

Financial Report

City of Burnside

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

We are renowned for our City's green and leafy character and unique integrated urban form. We are highly regarded for our sense of community spirit, support for one another, social diversity and commitment to the environment.



General Purpose Financial Statements
for the year ended 30 June 2015

Contents	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	43
5. Independent Auditor's Report - Internal Controls	45
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	47
- Audit Certificate of Audit Independence	48

City of Burnside

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by 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 as at 30 June 2015 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.

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

Paul Deb
CHIEF EXECUTIVE OFFICER

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

David Parkin
MAYOR

Statement of Comprehensive Income

for the year ended 30 June 2015

\$ '000	Notes	2015	2014
Income			
Rates Revenues	2a	34,988	33,280
Statutory Charges	2b	1,329	1,170
User Charges	2c	910	1,055
Grants, Subsidies and Contributions	2g	4,417	3,105
Investment Income	2d	50	157
Reimbursements	2e	489	445
Other Income	2f	317	353
Net Gain - Equity Accounted Council Businesses	19	71	79
Total Income		42,571	39,644
Expenses			
Employee Costs	3a	15,151	14,504
Materials, Contracts & Other Expenses	3b	17,762	17,631
Depreciation, Amortisation & Impairment	3c	8,135	8,283
Finance Costs	3d	131	16
Net loss - Equity Accounted Council Businesses	19	249	105
Total Expenses		41,428	40,539
Operating Surplus / (Deficit)		1,143	(895)
Asset Disposal & Fair Value Adjustments	4	103	1
Amounts Received Specifically for New or Upgraded Assets	2g	304	726
Physical Resources Received Free of Charge	2i	451	68
Net Surplus / (Deficit) ¹		2,001	(100)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(104,516)	-
Movements in Other Reserves	9c	1	11
Total Other Comprehensive Income		(104,515)	11
Total Comprehensive Income		(102,514)	(89)

¹ Transferred to Equity Statement

City of Burnside

Statement of Financial Position as at 30 June 2015

\$ '000	Notes	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	2,198	606
Trade & Other Receivables	5b	1,445	1,184
Inventories	5c	26	26
Total Current Assets		3,669	1,816
Non-Current Assets			
Financial Assets	6a	25	-
Equity Accounted Investments in Council Businesses	6b	176	105
Infrastructure, Property, Plant & Equipment	7a	510,968	607,983
Other Non-Current Assets	6c	3,577	2,161
Total Non-Current Assets		514,746	610,249
TOTAL ASSETS		518,415	612,065
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	3,912	3,237
Borrowings	8b	8,261	43
Provisions	8c	1,815	2,043
Total Current Liabilities		13,988	5,323
Non-Current Liabilities			
Borrowings	8b	50	96
Provisions	8c	324	222
Liability - Equity Accounted Council Businesses	8d	2,237	2,094
Total Non-Current Liabilities		2,611	2,412
TOTAL LIABILITIES		16,599	7,735
Net Assets		501,816	604,330
EQUITY			
Accumulated Surplus		215,320	213,319
Asset Revaluation Reserves	9a	286,085	390,601
Other Reserves	9b	411	410
Total Council Equity		501,816	604,330

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

page 4

Statement of Changes in Equity

for the year ended 30 June 2015

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2015					
Balance at the end of previous reporting period		213,319	390,601	410	604,330
Net Surplus / (Deficit) for Year		2,001	-	-	2,001
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(104,516)	-	(104,516)
- Increase in Open Space Contribution Reserve		-	-	1	1
Other Comprehensive Income		-	(104,516)	1	(104,515)
Total Comprehensive Income		2,001	(104,516)	1	(102,514)
Balance at the end of period		215,320	286,085	411	501,816
2014					
Balance at the end of previous reporting period		211,285	390,601	2,533	604,419
Net Surplus / (Deficit) for Year		(100)	-	-	(100)
Other Comprehensive Income					
- Increase in Open Space Contribution Reserve		-	-	11	11
Other Comprehensive Income		-	-	11	11
Total Comprehensive Income		(100)	-	11	(89)
Transfers between Reserves		2,134	-	(2,134)	-
Balance at the end of period		213,319	390,601	410	604,330

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

page 5

City of Burnside

Statement of Cash Flows for the year ended 30 June 2015

\$ '000	Notes	2015	2014
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		34,925	33,296
Statutory Charges		1,329	1,170
User Charges		910	1,055
Grants, Subsidies and Contributions (operating purpose)		4,417	3,105
Investment Receipts		50	157
Reimbursements		489	445
Other Receipts		139	84
<u>Payments</u>			
Payments to Employees		(15,020)	(14,539)
Payments for Materials, Contracts & Other Expenses		(18,806)	(20,138)
Finance Payments		(131)	(16)
Net Cash provided by (or used in) Operating Activities	11b	8,302	4,619
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		304	726
Sale of Replaced Assets		333	195
Repayments of Loans by Community Groups		9	-
Distributions Received from Equity Accounted Council Businesses		71	79
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(11,903)	(6,298)
Expenditure on New/Upgraded Assets		(3,549)	(2,729)
Loans Made to Community Groups		(41)	-
Capital Contributed to Equity Accounted Council Businesses		(106)	(131)
Net Cash provided by (or used in) Investing Activities		(14,882)	(8,158)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(42)	(42)
Net Cash provided by (or used in) Financing Activities		(42)	(42)
Net Increase (Decrease) in Cash Held		(6,622)	(3,581)
plus: Cash & Cash Equivalents at beginning of period	11	606	4,187
Cash & Cash Equivalents at end of period	11	(6,016)	606

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

page 6

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Income	14
3	Expenses	17
4	Asset Disposal & Fair Value Adjustments	19
	Current Assets	
5a	Cash & Cash Equivalents	19
5b	Trade & Other Receivables	19
5c	Inventories	19
	Non-Current Assets	
6a	Financial Assets	20
6b	Equity Accounted Investments in Council's Businesses	20
6c	Other Non-Current Assets	20
	Fixed Assets	
7a (i)	Infrastructure, Property, Plant & Equipment	21
7a (ii)	Investment Property	21
7b	Valuation of Infrastructure, Property, Plant & Equipment	22
	Liabilities	
8a	Trade & Other Payables	25
8b	Borrowings	25
8c	Provisions	25
8d	Liability Accounted Investments in Council Businesses	25
	Reserves	
9a	Asset Revaluation Reserve	26
9b	Other Reserves	26
10	Assets Subject to Restrictions	26
11	Reconciliation to Statement of Cashflows	27
12a	Functions	28
12b	Components of Functions	29
13	Financial Instruments	30
14	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	32
15	Financial Indicators	34
16	Uniform Presentation of Finances	36
17	Operating Leases	37
18	Superannuation	38
19	Interests in Other Entities	39
20	Events After the Balance Sheet Date	42

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 July, 2013.

