16,278)

The Consolidated Funding Statement (CFS) provides a comparison between the original budget and the revised position should this review be adopted. The statement identifies the projected Operating Surplus / (Deficit) which is a primary indicator of financial sustainability. The original budget was for an operating surplus of \$3,586k, and this has been revised to a forecast surplus of \$82k at this review.

This year's operating budget has been significantly impacted by the early receipt of the Federal Financial Assistance Grants, Untied Local Road Grants and Adult Community Education Grants, resulting in a reduction in the current year income of \$4,272k. These funds were received in June 2018, and although they relate to the 2018/19 financial year, had to be recognised in the year of receipt as required by the Local Government Act and relevant Accounting Standards. This had a favourable impact on our cash and surplus for the 2017/18 financial year, with a corresponding reduction in 2018/19. Both 2018/19 Financial Assistance Grants and Local Road Grants income are higher than budget with an income gain of \$2,058k is included in the Appendix 1 Budget Variation Summary. From a forecast perspective it is appropriate to be conservative and therefore we have not included any financial assistance payments due for 2019/20 in this year's operating results.

Also impacting on the surplus / (deficit) are 2017/18 carry forwards of \$2,652k, which is partially offset by our estimate of 2018/19 operating carry forward projects of \$1,400k. This review is also favourably impacted by budget variations of \$2,019k. A reconciliation of the changes to our budgeted operating surplus/ (deficit) is shown below, however, it should be noted that the final result for the year will be further impacted through other variations throughout our operations.

2018/19 Operating Budget Forecast	\$'000
Original Budgeted Operating Surplus	3,586
Early Receipt of FAG, ULR and ACE in 2017/18	(4,272)
2017/18 Operating Carry Forward Funds	(2,652)
2018/19 Operating Carry Forward Funds - Estimated	1,400
First Quarter Budget Review Adjustments	2,019
Forecast Operating Surplus / (Deficit)	82

The Consolidated Funding Statement provides a summary of changes to capital income and capital expenditure, with the most significant impact being Capital Carry Forwards of \$9,693k. Other impacts on cash are also considered, to arrive at the overall projected borrowings / investment balance. As this is a snapshot for the financial year, it shows that there is an increase in cash requirements, with an increase in loan borrowings to \$34,938k, as a result of retimed projects which

resulted in lower borrowings last financial year. Our cash position will continue to be monitored and the requirement for borrowing funds will be managed initially through the use of CADs.

2.4 Transfer of Funds – (Chief Executive Officer Delegation)

The provision had a balance of \$4.3k as at 30 September 2018 with \$233k savings identified in the September Quarter which includes savings from full time positions filled as part time arrangements \$85k and various vacancies during the first quarter \$145k. There has been a total allocation of \$229k as per CEO delegation. Those allocations are generally for short-term and urgent resource request. It includes 12 month contract position of Diversity and Inclusion Project Officer \$97k, Economic Growth Coordinator \$83k and Change Lead Officer \$46k.

3. Loan Borrowings/Investments and Reserves

Details of the movement in the current year investments / borrowings:

	\$
Opening Balance	
Original Budget Net Borrowings	16,277,715
Reinstated Timing Adjusted Projects	20,680,000
Net Borrowings	36,957,715
First Quarter Budget Review 2018/19	
Reduction in General Borrowing Requirement as recommended	(2,019,400)
Revised Borrowings 2018/19 Subject to this Review	34,938,315

As part of establishing the 2018/19 budget, Council had determined to direct the financial capacity that has been built over recent years to deliver a significant capital program, which will also result in a drawn down position on CADs, with requirements for 2018/19 being \$34,938k which includes budget variation of \$2,019k at this Budget Review and project timing adjustment of \$20,680k.

Our actual borrowings will result from the level of carry forwards, property development proceeds and the timing of the capital program. These elements form part of Long Term Financial Plan which for 2018/19 showed a closing cash drawdown of \$9,010k for 2018/19.

Reserves

Details	Year to Date Actual \$000's	Full Year	
		Rev.Bud \$000's	Orig.Bud \$000's
Transfers to Reserves	152	0	0
Transfers from Reserves	200	660	660
Total	(48)	(660)	(660)

The above table summarises movements within Council's Reserve Accounts e.g. Public Infrastructure and Developments, Open Space, Property Disposals etc., and are in line with budget expectations. Details of balances of Reserves are contained in periodic Finance Reports. The Year to Date Budget represents the Full Year Revised Budget, although the funds will be transferred from the Reserves when required by individual projects.

4. Recommendations

1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net \$2,019,400 be credited to the Sundry Project Fund. This will bring the balance to \$2,019,400.
2. The balance of the Sundry Projects Fund of \$2,019,400 be allocated to decrease loan borrowings for 2018/19.

Appendix 1 – Budget Variation Summary as at 30 September 2018

Budget Variation Summary as at 30 September 2018				
Item	Details	Expense Increase/ (Decrease)	Revenue Increase/ (Decrease) <i>Includes Expenditure Recoveries</i>	Net Increase/ (Decrease) Sundry Projects Fund
OPERATING VARIATIONS				
Income Gains				
1	External Funding - Adult Community Education		15,000	15,000
2	External Funding - Financial Assistance Grants		1,283,200	1,283,200
3	External Funding - Local Road Grants		774,900	774,900
Income Losses				
4	External Funding - Financial Assistance Grants - Advance Payment Received in 2017/18		(3,384,151)	(3,384,151)
5	External Funding - Untied Local Road Grants - Advance Payment Received in 2017/18		(823,945)	(823,945)
6	External Funding - Adult Community Education - Advance Payment Received in 2017/18		(64,000)	(64,000)
7	Worker Compensation Rebate		(53,700)	(53,700)
Adjustments - Nil Effect				
8	External Funding - Adult Learner's Week Grant ****	4,000	4,000	0
9	External Funding - NDIS provider IT Transition Grant ****	10,000	10,000	0
Net Impact to Operating Result - Transfer to Sundry Projects Fund		14,000	(2,238,696)	(2,252,696)
Add back Timing Difference (FAG, ULR and ACE Grant)				4,272,096
Adjusted Net Impact Excluding Timing Difference (FAG&ULR Grant)				2,019,400
CAPITAL VARIATIONS				
Net Impact to Capital Program		0	0	0
Total Variation				2,019,400
Transfer To / (From) Sundry Project Fund				2,019,400
NB **** Adjustment to budgets already processed				

