# NOTICE OF MEETING

Pursuant to the provisions of section 88 (1) of the
*Local Government Act 1999*

## Audit Committee Meeting
## of the

Adelaide Plains Council

will be held in

## Council Chambers
## Redbanks Road
## Mallala

on

## Monday, 6 November 2017 at 10.00 AM

.....

per James Miller
**CHIEF EXECUTIVE OFFICER**

# AGENDA


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| **1.** | **ATTENDANCE** | |
| 1.1 | Present | |
| 1.2 | Apologies | |
| 1.3 | Not Present/Leave of Absence | |
| **2.** | **CONFIRMATION OF MINUTES** | |
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| | No Confidential Items | |
| **7.** | **GENERAL BUSINESS** | |
| **8.** | **NEXT MEETING** | |
| | Monday 12 February 2018 – To Be Confirmed | |
| **9.** | **CLOSURE** | |

| | |
|---|---|
| Adelaide Plains Council | **2 MINUTES** |
| **Monday 6 November 2017** | |

**Items:**

2.1 Confirmation of Minutes – Audit Committee meeting held 11 September 2017

**RECOMMENDATION**

**"that the minutes of the Audit Committee meeting held on Monday 11 September 2017 (MB Folios 62 to 67, inclusive), be accepted as read and confirmed."**

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# MINUTES

of

## Audit Committee Meeting of the

Pursuant to the provisions of section 88 (1) of the
*Local Government Act 1999*

HELD IN

## Council Chambers
## Redbanks Road
## Mallala

on

## Monday, 11 September 2017

Subject to confirmation

The Chairman formally declared the meeting open at 11.03am

## 1. ATTENDANCE

### 1.1 Present

Chairman John Comrie
Mr Peter Fairlie-Jones
Mayor A J (Tony) Flaherty OAM

Also in attendance for the meeting:

| | |
|---|---|
| Chief Executive Officer | Mr James Miller |
| General Manager – Infrastructure | Mr Martin Waddington |
| Finance Coordinator | Mr Gary Graham |
| Asset Management Officer | Mr Tom Jones |
| Minute Secretary | Ms Vicki Weaver |
| Skilmar Systems Pty Ltd | Mr David Hope |

### 1.2 Apologies

Cr Melville Lawrence

### 1.3 Not Present / Leave of Absence

Cr Stephen Jones

## 2. CONFIRMATION OF MINUTES

2.1 **Committee Resolution** **2017/ 043**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the minutes of meeting held on Tuesday 15 August 2017 (MB Folios 56 to 61, inclusive), be accepted as read and confirmed."**

**CARRIED**

## 3. BUSINESS ARISING

## 4. REPORTS FOR DECISION

4.1 Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority

**Committee Resolution** **2017/ 044**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the Audit Committee recommends to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority*, dated 11 September 2017 receives and notes the report and in doing so endorses the actions of the**

Subject to Confirmation

**Chief Executive Officer to obtain independent advice from Mr David Hope of Skilmar Systems Pty Ltd."**

**CARRIED**

4.1 **Committee Resolution** **2017/ 045**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the Audit Committee recommend to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, formally receives Mr Hope's report entitled *Some Considerations of the Proposal by Adelaide Plains Council to Withdraw from the Gawler River Floodplain Management Authority*, and in doing so acknowledges that in pursuing the notion of withdrawing from the GRFMA, Adelaide Plains Council will be exposed to a number of major risks, including but not limited to:-**

1. **GRFMA ceases as an entity;**
2. **Loss of capacity to influence upstream works;**
3. **Adverse impact on the Northern Adelaide Plains food bowl;**
4. **Potential increased costs to the Adelaide Plains' ratepayers;**
5. **Adverse Ministerial response; and**
6. **Reputational risk."**

**CARRIED**

4.1 **Committee Resolution** **2017/ 046**

Moved Mr Fairlie-Jones Seconded Mayor Flaherty

**"that the Audit Committee recommend to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, in consideration of the report provided by Mr Hope, and in consideration of the many risks associated with pursuing the withdrawal from the GRFMA, hereby elects to remain one (1) of six (6) constituent councils comprising the regional subsidiary."**

**CARRIED**

4.1 **Committee Resolution** **2017/ 047**

Moved Mr Fairlie-Jones Seconded Mayor Flaherty

**"that the Audit Committee recommends to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, notes that Council Resolution 2017/121, adopted at its meeting held on 15 May 2017, called for Council staff to *"...immediately initiate the appropriate procedures to allow Adelaide Plains Council to withdraw from [the] Gawler River***

Subject to Confirmation

***Floodplain Management Authority.***

**Further, Council notes that Council Resolution 2017/152, adopted at its meeting held on 19 June 2017, formally acknowledged *"...that in order to progress the actions associated with Council Resolution 2017/121:-***