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.

1.4 Rounding

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

1.5 Prior Period Adjustments

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. The nature and amount of each prior period error is disclosed.

2 The Local Government Reporting Entity

City of Burnside is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 401 Greenhill Road, Tusmore, SA 5065. There were no reporting entities controlled by Council during the reporting period and consolidated into these financial statements. The net results of entities in which Council exert a significant (but not controlling) influence have been equity accounted for in the Statement of Comprehensive Income.

The principal activities and entities conducted, other than in the Council's own name, that have been included in these financial statements are:

1. Eastern Waste Management Authority Inc
2. Highbury Landfill Authority Inc
3. Eastern Health Authority Inc

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

Trust monies and property held by Council but subject to the control of other persons have been included in these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3 Income Recognition

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

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

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$354,258 was paid in advance; in June 2012 two quarters of the 2012/13 allocation: \$729,354; and in June 2013, two quarters of the 2013/14 allocation: \$733,778. Accordingly, the operating results for these periods have been not comparable when compared to those that would have been reported had the grants been paid in a consistent manner.

These amounts in advance were adjusted in the 2013/14 financial year. A similar advance payment of two quarters amounting to \$727,083 occurred in June 2015 relating to the 2015/16 Financial Assistance Grants.

Accordingly, the operating results have been distorted compared to those that would have been reported had the grants been received in the appropriate financial years.

The amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

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 at the lower of cost and net realisable value.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the 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 & equipment when "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. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Information Technology/Computer Equipment	\$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis (3-5 years) 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 7b.

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.

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

<i>Land Improvements</i>	20 to 30 years
<i>Buildings</i>	40 to 60 years
<i>Infrastructure</i>	
Sealed Roads – Surface	12 to 100 years
Sealed Roads – Structure	80 to 100 years
Paving & Footpaths, Kerb & Gutter	30 to 120 years
Drainage	80 years
<i>Plant & Equipment</i>	
Office Equipment	5 to 10 years
Library Equipment/Media	5 to 15 years
Major Plant	5 to 8 years
Other Plant & Equipment	2 to 50 years
<i>Furniture & Fittings</i>	
Office Furniture	10 to 20 years
Street/Reserve Furniture	10 to 20 years
Artworks	Indefinite

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for 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.

6.6 Borrowing Costs

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

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts 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.

8 Borrowings

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

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender are replaced by notional interest as per AASB 139 *Financial Instruments*.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

10 Leases

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

11 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100 per cent completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

12 Joint Ventures and Associated Entities

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

13 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.

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 New Accounting Standards and UIG Interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015. Council has not adopted any of these standards early.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 2. Income

\$ '000	Notes	2015	2014
(a). Rates Revenues			
General Rates			
General Rates		33,740	32,314
Less: Mandatory Rebates		(202)	(388)
Less: Discretionary Rebates, Remissions & Write Offs		(2)	(39)
Total General Rates		33,536	31,887
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,350	1,298
Total Other Rates		1,350	1,298
Other Charges			
Penalties for Late Payment		99	94
Rates Postponed - Interest		3	1
Total Rates Revenues		34,988	33,280
(b). Statutory Charges			
Development Act Fees		454	476
Town Planning Fees		36	37
Animal Registration Fees & Fines		179	160
Parking Fines / Expiation Fees		580	472
Other Licences, Fees & Fines		80	25
Total Statutory Charges		1,329	1,170
(c). User Charges			
Hall & Equipment Hire		240	208
Property Leases		114	125
Community Program User Charges		56	78
Green Organics Collection Charges		85	85
Library Fees, Fines & Other User Charges		24	44
Other Commercial Activities		86	122
Swimming Centre User Charges		149	280
Rates Searches		52	53
Community Transport		12	16
Pepper St Arts Centre User Charges		15	13
Other User Charges		77	31
Total User Charges		910	1,055

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		38	114
- Banks & Other		12	43
Total Investment Income		50	157
(e). Reimbursements			
Private Works		121	130
Commercial Reimbursements		-	75
Insurance Rebates		212	102
Workers Compensation Claims		151	95
Other Reimbursements		5	43
Total Reimbursements		489	445
(f). Other Income			
Rebates Received		293	329
Gifts & Donations		4	-
Sale of Surplus Equipment		20	24
Total Other Income		317	353
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		304	726
Other Grants, Subsidies and Contributions		3,690	3,105
Individually Significant Item - Additional Grants Commission Payment (refer below)		727	-
Total Grants, Subsidies, Contributions		4,721	3,831
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		1,963	1,763
State Government		2,693	1,873
Other		65	195
Total		4,721	3,831
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		727	-

On 30 June 2015, Council received a payment equivalent to the first and second instalments of the 2015/16 Grant Commission Financial Assistance and Local Roads Grants.