Appendix 2 – Budget Timing Adjustments

Policy Statement

Where there are projects that are funded in the current year budget that are unable to be progressed in the timeframes originally planned due to external factors, including delays in external funding approvals, negotiations with third parties, community consultation, and development approval processes. It is important that the community is aware of the status of projects which is included in Appendix 4 Capital Expenditure Report. No current year project timing adjustments are included at the First Quarter Budget Review, as there are no projects that fall into this category.

Prior Year Projects Timing Adjustments:

The following projects had adjusted timing last financial year. These changes are also reflected in our cash requirements through a reduction in borrowings in the last financial year, and will then be funded in current year's borrowings, and reflected in this budget review. These projects were excluded from our 2017/18 final cash requirements and consequently need to be funded in the 2018/19 borrowings.

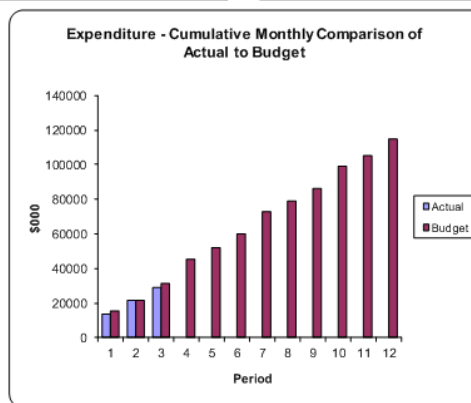
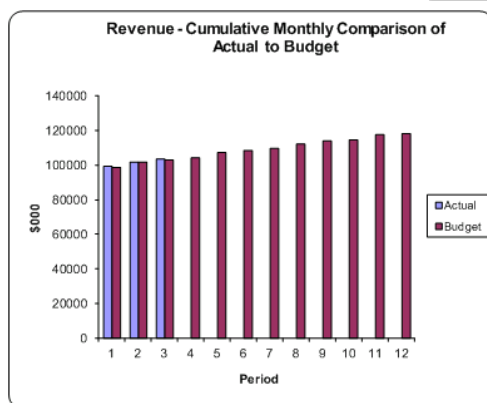
	Reinstatement of Budget Timing Adjustments \$000
Salisbury Community Hub	17,420
Salisbury Oval Master Plan Program Implementation	1,200
Mawson Lakes Interchange - Pedestrian & Cycle	800
Sweepers	700
Waste Transfer Station Civil Works & Transformer	560
Total	20,680

Appendix 3 – Statement of Comprehensive Income



City Of Salisbury Statement of Comprehensive Income For the Period Ending 30 September 2018

	Year to Date			Full Year	
	Actual \$000	Rev Bud \$000	Variance \$000	Rev Bud \$000	Org Bud \$000
INCOME					
Rates	97,684	97,560	124	97,693	97,693
Statutory Charges	1,252	1,105	148	2,860	2,860
User Charges	865	892	(27)	4,888	4,888
Grants, Subsidies & Contributions	2,840	2,871	(32)	11,922	11,908
Investment Income	165	30	136	159	159
Reimbursement	39	20	19	132	132
Other Revenue	556	588	(31)	732	732
Total Income	103,402	103,065	336	118,386	118,372
EXPENSES					
Employee Costs	10,841	11,708	867	37,760	36,596
Materials, Contracts and Other Expenses	11,260	14,826	3,566	51,321	49,819
Finance Costs	(8)	168	175	1,641	1,641
Depreciation, amortisation & impairment	6,694	6,702	8	26,729	26,729
Total Expenses	28,788	33,404	4,616	117,451	114,785
Operating Surplus/(Deficit) before Capital Amounts	74,613	69,661	4,952	935	3,586
Net gain (loss) on disposal or revaluation of assets	0	0	0	515	515
Amounts specifically for new or upgraded assets	10	633	(622)	2,530	2,530
Physical resources received free of charge	0	0	0	4,000	4,000
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	74,624	70,294	4,330	7,980	10,631



The Operating Surplus / (Deficit) before Capital Amounts reflects the Original Budget, revised for the impact of 2018/19 operating carry forwards of \$2,652k, and whilst provision is made in the consolidated funding statement for the potential carry forward from 2018/19 into 2019/20, this will not be reflected in the Operating Surplus / (Deficit) until the end of Financial Year, when specific projects and budget lines are known. Also included is First Quarter "nil effect" adjustments as indicated in Appendix 1- Budget Variation Summary. Following Council endorsement the revised budget will reflect all changes contained in this review.

Commentary – Statement of Comprehensive Income

Year to Date: Actual v Revised Budget

The commentary on the Statutory Report is designed to explain the variations greater than \$50k but no actions are required as, where necessary, they are picked up elsewhere in the report.

Revenue

Rates – Favourable Variance \$124k

The favourable variance is predominantly a result of lower than anticipated compulsory Rates Rebates \$25k, and higher than anticipated General Rates revenue \$60k.