1. ***A report be provided to the Council outlining the financial costs and risk associated with proceeding with membership with the GRFMA or alternatively withdrawing from the GRFMA; and***
2. ***In consideration of the above, Council duly considers its position in respect of activating Clause 20 of the GRFMA Charter (Dispute Resolution) in regard to the GRFMA's apparent unwillingness to review Council contributions.***

**In resolving not to exit the GRFMA, Council forms the view that this position is not at odds with earlier resolutions of Council and therefore does not require a Notice of Motion to rescind Council Resolution 2017/121."**

**CARRIED**

4.1 **Committee Resolution** **2017/ 048**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the Audit Committee recommend to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, notes Minute GRB 17/061 from the August 2017 Ordinary Meeting of the GRFMA, namely:-**

> ***"The Chair noted it would be opportune to start the consideration process for a GRFMA Charter review and foreshadowed presentation of an agenda report at the next meeting outlining possible terms of reference for a review".***

**In noting the aforementioned resolution, Council fully supports the notion of commencing a review of the GRFMA Charter at the earliest opportunity."**

**CARRIED**

4.1 **Committee Resolution** **2017/ 049**

Moved Mr Fairlie-Jones Seconded Mayor Flaherty

**"that the Audit Committee recommend to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, notes that at the appropriate time, Council's Long Term Financial Plan will need to be updated to reflect known financial contributions towards the cost of funding the Northern Floodway."**

**CARRIED**

Subject to Confirmation

4.1 **Committee Resolution** **2017/ 050**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the Audit Committee recommend to Council that Council, having considered Item 4.1 - *Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority,* dated 11 September 2017, instructs the Chief Executive Officer to prepare a report to the next meeting of the Audit Committee outlining the status of Council's Risk Management processes and whether or not there is indeed a Risk Management Plan and whether it needs to be updated."**

**CARRIED**

4.2 Waste Collection Service – Internal Cost Model

**Committee Resolution** **2017/ 051**

Moved Mayor Flaherty Seconded Mr Fairlie-Jones

**"that the Audit Committee recommend to Council that Council, having considered Item 4.2 – *Waste Collection Service – Internal Cost Model* dated 11 September 2017, acknowledges the cost calculations as appended to this report and titled 'Waste Collection Service Internal Cost Analysis', and in doing so Council understands the importance of referencing these costs when comparing the best offer from the Barossa Procurement Group tender process, closing on the 3 August 2017, with that of Council's internal cost model herein, which is to be considered at the November 2017 ordinary meeting."**

**CARRIED**

## 5. REPORTS FOR INFORMATION

5.1 No reports for information

## 6. CONFIDENTIAL ITEMS

6.1 No Confidential Items

## 7. GENERAL BUSINESS

7.1 No General Business

## 8. NEXT MEETING

8.1 To be determined

Subject to Confirmation

## 9. CLOSURE

There being no further business, the Chairman declared the meeting closed at 12.07pm.

Confirmed as a true record.

Chairman: .....

Date: ____/____/___

Subject to Confirmation

| | | |
|---|---|---|
| Adelaide Plains Council | **4.1** | **Draft Audited Annual Financial Statements 2016-2017** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author:** | **General Manager Finance and Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON12/522-2** |
| | **Document No:** | **D17/28387** |

## EXECUTIVE SUMMARY

The Council has reporting an Operating Surplus of $369,225 from its operations in the 2016/2017 Financial Year against Operating Deficit of $733,749 reported in 2015/2016, a favourable variance of $1,102,974, which is mainly due to grant income of $666,453 received in advance from 2017/2018 Federal Government Financial Assistance Grant allocation. Total loans outstanding have reduced by $1,873,942 from $8,206,441 at 30 June 2016 to $6,332,499 at 30 June 2017. Overdue Council rates have decreased by $102,575 from $709,738 at 30 June 2016 to $607,163 at 30 June 2017.

The Council's external Auditor, Bentleys SA Pty Ltd, has completed the audit of the 2016/2017 Financial Statements. Council's fixed assets register was maintained in excel for the last 2 financial years (2014/2015 & 2015/2016) and all assets were brought to Conquest Asset Register in this financial year as of 30 June 2017. As a result, auditors were unable to fully reconcile movement in fixed assets register. However, at the time of writing this report, there have been no issues raised apart from the fixed assets issues which the management & the auditors are currently working through.