This materially increased Council's operating result in the 2014/15 financial year, as these amounts are recognised as income upon receipt.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		110	509
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods.</i>			
Disability Access to Buildings		(100)	-
Crime Prevention		(9)	-
Family Connections		-	(54)
Office for Recreation & Sport (Glenunga Hub)		-	(405)
Office for Recreation & Sport (Webb Oval)		-	(50)
Subtotal		(109)	(509)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions.</i>			
Kensington Gardens RSL Grant		25	-
War Memorial Grant		5	-
Disability Access to Buildings		-	100
Crime Prevention		1	10
Subtotal		31	110
Unexpended at the close of this reporting period		32	110
Net increase (decrease) in assets subject to conditions in the current reporting period		(78)	(399)
(i). Physical Resources Received Free of Charge			
Plant & Equipment		-	67
Furniture & Fittings		-	1
Infrastructure		451	-
Total Physical Resources Received Free of Charge		451	68

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 3. Expenses

\$ '000	Notes	2015	2014
(a). Employee Costs			
Salaries and Wages		11,922	11,312
Employee Leave Expense		1,526	1,728
Superannuation - Defined Contribution Plan Contributions	18	1,243	1,213
Workers' Compensation Insurance		616	511
Other		97	71
Less: Capitalised and Distributed Costs		(253)	(331)
Total Operating Employee Costs		15,151	14,504
Total Number of Employees (full time equivalent at end of reporting period)			
		161.3	161.3
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		60	22
Bad and Doubtful Debts		(1)	-
Elected Members' Expenses		210	251
Independent Sitting Fees		31	29
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		297	313
Subtotal - Prescribed Expenses		597	615
(ii) Other Materials, Contracts and Expenses			
Contractors		8,564	8,193
Other Contractual Services		1,563	1,895
Professional Services		251	250
Energy		1,319	1,400
Legal Expenses		503	369
Levies Paid to Government - NRM levy		1,344	1,304
Levies - Other		70	45
Parts, Accessories & Consumables		1,275	1,314
Sundry Materials, Contracts & Expenses		338	333
Water		530	524
Insurance Premiums		519	518
Advertising		117	100
Bank Fees & Charges		109	109
Contributions / Donations		136	203
Postage		124	111
Subscriptions		132	109
Taxes		138	116
Training		173	168
Less: Capitalised and Distributed Costs		(40)	(45)
Subtotal - Other Material, Contracts & Expenses		17,165	17,016
Total Materials, Contracts and Other Expenses		17,762	17,631

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 3. Expenses (continued)

\$ '000	Notes	2015	2014
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Land Improvements		68	65
Buildings		1,078	1,055
<i>Infrastructure</i>			
- Stormwater Quality Devices		66	909
- Stormwater Structures		878	-
- Other Structures		158	272
- Recreation/Sport Structures		655	1,023
- Road Structures		3,808	3,338
- Traffic Control Devices		159	286
Plant & Equipment		1,091	1,228
<i>Furniture and Fittings</i>			
- Street/Reserve		89	95
- Interior		17	12
Subtotal		8,067	8,283
(ii) Impairment			
Infrastructure		68	-
Subtotal		68	-
Total Depreciation, Amortisation and Impairment		8,135	8,283
(d). Finance Costs			
Interest on Loans		131	16
Total Finance Costs		131	16

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2015	2014
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		333	195
Less: Carrying Amount of Assets Sold		(230)	(194)
Gain (Loss) on Disposal		103	1
Net Gain (Loss) on Disposal or Revaluation of Assets		103	1

Note 5. Current Assets

(a). Cash & Cash Equivalents			
Cash on Hand at Bank		1,081	278
Deposits at Call		1,117	328
Total Cash & Cash Equivalents		2,198	606
(b). Trade & Other Receivables			
Rates - General & Other		611	574
Council Rates Postponement Scheme		52	26
Accrued Revenues		69	21
Debtors - General		147	252
GST Recoupment		385	314
Prepayments		169	(3)
Loans to Community Organisations		7	-
Sundry		5	-
Total Trade & Other Receivables		1,445	1,184
(c). Inventories			
Stores & Materials		26	26
Total Inventories		26	26

City of Burnside

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 6. Non-Current Assets

\$ '000	Notes	2015	2014
(a). Financial Assets			
Receivables			
Loans to Community Organisations		25	-
Total Receivables		25	-
Other Financial Assets (Investments)			
Nil			
(b). Equity Accounted Investments in Council Businesses			
Eastern Health Authority	19	130	102
East Waste	19	46	3
Total Equity Accounted Investments in Council Businesses		176	105
(c). Other Non-Current Assets			
Capital Works-in-Progress - Buildings		3,263	1,318
Capital Works-in-Progress - Infrastructure		256	843
Capital Works-in-Progress - Plant & Equipment		56	-
Capital Works-in-Progress - Furniture & Fittings		2	-
Total Other Non-Current Assets		3,577	2,161

City of Burnside

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 7a (i). Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/6/2014					Asset Movements during the 2014/2015 Reporting Period							as at 30/6/2015				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying Value	Asset Additions		WDV of Asset Disposals	Dep'n Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (A/R) (Note 5)	Revaluation Increments to Equity (A/R) (Note 5)	At Fair Value	At Cost	Accumulated		Carrying Value
						New / Upgrade	Renewals									Dep'n	Imp't	
\$ '000																		
Land and Land Improvements	2	381,461	1,804	283	383,071	-	-	-	(68)	-	775	(174,961)	45,532	254,555	-	206	-	254,349
Buildings	2	37,541	940	21,470	17,010	448	-	-	(943)	-	-	(3,964)	89	31,489	-	18,551	-	12,938
Buildings	3	41,174	789	16,948	25,015	3	5,184	-	(434)	-	-	(7,925)	16,727	74,216	3	35,639	-	38,590
Infrastructure																		
- Stormwater Quality Devices	2	1,047	-	138	908	28	5	-	(21)	-	-	(193)	106	987	-	155	-	832
- Stormwater Quality Devices	3	4,335	227	1,010	3,552	-	-	-	(46)	-	-	(4)	649	5,485	18	1,352	-	4,151
- Stormwater Structures	2	80,001	1,526	31,344	50,183	274	315	-	(876)	(4)	-	(231)	65	81,330	852	32,221	4	49,957
- Other Structures	2	1,029	-	456	573	-	-	-	(33)	-	-	(285)	1,845	4,641	-	2,487	-	2,154
- Recreation/Sport Structures	2	3,858	1,230	2,829	2,257	355	-	-	(124)	(36)	-	(592)	11,315	21,883	136	8,719	36	13,284
- Recreation/Sport Structures	3	9,660	1,111	7,153	3,618	876	60	-	(606)	-	-	(285)	5,275	12,509	11	3,402	-	9,038
- Road Structures	2	731	-	500	231	-	-	-	(49)	-	-	(4)	822	2,040	-	1,039	-	1,001
- Traffic Control Devices	2	257,865	8,108	154,747	111,024	327	4,440	-	(3,808)	(28)	451	-	537	256,427	14,562	158,555	28	112,406
- Traffic Control Devices	3	8,392	531	5,722	3,201	10	7	-	(159)	-	-	(686)	310	8,404	17	5,511	-	2,910
- Plant & Equipment	2	86	-	-	86	-	-	-	-	-	-	-	-	-	-	224	-	86
- Furniture and Fittings	2	15,728	-	9,687	6,041	1,080	1,053	-	(1,091)	-	-	-	-	-	16,542	9,690	-	6,852
- Street/Reserve	2	1,104	57	708	453	-	-	-	(77)	-	-	(56)	727	1,613	-	567	-	1,046
- Street/Reserve	3	570	-	256	312	-	-	-	(11)	-	-	(9)	612	1,238	-	332	-	906
- Interior	2	239	-	222	17	50	18	-	(17)	-	-	-	-	-	306	240	-	68
- Artwork	2	430	-	-	430	-	-	-	-	-	-	-	-	430	-	-	-	430
Total Infrastructure, Property, Plant & Equipment		829,320	32,138	253,475	607,963	3,549	11,092	(230)	(8,067)	(68)	1,226	(168,817)	84,301	757,558	32,449	278,971	68	510,968