Statutory Charges – Favourable Variance \$148k

The favourable variance primarily relates to higher than anticipated income received within Development Services, being Building Fees \$59k and Planning Application Fees \$31k, Development Lodgement Fee \$14k and Development Lodgement Fee \$13k. Also attributing to the favourable variance are income within Inspectorial Services, being Dog Licence Fee \$146k which is partly offsetting by Dogs and Cat Fines Enforcement (\$52k) and Dog, Cats Expiation Fees (\$24k) and Parking Fines Enforcement (\$23k).

Grants, Subsidies and Contribution – Unfavourable Variance \$32k

The unfavourable variance is primarily resulting from the early payment of the Financial Assistance Grant and Untied Road Grant \$4,208k received last financial year and reflects a reduction of \$1,052k each quarter this year. This is offset by additional Local Road Grant of \$775k, Open space developer contribution of \$108k and early receipt of second quarter payment of WaterWatch Grant of \$56k

Investment Income– Favourable Variance \$136k

The favourable variance is due to higher than budgeted cash deposits resulting from a range of factors including Property Development proceeds, the early receipt of the Financial Assistance funding and the timing of spend within the Capital Works program.

Expenditure

Employee Costs - Favourable Variance \$867k

The favourable variance predominantly related to workcover expenditure came in \$309k lower than budget. In addition, a number of operational positions (are being backfilled by contractors / agency staff \$378k, however this is offset by contractor labour costs reported in Materials, Contracts and Other Expenses below.

Materials, Contracts and Other Expenses – Favourable Variance \$3,566k

The favourable variance is predominantly the result of the timing of the delivery of various programs. Amongst the most significant variances related to timing of programs are operating component of Kerb & Gutter Replacement \$1,332k, Council Building Renewal \$279k, Digital Strategy Implementation \$175k and Strategic Development Projects \$164k, Footpath Maintenance Program \$105k, and Underground Drainage Maintenance \$77k. Timing of electricity expenditure across Council \$955k also contributed to the variance and it is due to delays in invoicing from the services provider.

The favourable variances are offset by contract labour costs, classified as contractual services for reporting purposes but budgeted for in employee costs. This is related to operational positions being backfilled by contractors \$378k, which is reported in Employee Costs, together with numerous small grant funded positions and short-term contracts.

Finance Costs – Favourable Variance \$175k

The favourable variance results from lower interest payments with no requirements for the drawdown of CAD's as a result of Council's working capital and cash position.

Appendix 4 – Capital Expenditure Report as at September 2018

Note: In accordance with the delegation provided to General Managers to transfer program budgets within Asset Categories: there have been no transfer requests in the first quarter of 2018/19.

	Original Budget	Revised Budget	Actuals	Commitments	Total Actuals/ Commitments	Balance Remaining
EXPENDITURE						
Drainage & Waterways	3,788,000	3,950,284	263,109	737,401	1,000,511	2,949,773
Fleet	3,404,000	5,205,462	493,891	2,513,029	3,006,920	2,198,542
Parks & Streetscapes	4,358,000	5,098,202	223,999	1,247,132	1,471,131	3,627,071
Property & Buildings	3,784,000	5,314,955	584,260	285,384	869,644	4,445,311
Strategic Projects - Other	3,983,000	6,004,063	228,969	1,304,111	1,533,081	4,470,982
Transportation	14,010,890	14,888,334	1,682,232	906,017	2,588,249	12,300,085
Total City Infrastructure	33,327,890	40,461,300	3,476,461	6,993,075	10,469,535	29,991,764
Information Technology	1,146,000	1,894,446	471,896	113,111	585,007	1,309,439
Salisbury Water Business	821,000	1,288,604	332,376	194,621	526,997	761,607
Strategic Project - SCH	12,080,000	31,130,404	1,598,361	29,532,043	31,130,404	-
Strategic Property	-	3,896,189	61,972	558,471	620,443	3,275,747
Total Other	14,047,000	38,209,643	2,464,605	30,398,246	32,862,851	5,346,792
	47,374,890	78,670,943	5,941,065	37,391,321	43,332,386	35,338,557
INCOME						
Drainage & Waterways	- 90,000	- 205,240	- 75,000	-	- 75,000	- 130,240
Fleet	-	-	-	-	-	-
Parks & Streetscapes	- 225,000	- 215,644	-	-	-	- 215,644
Property & Buildings	- 93,000	- 13,625	-	-	-	- 13,625
Strategic Projects	- 1,000,000	- 13,750	-	-	-	- 13,750
Transportation	- 220,000	- 872,000	- 10,401	-	- 10,401	- 861,599
Total City Infrastructure	- 1,628,000	- 1,292,759	- 85,401	-	- 85,401	- 1,207,358
Information Technology	- 250,000	- 250,000	-	-	-	- 250,000
Strategic Property	-	- 7,491,706	- 186,913	-	- 186,913	- 7,304,793
Total Other	- 250,000	- 7,741,706	- 186,913	-	- 186,913	- 7,554,793
	- 1,878,000	- 9,034,465	- 272,314	-	- 272,314	- 8,762,151
NET	45,496,890	69,636,478	5,668,752	37,391,321	43,060,072	26,576,406