## RECOMMENDATION(S)

**"that Audit Committee, having considered Item 4.1 – *Draft Audited Annual Financial Statements 2016/2017*, dated 06th November 2017:-**

1. **receives and notes the Annual Financial Statements and notes forming part of the Annual Financial statements for the 2016/2017 Financial Year;**
2. **that the Committee, has reviewed the Annual Financial Statements for the year ended 30 June 2017 and formed the opinion that they present a true and fair**

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**view and recommends to the Council that they be formally adopted and be certified on behalf of the Council by the Mayor and Chief Executive Officer;**

3. **that the Committee authorises the Committee Chairman to sign the "Certification of Auditor Independence"**

## BUDGET IMPACT

| | |
|---|---|
| Estimated Cost: | Not Applicable |
| Is this Budgeted? | Not Applicable |

## RISK ASSESSMENT

Not applicable

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## Attachment

1. **Draft Audited Financial Statement 2016-2017**

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## DETAILED REPORT

### Purpose

To present 2016/2017 Audited Annual Financial Statements for comment and consideration by the Audit Committee in accordance with the Section 127 of the Local Government Act 1999 and with the Regulations 10, 13-14 of the Local Government (Finance Management) Regulations 2011.

### Background/History

The 2016/2017 Audited Annual Financial Statements & Notes have been prepared in accordance with Section 127 of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. Regulation 13 of the Local Government (Financial Management) Regulations 2011 requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements. A template based on the Model Financial Statements and developed by Coalface Software Solutions was used in the preparation of 2016/2017 Audited Annual Financial Statements and Notes.

Section 126 (4) (a) of the Local Government Act 1999 Act requires that the functions of an Audit Committee to include "reviewing annual financial statements to ensure that they present fairly the state of affairs of the council".

### Discussion

Management can confirm that to the best of their knowledge, the 2016/2017 Financial Statements represent a true and fair view of the state of affairs of the Council as at 30 June 2017. The Council's Auditor, Bentleys SA Pty Ltd has concluded the audit and at the time of writing this report there have been no issues raised apart from the fixed assets issues which is currently being working through.

The Auditors have expressed concerns on the accuracy of the Council's year end fixed assets balances. Council's fixed assets register was maintained in excel for the last 2 financial years (2014/2015 & 2015/2016) and all assets were brought back to Conquest Asset Register in this financial year as of 30 June 2017. When moving two-years worth assets data plus 2016/2017 Financial Year assets data to Conquest, the changes that occurred due to the expiry dates and other issues with Conquest in the prior years can not be quantified explicitly. As a result, auditors were unable to fully reconcile movement in fixed assets register and have advised that except for fixed assets movements they are satisfied with the Council's draft 2016/2017 Financial Statements contained in the **Attachment 1**. At the time of finalising this report, draft Independent Auditors' Reports on the 2016/2017 audit is not

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available, however it is expected that the Auditors' Report will be available and circulated among Audit Committee members at the November Audit Committee meeting.

In 2016/2017 Financial Year, the Council has made an Operating Surplus of $369,225 against an Operating Deficit of $733,749 made in 2015/2016 Financial Year.

Following **Table 1** shows major variances in income and expenses in the 2016/2017 Statement of Comprehensive Income compared to 2015/2016 Financial Year based on audited financial results.

**Table 1: Statement of Comprehensive Income**

| Description | 2016/2017 Actual $ | 2015/2016 Actual $ | Favourable/ (Unfav.) $ | Favourable/ (Unfav.) % |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rates | 8,645,445 | 8,112,516 | 532,929 | 7 |
| Statutory charges | 324,430 | 325,479 | (1,049) | (0) |
| User charges | 112,317 | 115,413 | (3,096) | (3) |
| Grants, subsidies and contributions | 2,819,370 | 1,452,028 | 1,367,342 | 94 |
| Investment income | 5,598 | 7,665 | (2,067) | (27) |
| Reimbursements | 350,992 | 282,508 | 68,484 | 24 |
| Other income | 138,941 | 136,943 | 1,998 | 1 |
| **Total Income** | **12,397,093** | **10,432,552** | 1,964,541 | **19** |
| **EXPENSES** | | | | |
| Employee costs | 4,755,167 | 4,326,041 | (429,126) | (10) |
| Materials, contracts & other expenses | 3,923,091 | 3,726,567 | (196,524) | (5) |
| Depreciation, amortisation & impairment | 2,906,604 | 2,619,196 | (287,408) | (11) |
| Finance costs | 378,491 | 427,625 | 49,134 | 11 |
| Net loss - equity accounted Council businesses | 64,515 | 66,872 | 2,357 | 4 |
| **Total Expenses** | **12,027,868** | **11,166,301** | **(861,567)** | **(8)** |
| **OPERATING SURPLUS / (DEFICIT)** | **369,225** | **(733,749)** | **1,102,974** | **(150)** |
| Asset disposal & fair value adjustments | 17,500 | (52,403) | 69,903 | (133) |
| Amounts received specifically for new or upgraded assets | 39,258 | 871,592 | (832,334) | (95) |
| Physical resources received free of charge | 1,143,818 | 661,308 | 482,510 | 73 |
| **NET SURPLUS / (DEFICIT)** | **1,569,801** | **746,748** | **823,053** | 110 |
| **Other Comprehensive Income** | | | | |
| Changes in revaluation surplus – IPP&E | **8,589,411** | 4,386,306 | 4,203,105 | 96 |
| Share of other comprehensive income | - | (22,643) | 22,643 | (100) |
| Impairment (expense) / recoupment | (233,957) | (434,056) | 200,099 | (46) |
| **Total Other Comprehensive Income** | **8,355,454** | **3,929,607** | **4,425,847** | 113 |