Comparatives:

	Fair Value Level	as at 30/6/2013					Asset Movements during the 2013/2014 Reporting Period							as at 30/6/2014				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying Value	Asset Additions		WDV of Asset Disposals	Dep'n Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (A/R) (Note 5)	Revaluation Increments to Equity (A/R) (Note 5)	At Fair Value	At Cost	Accumulated		Carrying Value
						New / Upgrade	Renewals									Dep'n	Imp't	
Total		829,490	23,657	245,762	607,965	2,729	6,297	(194)	(8,263)	-	68	-	-	829,320	32,138	253,475	-	607,963

Note 7a (ii). Investment Property
Nil

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

Where there is no known market for buildings, infrastructure and other assets, or where a revaluation has not been adopted after 1 July 2013, these assets are valued at depreciated current replacement cost. This method involves:

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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

\$ '000

Valuation of Assets (continued)

Highest and best use

Land

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the *Local Government Act 1999*. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

Buildings

For buildings and other structures on and in the land, "highest and best use" is determined in accordance with the land on and in which they are situated.

Infrastructure

For infrastructure on and in the land, "highest and best use" is determined in accordance with the land on and in which they are situated.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement are that all valuations undertaken since 1 July 2013 are shown by the valuation dates by individual asset classes.

The dates of the valuations for the individual assets classes are shown below.

Land & Land Improvements

The asset class of Land and Land Improvements was revalued by Liquid Pacific Holdings Pty Ltd on a Fair Value basis as at 30 June 2015.

Liquid Pacific's previous valuation advice for Council had made reference to markets, where markets were evident. Assets were segregated for valuation purposes on the basis of being either specialised or non-specialised (the latter considered asset which could be market defined) and under AASB116 were required to be valued at either depreciated replacement cost or market. Land, as such, had previously been valued on the basis of market value, reflecting the amount required to acquire a parcel of land with similar characteristics. Where AASB13 significantly differs in this approach, is to reflect in the value of the land, the impediments to realizing a higher and better use for the site.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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

\$ '000

Valuation of Assets (continued)

In accordance with the ASSB 13, Land and Land Improvements that are not able to be traded in an open market and that do not have values linked to income-generating capability have now been valued using the cost approach. The cost approach for land determines value with reference to sales prices of unencumbered freehold land in an active market with similar characteristics adjusted for size, topography, etc. A discount factor is then applied to reflect restrictions or other encumbrances attached to the asset. For open space assets that must remain so by virtue of their classification (eg heritage, dedication) the discount is severe. A discount factor of up to 90 per cent has been applied to some land assets, based on evidence of land transactions for property that cannot be developed such as scrub land and the like. Due to the inherent difficulties in estimating these discount factors, being a significant unobservable input, these land assets have been disclosed as a Fair Value hierarchy Level 2, in accordance with AASB 13.

The 30 June 2015 valuation has resulted in a net decrement totalling \$129,429,000 (refer to Note 7a) across this category of assets. Two assets in particular accounted for 48 per cent of the total decrement:

- Kensington Gardens Reserve which was revalued from \$40,609,000 to \$5,061,000, a decrement of \$35,548,000; and
- Hazelwood Park which was revalued from \$31,173,000 to \$4,493,000, a decrement of \$26,680,000.

These parcels of land have been classified as Local/State Heritage sites and as such, the potential for the site to achieve a higher and better use is considered negligible. This classification has been reflected in the valuer's assumptions and resultant discount factors applied to valuation calculations.

Buildings & Other Structures

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Liquid Pacific Holdings Pty Ltd

Infrastructure

Road & Stormwater Structures

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2012.
- Valuer: Tonkin Consulting

Traffic Control Devices, Recreation/Sporting & Other Structures

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Maloney Field Services

Furniture & Fittings

Street/Reserve

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Maloney Field Services

All other Assets

Artworks

- Basis of valuation: Fair Value
- Date of valuation: 9 April 2013. Adopted 30 June, 2013
- Valuer: Theodore Bruce Auctions Pty Ltd

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 8. Liabilities

\$ '000	Notes	2015	2015	2014	2014
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		1,476	-	353	-
Payments Received in Advance		62	-	221	-
Accrued Expenses - Employee Entitlements		161	-	30	-
Accrued Expenses - Other		2,213	-	2,633	-
Total Trade and Other Payables		3,912	-	3,237	-

(b). Borrowings

Short Term Draw Down Facility		8,214	-	-	-
Loans		47	50	43	96
Total Borrowings		8,261	50	43	96

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

(c). Provisions

Fringe Benefits Tax Provision		35	-	40	-
Long Service Leave Provision		900	324	1,057	222
Annual Leave Provision		846	-	875	-
Rostered Days Off Provision		34	-	71	-
Total Provisions		1,815	324	2,043	222