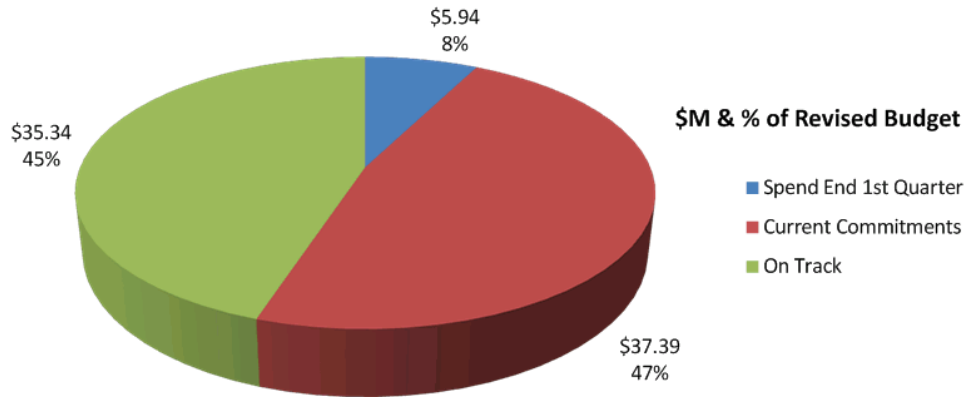
Capital Expenditure

As at the end of the First Quarter, the revised capital expenditure budget for 2018/19 is \$78,671k which includes the reinstatement of 2017/18 budget timing adjustments and carried forward funds. Spend at the end of this quarter is \$5,941k or 7.6% spend to date and \$43,332k or 55.1% inclusive of commitments.

Capital Income

The capital works income revised budget for 2018/19 is \$9,034k which mainly comprises \$7,492k (whole of project life) for Strategy Property, with commentary provided within "Strategic Property".

TOTAL CAPITAL PROGRAM



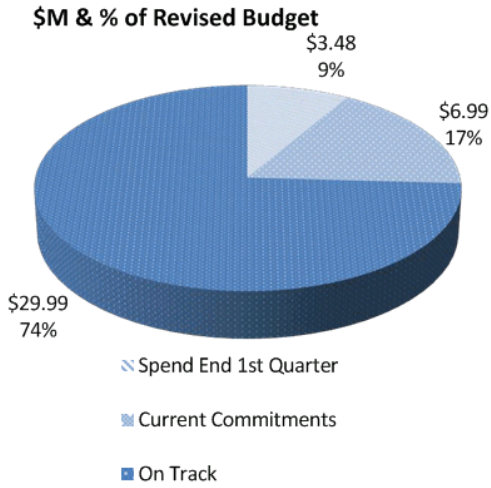
Program Management & Improvements

Following the second year achievement of a carry forward below 15%, works promptly commenced this quarter on the development of the 2018/19 program. This included the development of concept plans, estimates and Project Brief and associated documentation. This initial work enables a project scope to be effectively developed and documented. Consideration of project limitations and constraints are also considered in an effort to deliver projects with minimal inconvenience to the community.

Project reporting is continuing to occur with this aiding in the monitoring of programs and projects. As part of continuous improvement, these reports continue to be reviewed and modified. Modifications to project and contract management systems are scheduled to occur this financial year to assist with the capturing of data and usability for Project Managers and administrators.

2018/19 will be a significant year of transformation for the City with the Salisbury Community Hub taking shape in the City Centre, Paddocks Master Plan commencing implementation at Para Hills, the development of a new athletics facility and track at Bridgestone Reserve, Salisbury South, and the redevelopment of Salisbury Oval including the construction of new female friendly change rooms which supports both football and cricket played at this oval. In addition, renewal programs will continue to be delivered in accordance with their asset management plan.

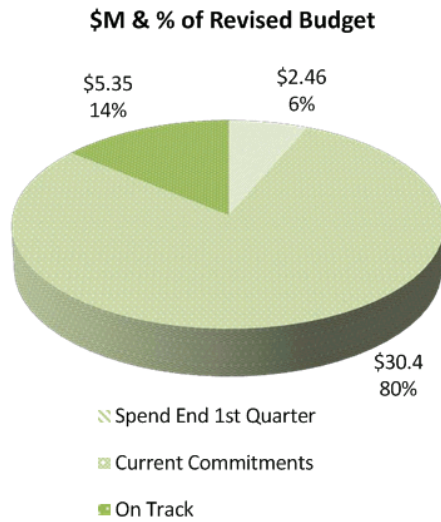
CITY INFRASTRUCTURE



Key Achievements

- Para Hills Hub Opening August 2018
- Construction of the new female friendly change rooms at Salisbury Oval commenced
- Notification of successful grant funding to contribute towards a new facility at Bridgestone Reserve
- Completion of public consultation for the 2018 Playground Renewal Program

INFRASTRUCTURE OTHER

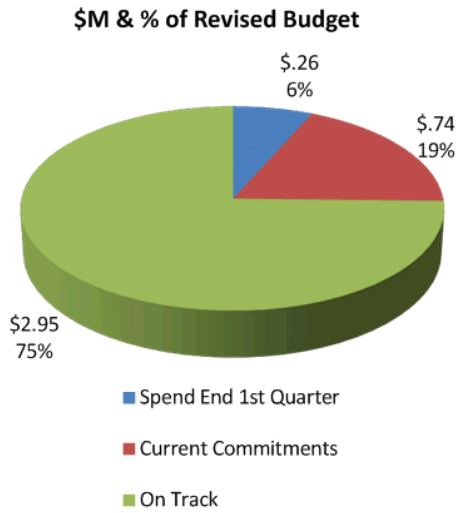


Key Achievements

- The Salisbury Community Hub is currently proceeding on program and within established time and budget contingencies
- Early release of tablets into the field has occurred as part of the Asset Management Improvement Project.
- Construction commenced on the distribution main link from Rowe Park to Walkley Heights

DRAINAGE & WATERWAYS

(6.7% spent / 25.3% inclusive of commitments)

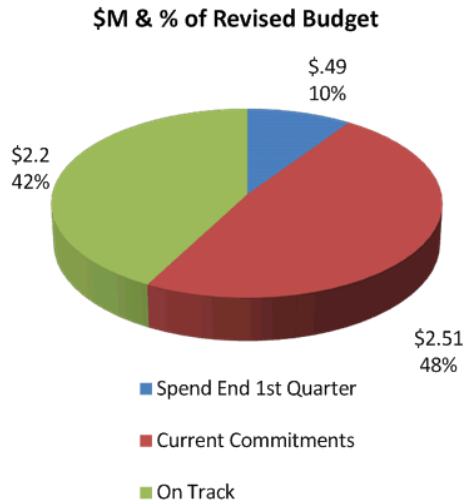


Program Update

- Concept designs for the major flooding program have been completed
- Scoping of the Watercourse Management Program has occurred with construction expected to commence in quarter two of the main civil works
- The Local Flooding Program continues to be delivered progressively across the City. Detail design is anticipated to be fully complete in quarter two.

FLEET

(9.5% spent / 57.8% inclusive of commitments)



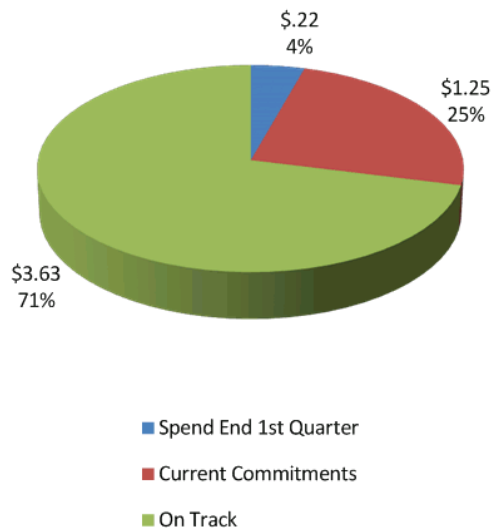
Program Update

- In excess of 40% of the program is already committed with most expected to be delivered prior to Christmas
- In addition, \$0.5M of fleet has been received and transitioned into an operational item. The fleet program is critical to the organisation as it assists Field Services to deliver the many services which they provide.

PARKS & STREETScape

(4.4% spent / 28.9% inclusive of commitments)

\$M & % of Revised Budget



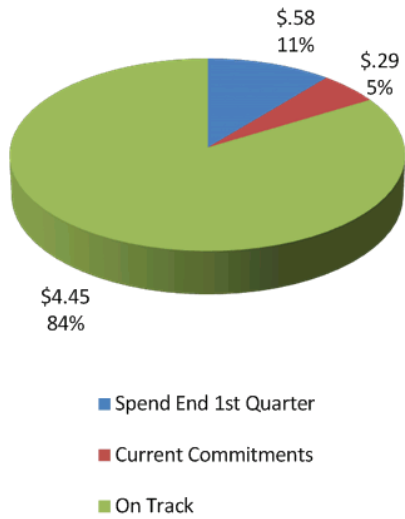
Program Update

- A significant portion of the Parks and Streetscape Program involves public consultation prior to detail design. Public consultation for 15 projects has been completed this quarter.
- A significant portion of the Irrigation Renewal Program has already moved into the construction phase to enable works to be completed prior to peak summer watering periods.
- The relocation of the play space at Onsley Green, Salisbury East was completed this quarter.

PROPERTY & BUILDINGS

(11% spent / 16.4% inclusive of commitments)

\$M & % of Revised Budget



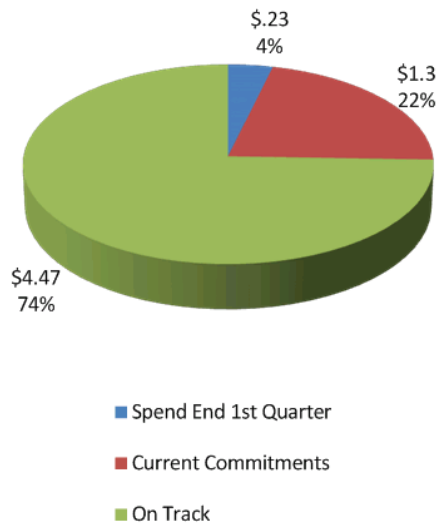
Program Update

- The scoping of the 2018/19 Building Renewal Program is near complete with design to follow closely behind.
- The new program to provide additional solar for sporting clubs is now well underway. 12 sites have already been completed with the remainder of the program scoped and being scheduled.
- As part of the Building Upgrade Program work is proposed to occur at the Jack Young Centre, Salisbury Recreation Precinct and the Operations Centre.

STRATEGIC PROJECTS - OTHER

(3.8% spent / 25.5% inclusive of commitments)

\$M & % of Revised Budget



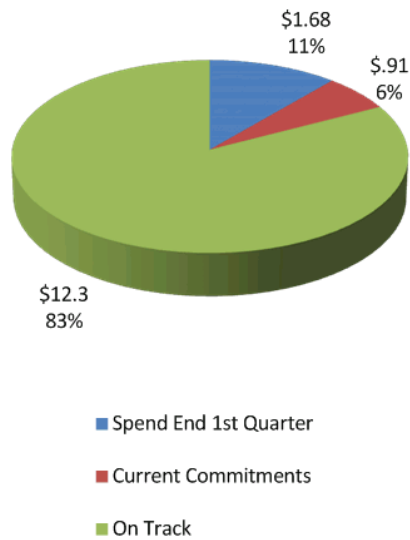
Program Update

- The construction of the new female friendly change rooms at Salisbury Oval commenced this quarter.
- Notification of successful grant funding to contribute towards a new facility at Bridgestone Reserve was received.
- Carpark, road links and site stormwater configuration and associated detail design for Salisbury Oval is underway.
- Scoping of the first stage of the Paddocks Master Plan Implementation has been completed.