Movements in Provisions

\$ '000				
2015 (current & non-current)				
	Fringe Benefits Tax Provision	Long Service Leave Provision	Annual Leave Provision	Rostered Days Off Provision
Opening Balance	40	1,279	875	71
(Less) Payments	(5)	(55)	(29)	(37)
Closing Balance	35	1,224	846	34

(d). Liability Accounted Investments in Council Businesses

	2015	2014
Highbury Landfill Authority	2,237	2,094
Total Liability Accounted Investments in Council Businesses	2,237	2,094

19

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 9. Reserves

\$ '000	1/7/2014	Increments (Decrements)	Prior Period Adj	Impairments	30/6/2015
(a). Asset Revaluation Reserve					
Land and Land Improvements	246,026	(129,429)	-	-	116,597
Buildings	27,972	4,928	-	-	32,900
Infrastructure	109,710	18,709	-	-	128,419
Plant & Equipment	4,799	-	-	-	4,799
Furniture and Fittings	2,094	1,277	-	-	3,371
Total Asset Revaluation Reserve	390,601	(104,516)	-	-	286,085
Comparatives	390,601	-	-	-	390,601
(b). Other Reserves					
Open Space Contribution Reserve	410	1	-	-	411
Total Other Reserves	410	1	-	-	411
Comparatives	2,533	11	(2,134)	-	410

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).

Open Space Contribution Reserve

This reserve is used to record increments and decrements in Open Space Contributions.

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2015	2014
<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 & Financial Assets			
Unexpended amounts received from State Government		31	10
Disability Access to Buildings		-	100
Total Cash & Financial Assets		31	110

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2015	2014
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	2,198	606
Less: Short-Term Borrowings	8	(8,214)	-
Balances per Statement of Cash Flows		(6,016)	606
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		2,001	(100)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		8,135	8,283
Equity Movements in Equity Accounted Investments (Increase)/Decrease		178	26
Non-Cash Asset Acquisitions		(451)	(68)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(304)	(726)
Net (Gain) Loss on Disposals		(103)	(1)
Other		-	11
		9,456	7,425
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(254)	87
Net (Increase)/Decrease in Inventories		-	(3)
Net (Increase)/Decrease in Other Current Assets		(1,416)	(2,161)
Net Increase/(Decrease) in Trade & Other Payables		642	(873)
Net Increase/(Decrease) in Other Provisions		(126)	144
Net Cash provided by (or used in) operations		8,302	4,619
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	21	451	68
Total Non-Cash Financing & Investing Activities		451	68
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate Credit Cards		75	75
LGFA Cash Advance Debenture Facility		10,000	10,000

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

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
\$ '000										
Business Undertakings	49	87	57	89	(8)	(2)	-	-	-	-
Community Services	2,039	1,910	3,796	4,480	(1,757)	(2,570)	1,602	1,455	-	-
Culture	423	249	1,889	1,947	(1,466)	(1,698)	243	141	-	-
Economic Development	-	57	21	20	(21)	37	-	-	-	-
Environment	164	297	9,509	8,336	(9,345)	(8,039)	67	127	-	-
Recreation	242	379	2,370	2,338	(2,128)	(1,959)	50	50	-	-
Regulatory Services	1,329	1,174	3,016	2,850	(1,687)	(1,676)	-	-	-	-
Transport & Communication	417	22	1,050	840	(633)	(818)	343	-	-	-
Plant Hire & Depot/Indirect	64	97	(685)	(380)	749	477	-	-	-	-
Unclassified Activities	-	-	121	-	(121)	-	-	-	-	-
Council Administration	37,773	35,293	20,035	19,914	17,738	15,379	2,112	1,332	518,415	612,065
Total Functions/Activities	42,500	39,565	41,179	40,434	1,321	(869)	4,417	3,105	518,415	612,065

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Private Works and Water Supply – Domestic.

COMMUNITY SERVICES

Public Order and Safety, Crime Prevention, Emergency Services and Fire Protection, Other Public Order and Safety, Immunisation and Preventive Health Services, Elderly Citizens Facilities, Home Assistance Scheme and Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries and Public Conveniences.

CULTURE

Mobile Libraries and Housebound Services, Static Libraries, Cultural Venues, Heritage and Other Cultural Services.

ECONOMIC DEVELOPMENT

Support to Local Businesses.

ENVIRONMENT

Animal/Plant Boards, Landcare, Domestic Waste, Green Waste, Recycling, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

Parks and Gardens, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Health Inspection, Parking Control, and Other Regulatory

TRANSPORT

Footpaths and Kerbing, Roads – sealed, Roads – formed, Traffic Management, LGGC – roads (formula funded).

COUNCIL ADMINISTRATION

Governance, Administration, Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 2.0% and 2.5% (2014: 2.5% and 3.25%).

Short term deposits have an average maturity of 180 days and an average interest rate of 3.3%. (2014: 180 days and 3.5%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts.

An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 4% and 5% (2014: 6% and 7%)

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2015					
Financial Assets					
Cash & Equivalents	2,198	-	-	2,198	2,198
Receivables	1,470	-	-	1,470	1,470
Total Financial Assets	3,668	-	-	3,668	3,668
Financial Liabilities					
Payables	3,945	-	-	3,945	3,912
Current Borrowings	8,261	-	-	8,261	8,261
Non-Current Borrowings	-	50	-	50	50
Total Financial Liabilities	12,206	50	-	12,256	12,223
2014					
Financial Assets					
Cash & Equivalents	606	-	-	606	606
Receivables	1,184	-	-	1,184	1,184
Total Financial Assets	1,790	-	-	1,790	1,790
Financial Liabilities					
Payables	3,237	-	-	3,237	3,237
Current Borrowings	43	-	-	43	43
Non-Current Borrowings	-	96	-	96	96
Total Financial Liabilities	3,280	96	-	3,376	3,376

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

	30 June 2015		30 June 2014	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.00%	8,311	7.00%	139
		8,311		139

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 14. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

\$ '000

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

1. LAND UNDER ROADS

As reported elsewhere in these 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 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.

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 a deductible "insurance excess", the amount of which varies according to the class of insurance. There is no known potential loss to recognise at reporting date.