TRANSPORTATION

(11.3% spent / 17.4% inclusive of commitments)

\$M & % of Revised Budget



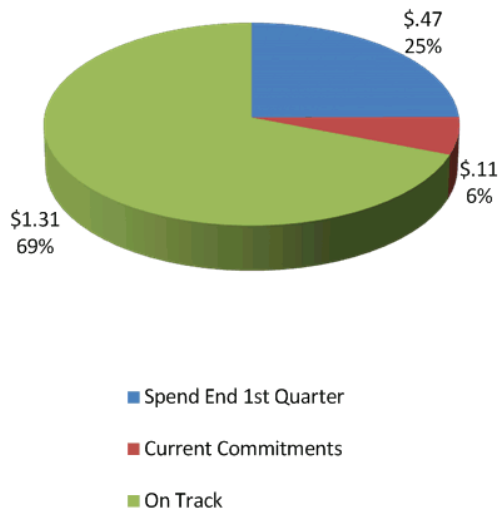
Program Update

- Detail design for the 2018/19 Road Reseal Program is well advanced and for some locations complete. This program is generally managed under a progressive delivery model across the financial year. Where possible, works are scheduled to minimise impact to commuters.
- The modification to Saints Road, adjacent Terrigal Drive and Carlingford Road is expected to be completed in the second quarter in alignment with the adjacent new shopping centre traffic works.

INFORMATION TECHNOLOGY

(24.9% spent / 30.9% inclusive of commitments)

\$M & % of Revised Budget



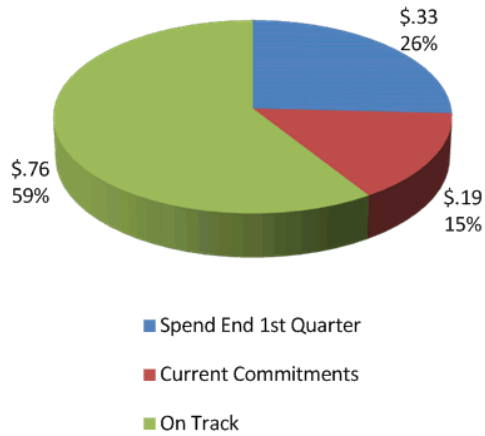
Program Update

- The Asset Management Improvement Project continues to effectively progress with early release of tablets out into the field and completion of a customer enquiries piece to aid in informing system configuration.
- Consultant engaged to scope the requirements of the new digital timesheet solution. It is anticipated this improvement will replace paper-based timesheets for field staff.
- The new Divisional Planning system was successfully implemented and utilised for the 2018/19 divisional plan.

SALISBURY WATER BUSINESS

(25.8% spent / 40.9% inclusive of commitments)

\$M & % of Revised Budget

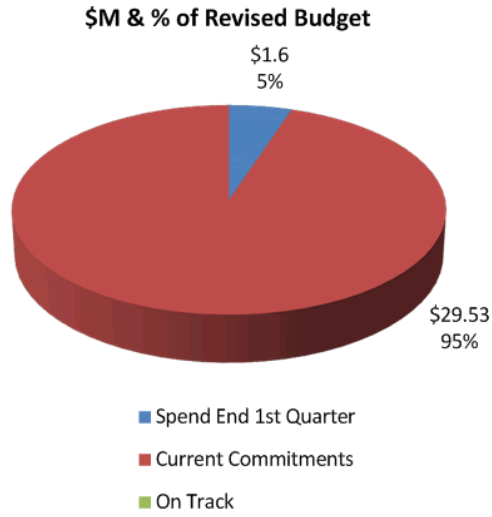


Program Update

- Construction commenced on the distribution main link from Rowe Park to Walkley Heights.
- Groundwater Community Bores Tank and Booster Pump Stations at Carisbrook and Happy Home Reserve are being commissioned.
- Construction commenced on the automated flood release gate at Kaurua Park

STRATEGIC PROJECT - SCH

(5.1% spent / 100% inclusive of commitments)



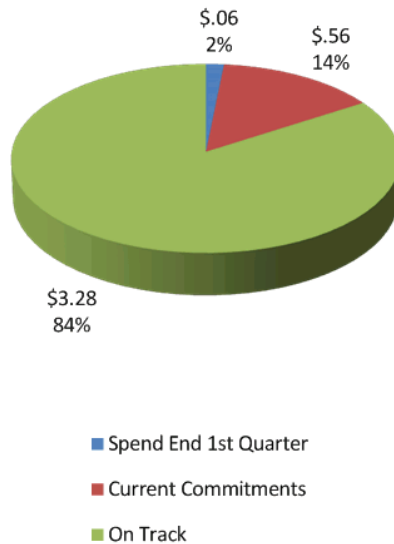
Program Update

- The Salisbury Community Hub is currently proceeding on program and within established time and budget contingencies

STRATEGIC PROPERTY

(1.6% spent / 15.9% inclusive of commitments)

\$M & % of Revised Budget



Program Update

- Tranche 1 - All sales and settlements are complete as of December 2017 for all Tranche 1 projects, final landscaping works for Emerald Green is out for tender to be commenced in second quarter 18/19 relating to the indigenous reserve to complete Tranche 1 works.
- Tranche 2 - The Boardwalk at Greentree continues to be progressively sold with land settlements following closely behind. Project civil construction complete and landscape construction complete, 76% of the residential project allotments are sold including all traditional allotments. The remainder of allotments require built form coordinated house and land product due to the focus on smaller lot/ infill housing designs, Parkside Town Homes with Normus Urban Projects will be released to market in October 2018

Appendix 5 Budgeted Financial Statements

The Budgeted Financial Statements presented in this Appendix are as originally budgeted. Adopted recommendations resulting from this Budget Review will be incorporated subsequently.

**City of Salisbury
Long Term Financial Plan Model
BUDGETED STATEMENT OF FINANCIAL POSITION**

YEAR ENDING 30 JUNE	2019 \$000's
ASSETS	
Current Assets	
Cash & Cash Equivalents	0
Trade & Other Receivables	4,762
Inventories	1,906
Total Current Assets	6,668
Non-Current Assets	
Financial Assets	1,259
Equity Accounted Investments in Council Businesses	3,946
Infrastructure, Property, Plant & Equipment	1,483,159
Other Non-Current Assets	24,561
Total Non-Current Assets	1,512,925
TOTAL ASSETS	1,519,593
LIABILITIES	
Current Liabilities	
Cash Advance Debentures	9,010
Trade & Other Payables	14,040
Borrowings	1,978
Provisions	7,243
Total Current Liabilities	32,271
Non-Current Liabilities	
Borrowings	8,598
Provisions	1,812
Total Non-Current Liabilities	10,410
TOTAL LIABILITIES	42,681
NET ASSETS	1,476,912
EQUITY	
Accumulated Surplus	362,639
Asset Revaluation Reserves	1,089,880
Other Reserves	24,393
TOTAL EQUITY	1,476,912

**City of Salisbury
Long Term Financial Plan Model
BUDGETED STATEMENT OF CHANGES IN EQUITY**

YEAR ENDING 30 JUNE	2019 \$000's
Opening Balance	1,447,293
Net Surplus / (Deficit) for Year	12,918
Other Comprehensive Income	
- Gain (Loss) on Revaluation of I,PP&E	16,701
Other Comprehensive Income	16,701
Total Comprehensive Income	29,619
Transfers between Equity	0
Balance at end of period	1,476,912

City of Salisbury
 Long Term Financial Plan Model
 BUDGETED STATEMENT OF CASH FLOWS

YEAR ENDING 30 JUNE	2019 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Operating Receipts	118,330
Investment Receipts	159
Payments	
Operating Payments to Suppliers and Employees	(86,916)
Finance Payments	(1,641)
Net Cash provided by (or used in) Operating Activities	29,932
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Amounts Received Specifically for New /Upgraded Assets	2,530
Sale of Replaced Assets	515
Sale of Real Estate Developments	2,287
Repayments of Loans by Community Groups	31
Payments	
Expenditure on Renew al/Replacement of Assets	(16,524)
Expenditure on New /Upgraded Assets	(31,633)
Net Cash Provided by (or used in) Investing Activities	(42,794)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Proceeds from Borrow ings	0
Payments	
Repayments of Borrow ings	(2,141)
Net Cash provided by (or used in) Financing Activities	(2,141)
Net Increase/(Decrease) in cash held	(15,003)
Cash & Cash Equivalentents at Beginning of Period	5,993
Cash & Cash Equivalentents/Movements in Borrowings at End of Period	(9,010)

City of Salisbury
 Long Term Financial Plan Model
 BUDGETED UNIFORM PRESENTATION OF FINANCES

YEAR ENDING 30 JUNE	2019 \$000's
Income	118,372
less Expenses	(114,786)
Operating Surplus / (Deficit)	3,586
Less: Net Outlays on Existing Assets	
Capital Expenditure on Renewal/Replacement of Existing Assets	(16,524)
less Depreciation, Amortisation & Impairment	26,729
less Proceeds from Sale of Replaced Assets	515
	10,720
Less: Net Outlays on New and Upgraded Assets	
Capital Expenditure on New /Upgraded Assets	(31,633)
less Amounts Specifically for New /Upgraded Assets	2,530
less Proceeds from Sale of Surplus Assets	2,287
	(26,816)
Net Lending / (Borrowing) for Financial Year	(12,510)

ITEM 7: MOTIONS ON NOTICE

7.1 Motion on Notice – Donations to Council Candidates

Cr Chad Buchanan has submitted the following Notice of Motion:

1. That Council call on the State Government to amend the Local Government (Elections) Act 1999 to ban donations from property developers to candidates in Council elections.

Administration Comment:

No administration comment required for this motion.

7.2 Motion on Notice - Salisbury Oval Development and Neales Green Historical Information

Cr Linda Caruso has submitted the following Notice of Motion:

1. That a report be provided to the new Council at its January 2019 meeting giving update advice on the Salisbury Oval development and historical information about Neales Green.

Administration Comment:

No Administration comment required – the matter will be responded to via the report to the January 2019 meeting should the motion become a Council resolution.

7.3 Motion on Notice - Acknowledgement of Retiring Members

Cr Chad Buchanan has submitted the following Notice of Motion:

1. That Council publicly acknowledge and express its gratitude to Cr Joe Caruso and Cr Robyn Cook for their contributions and service to the Council and the people of the City of Salisbury during their time as Elected Members.

Administration Comment:

No administration comment required.

7.4 Footpath Construction Budget

Cr Damien Pilkington has submitted the following Notice of Motion:

1. That a report be brought forward to the newly elected Council, in time for consideration in the 2019/20 budget, providing advice about the likely impact of one-off increases of \$1m each to the footpath construction and footpath repairs and maintenance budgets, and Council's long term financial management plan, including:
 - how many additional kilometres of footpath on our capital works program could be accelerated for construction with the additional funds;
 - the likely increase in rectifying footpath faults; and
 - the impact on Council's long-term footpath maintenance budget and program, and asset management plans.

Administration Comment:

Council staff will need to investigate the ramifications to the long term financial plan in relation to the levels of service that this motion proposes.

These details will be incorporated into a report should Council endorse the above motion.