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the *Development Act 1993* (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

4. BROWN HILL KESWICK CREEK STORM WATER PROJECT

The City of Burnside continues to work collaboratively with the Cities of Mitcham, Unley and West Torrens and the Corporation of the City of Adelaide to develop a catchment based Stormwater Management Plan (SMP) for the Brown Hill Keswick Creek catchment. The purpose of the SMP is to mitigate and manage flood risk in the Brown Hill and Keswick Creek catchments and to achieve storm water reuse where feasible and economical.

The project councils submitted the SMP in late 2012 and this was subsequently approved and gazetted by the Stormwater Management Authority in March 2013. Under the approved SMP, Councils proposed engineering and other works in Brown Hill (downstream of Anzac Highway) and Keswick Creek and its tributaries. These works, referred to as Part A works were endorsed and comprised approximately 80 per cent of the value of the project. Determination of the remaining flood mitigation works in Brown Hill Creek upstream of Anzac Highway (referred to as Part B works) was to be confirmed within one year of gazettal of the SMP 2012 (ie by March 2014). Due to the complexity of the proposed engineering solutions and community interest in the SMP Part B ("dam or no dam"), the investigations into the proposed Part B works have taken longer to complete than originally planned resulting in a further extension of time being granted by the SMA to September 2015.

The 'Brown Hill Keswick Creek SMP Part B Report' was completed in September 2014 and subsequently referred for community consultation during May and June 2015 after the conclusion of Local Government elections. It is anticipated that the results of community consultation and the final decision on proposed Part B works will be finalised by late 2015.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 14. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet (continued)

\$ '000

The gazetted SMP 2012 requires that councils establish a regional subsidiary primarily to undertake the detail design, construction and maintenance of the Part A and B flood mitigation works over a defined project timetable subject to funding commitments from Federal and State Governments. The five project Councils have reached agreement to approximately 80 per cent of the total proposed project works under Part A and continue to fund the investigation into a preferred option for "Part B" works.

The forecast cost of the Brown Hill and Keswick Creeks Stormwater Management Plan is estimated to be in the order of \$147 million, with implementation planned over a 10 year period. No construction work is likely to be undertaken until after the investigation of Part B works has been completed by the Project and the final preferred concept approved by the SMA, which is forecast to be submitted to the SMA in late 2015. Commencement of detail design and construction works is dependent on funding support from the other tiers of government. No funding commitments have yet been received.

Based on the estimated costs and cost sharing arrangements approved under the Stormwater Management Plan (SMP 2012), the City of Burnside's share of the local government contribution is set at 12 per cent, which equates to an indicative cost of between \$8 million and \$10 million depending on project funding support received.

Current investigations into the Part B work indicate that the likely cost of these works will remain within the overall budget amount allowed in the SMP 2012.

During September 2015 all five catchment Councils formally agreed and resolved to accept Option D (the no dam option) as the flood mitigation solution outlined in the Brown Hill Keswick Creek Stormwater Management Plan Part B. The final Stormwater Management Plan is due to be submitted to the SMA for approval in January 2016 and to continue work on the establishment of a Regional Subsidiary.

While the City of Burnside continues to collaborate with the other catchment Councils to establish a regional subsidiary, as of 30 June 2015 a regional subsidiary had not been established. It is unlikely that a regional subsidiary will be established until after Part B and the overall SMP has been approved by the SMA and project funding has been agreed by the catchment Councils, State and Federal Governments. As at 30 June 2015, the Project (catchment Councils) does not own any assets.

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2015	2015	2014	2013

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	1,143			
Rates - General & Other Less NRM levy	33,638	3%	(3%)	4%

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

1a. Adjusted Operating Surplus Ratio

416			
33,638	1%	(3%)	4%

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.

2. Net Financial Liabilities Ratio

Net Financial Liabilities	10,694			
Total Operating Revenue	42,571	25%	10%	3%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

These are expressed as a percentage of total operating revenue.

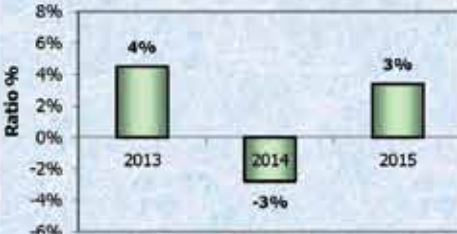
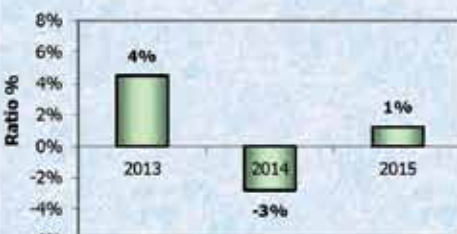
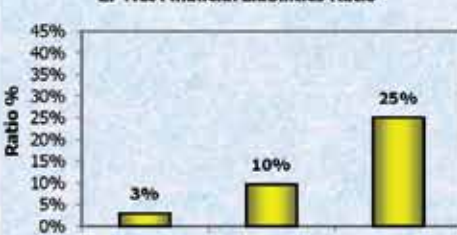
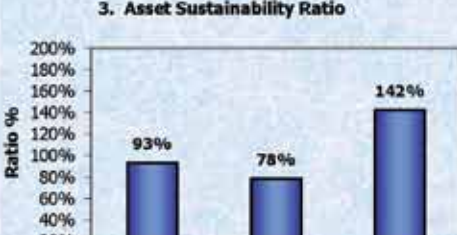
3. Asset Sustainability Ratio

Net Asset Renewals	11,570			
Infrastructure & Asset Management Plan required expenditure	8,135	142%	78%	93%

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 15. Financial Indicators - Graphs (continued)