ITEM 8: MAYOR'S DIARY

Recommendation

1. That this information be noted.

Date	Time	Function
20/09/2018	09:25 AM	United Indian
23/09/2018	11:30 AM	Veterans Health Week function - BBQ cook off
24/09/2018	03:00 PM	Meeting with Dr Senthil & Anup - Smart Cities
24/09/2018	04:00 PM	OFFICE TIME - Schedule upcoming week/ Signing/Speeches and Resident Enquiries
24/09/2018	05:00 PM	Pre Council Meeting Briefing
24/09/2018	06:30 PM	Council Meeting
25/09/2018	11:30 AM	Meeting with Developer - Michael Calabro
25/09/2018	12:30 PM	Meeting with Nick Champion
25/09/2018	03:30 PM	Youth Opportunities Term 3 Graduation
26/09/2018	09:30 AM	Zaidi - Afghan Community are holding a large event and would like to discuss it with you.
26/09/2018	10:00 AM	Meeting with Resident
26/09/2018	12 Noon	Meeting with Resident
29/09/2018	06:00 PM	Equatoria Communities Cultural Day
1/10/2018	03:30 PM	Mawson Lakes Yacht Club - Presentation of Trophies
2/10/2018	10:30 AM	PBA FM Radio - Spotlight on Salisbury
2/10/2018	11:30 AM	OFFICE TIME - Schedule upcoming week/ Signing/Speeches and Resident Enquiries
2/10/2018	12:30 PM	Regular Catchup to Discuss Current/Upcoming Planning/Building Issues
2/10/2018	12 Noon	Media Issues - Regular Catch-up
3/10/2018	06:30 PM	Providence - Opening Night Performance
4/10/2018	06:30 PM	Migrant event (Indian)
5/10/2018	07:15 PM	Mawson Lakes Photography Club Opening night of its 6th annual exhibition
5/10/2018	08:30 PM	The Pontian Eagles Annual Awards Night Presentation
6/10/2018	08:00 PM	Official Launch of the Gloria Health Association Australia Inc
7/10/2018	11:00 AM	Cambodian Ancestors Day
8/10/2018	09:00 AM	SPEECH - Inclusion Event
8/10/2018	04:00 PM	OFFICE TIME - Schedule upcoming week/ Signing/Speeches and Resident Enquiries
10/10/2018	10:30 AM	Media Issues - Regular Catch-up
10/10/2018	11:00 AM	Mayor/CEO/EA
10/10/2018	03:30 PM	Citizenship Ceremony 10/10/2018 - Early Session
10/10/2018	06:30 PM	Citizenship Ceremony 10/10/2018 - Evening Session
10/10/2018	12 Noon	Certify the Annual Financial Statements for 2018
12/10/2018	09:30AM	Pre-Record Radio Show
13/10/2018	06:00 PM	Bathukamma Festival
14/10/2018	11:30 AM	Salisbury Plays: St Kilda

15/10/2018	11:00 AM	Canceled: MLGG Executive Committee Meeting
15/10/2018	04:00 PM	OFFICE TIME - Schedule upcoming week/ Signing/Speeches and Resident Enquiries
15/10/2018	06:30 PM	Standing Committee Meetings
16/10/2018	10:00 AM	EVERY LIFE MATTERS - Suicide Prevention Network AGM
16/10/2018	12 Noon	Media Issues - Regular Catch-up
17/10/2018	10:00 AM	Confidential - Sale of Properties
17/10/2018	11:00 AM	Mayor/CEO/EA
17/10/2018	06:30 PM	Legends Awards 2018
18/10/2018	10:30 AM	10th Anniversary - 'The Gardens' Village
18/10/2018	05:30 PM	Re-Launch of Century 21

Events attended by Elected Members on behalf of the Mayor

Date	Member	Function
01/10/2018	Cr S White	Yacht Club Dinner
17/10/2018	Cr L Caruso	Bathukamma Festival

ITEM 9: ELECTED MEMBER REPRESENTATION ACTIVITIES

ITEM 10: QUESTIONS WITHOUT NOTICE

ITEM 11: QUESTIONS ON NOTICE

11.1 Question on Notice: HACC Bus

Cr Damien Pilkington has submitted the following question:

In the 2016 budget Council increased funding to the volunteer passenger service to increase the number of services provided.

Recently I saw a new bus but was driving so I couldn't see it clearly. What does the new bus look like and how has the increased funding increased the number of passenger services provided?

General Manager Community Development, Ms Pippa Webb has provided the following response:

Since the 2015/16 financial year Council has provided \$100,000 funding per annum to expand the transport services provided through Salisbury Home and Community Services. At the time of the new initiative the external funding was called Home and Community Care (HACC) and administered by the State Government. However with the national aged care and disability reforms, the component of the external funding for the aged is now administered by the Commonwealth Government and called Commonwealth Home Support Programme (CHSP).

Council's contribution to the transport services saw the expansion of the Salisbury Home and Community Services fleet of vehicles and resulted in the delivery of an additional 18,304 transport trips over the last three (3) years.

The external Commonwealth and State funding contractual arrangements was to deliver 22,920 transport trips over the last three (3) financial years of 2015/16; 2016/17; and 2017/18. However in that period a total of 41,224 transport trips were delivered to an average of 650 customers per year.

The current fleet consists of three (3) Toyota 12 seater buses; three (3) Hyundai IMAX 8 seater vans; and four (4) station wagons. The changeover sequence of these vehicles is managed by the City Infrastructure Department, Fleet and Workshop section in accordance with Council's policy and procedures.



ITEM 12: OTHER BUSINESS / MOTIONS WITHOUT NOTICE

ITEM 13: CONFIDENTIAL ITEMS

There are no confidential items for discussion.