<p>1. Operating Surplus Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2013</td><td>4%</td></tr><tr><td>2014</td><td>-3%</td></tr><tr><td>2015</td><td>3%</td></tr></table>	Year	Ratio %	2013	4%	2014	-3%	2015	3%	<p>Purpose of Operating Surplus Ratio</p> <p>By what percentage does the major controllable income source vary from day to day expenses?</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 3%</p> <p>Target per 2014/2015 Adopted Budget - 0%</p> <p>Council budgeted for a small Operating Surplus in 2014/15. This result was however skewed due to one-off items such as the early receipt of two quarters of the Financial Assistance Grant for 2015/16.</p>
Year	Ratio %									
2013	4%									
2014	-3%									
2015	3%									
<p>1a. Adjusted Operating Surplus Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2013</td><td>4%</td></tr><tr><td>2014</td><td>-3%</td></tr><tr><td>2015</td><td>1%</td></tr></table>	Year	Ratio %	2013	4%	2014	-3%	2015	1%	<p>Purpose of Adjusted Operating Surplus Ratio</p> <p>By what percentage does the major controllable income source (adjusted for timing differences in the Financial Assistance Grant) vary from day to day expenses?</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 1%</p> <p>Target per 2014/2015 Adopted Budget - 0%</p> <p>Increased income from rates growth contributed to a higher operating surplus than anticipated.</p>
Year	Ratio %									
2013	4%									
2014	-3%									
2015	1%									
<p>2. Net Financial Liabilities Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2013</td><td>3%</td></tr><tr><td>2014</td><td>10%</td></tr><tr><td>2015</td><td>25%</td></tr></table>	Year	Ratio %	2013	3%	2014	10%	2015	25%	<p>Purpose of Net Financial Liabilities Ratio</p> <p>How significant is the net amount owed to others, compared with operating revenue?</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 25%</p> <p>Target per 2014/2015 Adopted Budget - 41.6%</p> <p>This ratio demonstrates that Council is within acceptable levels and below the target set in the 2014/2015 Adopted Budget.</p>
Year	Ratio %									
2013	3%									
2014	10%									
2015	25%									
<p>3. Asset Sustainability Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2013</td><td>93%</td></tr><tr><td>2014</td><td>78%</td></tr><tr><td>2015</td><td>142%</td></tr></table>	Year	Ratio %	2013	93%	2014	78%	2015	142%	<p>Purpose of Asset Sustainability Ratio</p> <p>Are assets being renewed and replaced in an optimal way?</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 142%</p> <p>Target per 2014/2015 Adopted Budget - 100.9%</p> <p>Council set a target range of 100.9% in its 2014/2015 Adopted Budget. Even though the actual result for the year is 142% for 2014/2015, Council has achieved its target over the three year period.</p>
Year	Ratio %									
2013	93%									
2014	78%									
2015	142%									

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 16. Uniform Presentation of Finances

\$ '000	2015	2014
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	42,571	39,644
less Expenses	(41,428)	(40,539)
Operating Surplus / (Deficit)	1,143	(895)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	11,093	6,297
less Depreciation, Amortisation and Impairment	(8,135)	(8,283)
less Proceeds from Sale of Replaced Assets	(333)	(195)
Subtotal	2,625	(2,181)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	3,549	2,729
less Amounts Received Specifically for New and Upgraded Assets	(304)	(726)
Subtotal	3,245	2,003
Net Lending / (Borrowing) for Financial Year	(4,727)	(717)

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 17. Operating Leases

\$ '000

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.

	2015	2014
Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:		
Not later than one year	197	217
Later than one year and not later than 5 years	939	897
Later than 5 years	1,378	-
	2,514	1,114

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No contingent rentals were paid during the current or previous reporting periods.

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

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 contains any escalation clause.

	2015	2014
Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:		
Not later than one year	616	131
Later than one year and not later than 5 years	934	322
Later than 5 years	-	-
	1,550	453

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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 Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.5% in 2014/15; 9.25% in 2013/14). 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) 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 Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of 'superannuation' salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in 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 Fund'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 full actuarial investigation conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

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	
	2015	2014	2015	2014
Associates - Gain	71	79	176	105
Associates - Loss	(249)	(105)	(2,237)	(2,094)
Total	(178)	(26)	(2,061)	(1,989)

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2015	2014
Eastern Waste Management Authority Inc	Waste Management	46	3
Highbury Landfill Authority Inc	Discontinued Landfill	(2,237)	(2,094)
Eastern Health Authority Inc	Health	130	102
Total Carrying Amounts - Joint Ventures & Associates		(2,061)	(1,989)

Eastern Waste Management Authority Inc

The City of Burnside is one of six member Councils of the Eastern Waste Management Authority Inc. The other member Councils are the City of Norwood, Payneham & St.Peters, the Town of Walkerville, the City of Mitcham, the City of Campbelltown and the Adelaide Hills Council.

Highbury Landfill Authority Inc

The City of Burnside is one of the member Councils of the Highbury Landfill Authority Inc. The other member Councils are the City of Norwood, Payneham & St. Peters and the Town of Walkerville.

Eastern Health Authority Inc

The City of Burnside is one of five members of Councils of the Eastern Health Authority Inc (EHA). The other member Councils are the City of Campbelltown, the City of Norwood, Payneham & St Peters, the City of Prospect and the Town of Walkerville.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014
Eastern Waste Management Authority Inc	17%	17%	17%	17%	17%	17%
Highbury Landfill Authority Inc	50%	50%	50%	50%	33%	33%
Eastern Health Authority Inc	25%	25%	25%	25%	20%	20%

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2015	2014	2015	2014
Opening Balance	3	(49)	(2,094)	(2,040)
Share in Operating Result	22	52	(249)	(105)
New Capital Contributions	21	-	106	51
Council's Equity Share in the Joint Venture or Associate	46	3	(2,237)	(2,094)

	Eastern Health Authority Inc	
	2015	2014
Opening Balance	102	74
Share in Operating Result	28	27
Adjustments to Equity	-	1
Council's Equity Share in the Joint Venture or Associate	130	102

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2015	2014	2015	2014
Cash and Cash Equivalents	2,096	1,766	92	59
Other Current Assets	249	376	4	3
Non-Current Assets	6,793	6,619	17	24
Total Assets	9,138	8,761	113	86
Current Trade and Other Payables	1,163	1,224	7	18
Current Financial Liabilities	1,100	1,617	-	-
Current Provisions	439	259	171	131
Non-Current Financial Liabilities	6,103	5,520	-	-
Non-Current Provisions	56	120	4,372	4,091
Total Liabilities	8,861	8,740	4,550	4,240
Net Assets	277	21	(4,437)	(4,154)

Statement of Financial Position	Eastern Health Authority Inc	
	2015	2014
Cash and Cash Equivalents	790	720
Other Current Assets	162	178
Non-Current Assets	441	525
Total Assets	1,393	1,423
Current Trade and Other Payables	109	181
Current Financial Liabilities	56	53
Current Provisions	235	252
Non-Current Financial Liabilities	435	491
Non-Current Provisions	42	43
Total Liabilities	877	1,020
Net Assets	516	403

page 40

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

Statement of Comprehensive Income	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2015	2014	2015	2014
Other Income	878	931	6	-
Contributions from Constituent Councils	13,087	14,718	-	-
Interest Income	43	39	1	1
Total Income	14,008	15,688	7	1
Employee Costs	4,838	4,745	-	-
Materials, Contracts & Other Expenses	6,879	8,310	2	2
Depreciation, Amortisation and Impairment	1,754	2,109	7	7
Finance Costs	406	386	491	200
Total Expenses	13,877	15,550	500	209
Operating Result	131	138	(493)	(208)

Statement of Comprehensive Income	Eastern Health Authority Inc	
	2015	2014
Other Income	585	982
Contributions from Constituent Councils	1,577	1,556
Interest Income	21	18
Total Income	2,183	2,556
Employee Costs	1,354	1,481
Materials, Contracts & Other Expenses	608	827
Depreciation, Amortisation and Impairment	84	84
Finance Costs	24	39
Total Expenses	2,070	2,431
Operating Result	113	125

City of Burnside

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 20. Events after the Balance Sheet Date

Since the end of the financial year, Council is not aware of any other matter or circumstance not otherwise dealt with in the Financial Statements, that has significantly or may significantly affect the operations of Council in subsequent years with the exception of the following, the financial effects of which have not been provided for in the 30 June 2015 Financial Statements:

Waterproofing Eastern Adelaide

'Waterproofing the East – Eastern Region Alliance Stormwater Harvesting and Reuse' is an initiative of the Eastern Region Alliance (ERA), a group of eastern metropolitan Councils working together and sharing resources for the benefit of their local communities and the eastern region community as a whole.

When completed, water will be extracted from the region's watercourses and stormwater drains. It will then be treated at various sites in the eastern region via wetlands or bio-filtration systems for aquifer storage and recovery. The outcome will be a sustainable additional source of non-potable water.

The project has been in development since 2009, during which time, Federal funding was secured, feasibility studies and master planning undertaken and a design and distribution team appointed. A Project Steering Group with representatives from participating ERA Councils was formalised in 2013 and tasked with overseeing the delivery of this project in 2016. The project initially progressed with Tea Tree Gully, Campbelltown, Norwood Payneham and St Peters, Walkerville and Burnside Councils. However, Tea Tree Gully and Campbelltown have since withdrawn from the project.

The project cost has been estimated at around \$23 million out of which \$9.5 million will be funded by a Commonwealth grant and \$2 million will be funded by a grant from the Adelaide Mount Lofty Natural Resource Management Board. The outstanding costs would be funded through borrowings undertaken by a regional subsidiary and paid back through water sales by the subsidiary.

As the project crosses Council boundaries, it necessitated a collaborative agreement on how it will be delivered and managed. The Councils agreed in principle that a Regional Subsidiary owned by the Constituent Councils should be the entity that manages the project construction and operation. In accordance with the Act, a Charter was formed and agreed to by each of the participating Councils.

On 21 July 2015, the Hon Geoff Brock MP, Minister for Regional Development and Minister for Local Government formally approved the establishment of a subsidiary and its Charter.

In the 2015/16 financial statements, all relevant financial information relating to this 'Eastern Region Alliance (ERA) Water' Subsidiary will be presented within Note 19 – Interests in Other Entities.

CITY OF BURNSIDE
INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the City of Burnside:

Report on the Financial Report

We have audited the accompanying financial report of the City of Burnside, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of financial statements.

Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of the City of Burnside for the financial year ended 30 June 2015 published in the annual report and included on the City of Burnside's website. The Chief Executive Officer of the City of Burnside is responsible for the integrity of the City of Burnside's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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page 43

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. We confirm that the independence declaration, given to the Mayor and Council Members of the City of Burnside on 3 September 2015, would be in the same terms if provided to the Mayor and Council Members as at the time of this auditor's report.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the City of Burnside, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Emphasis of Matter

We draw attention to Note 7b to the financial statements which describes the valuation methodology that resulted in significant decrements to Infrastructure, Property, Plant and Equipment. Our opinion is not modified in respect of this matter.


HLB Mann Judd
Chartered Accountants

Adelaide, South Australia
25 November 2015


Corey McGowan
Partner

City of Burnside Independent Assurance Report

To the Mayor and Members of the City of Burnside:

Report on the Internal Controls of the City of Burnside

We have audited the compliance of *the City of Burnside* (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2014 to 30 June 2015 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express 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 2014 to 30 June 2015. 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 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 controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

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 the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

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page 45

Inherent Limitations

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

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

Independence

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

Opinion

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 law for the period 1 July 2014 to 30 June 2015.


HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Adelaide, South Australia
25 November 2015

CITY OF BURNSIDE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

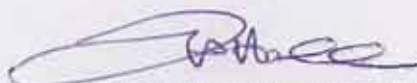
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Burnside for the year ended 30 June 2015, the Council's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink.

Paul Deb
CHIEF EXECUTIVE OFFICER

A handwritten signature in blue ink.

Leigh Hall
PRESIDING MEMBER
AUDIT COMMITTEE

Dated this 15TH day of September 2015

The Mayor and Council Members
City of Burnside
PO Box 9
GLENSIDE SA 5065

The Mayor and Council Members

**INDEPENDENCE STATEMENT BY THE AUDITOR
FOR THE YEAR ENDED 30 JUNE 2015**

I confirm that, for the audit of the financial statements of the City of Burnside for the year ended 30 June 2015, 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, 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.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

C.M.J.
Corey McGowan
Partner

Adelaide, South Australia
3 September 2015

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page 48