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| | | | | |
|---|---|---|---|---|
| **TOTAL COMPREHENSIVE INCOME** | **9,925,255** | **4,676,355** | **5,248,900** | 112 |

The reasons for major variances in 2016/2017 income and expenses against that of 2015/2016 are explained below.

- **Rates (Increased by $532,929)**
  - Rates income has increased by $429,000 due to combined effect of rate in the $ increase (3.4%) and the increase in the value of existing properties and growth from new assessments.
  - Income from waste levy has increased by $79,000 in 2016/2017 Financial Year due to audit undertaken in early 2016 regarding number of kerbside waste pick ups and number of properties with Waste Levy.

- **Grants, subsidies and contributions (Increased by $1,367,342)**
  - Two (2) instalments of 2017/2018 Financial Assistance Grant (FAG) was paid in advance in June 2017, resulting an additional income of $666,483. This advance payment was recognised as an income in 2016/2017 Financial Year as required by Australian Accounting Standards for untied government grants.
  - Two (2) instalments of 2015/2016 FAG of $658,872 was paid in June 2015 and recognised as income of 2014/2015 Financial Year, resulting 2015/2016 cash payment of FAG considerably lower than annual FAG allocation.

- **Reimbursements (Increased by $68,484)**
  - During 2016/2017 Financial Year Council received insurance claim of $22,951 for 2015 Pinery Fire.
  - Flood assistance grant of $15,808 received from SA Emergency Service for September 2016 floods.
  - Hickinbotham Group reimbursed the Council 100% or $10, 884 of the water expenses associated with maintaining Council Reserves during defect liability period at Eden Stage 1 development.

- **Employee costs (Increased by $429,126)**
  - Salaries & wages of Council staff were increased by 2.5% in 2016/2017 Financial Year pending the conclusion negotiations for a new Enterprise Bargaining Agreements, resulting an additional expense of $143,419 including Oncosts.
  - In the second half 2015/2016 Financial Year, CEO was seconded from Light Regional Council (LRC). Therefore, CEO's salary was paid to LRC and recoded under Materials, Contracts and Other Expenses. However, CEO's full annual salary & Oncosts were recognised under employee costs in 2016/2017.
  - GM - Development & Community position was vacant from 10/07/2015 and filled on 25/10/2016, resulting additional employee expense of $65,391 in 2016/2017 Financial Year.
  - GM - Finance & Economic Development position was created from 04/01/2017 resulting employee costs being recorded only in 2016/2017 Financial Year.

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- Capitalised employee costs have reduced by $81,000 in 2016/2017 due to reduction in capital spending on road infrastructure assets by the Council in 2016/2017 Financial Year, compared to 2015/2016 Financial Year.

➢ **Materials, contracts & other expenses (Increased by $196,524)**

- Cost of having a major repairs to the crusher & loader that is used in the operation of Council's rubble quarry ($131,422)
- Cost of rubble has increased in 2016/2017 Financial Year by $170,861 compared to prior year mainly due to unsealed road repairs carried out following the flood in September 2016.
- Cost of graphic design, printing, promotion and catering associated with Council's rebranding and name change gala event ($18,960).
- Remaining landfill remediation provision in relation to Councils Coleman Road facility was written back in full, resulting a reduction in expenses by $90,037 following the reassessment of value of the remaining provision as remedial work was completed in 2014/2015.
- Grants & contributions paid to various community organisations as part of "Community Partnerships Funding" program has been $49,950 in 2015/2016 Financial Year whereas it was $1,377 in 2016/2017 Financial Year due to Council decision to suspend the "Community Partnerships Funding" program.
- Salary & Oncosts of $82,761 was paid to the Light Regional Council for the acting CEO position & recorded Materials, Contracts and Other Expenses in 2015/2016 Financial Year.

➢ **Depreciation, amortisation & impairment (increased by $287,408)**

- Additional depreciation costs associated with revaluation of land, buildings, roads, kerbing, footpath, bridges & stormwater assets as of 01 July 2016.
- Full year impact of the new/upgraded fixed assets of $1,470,319 added to the asset register in 2015/2016 Financial Year.

➢ **Finance costs (Reduced by $49,134)**

- Interest paid on long-term debentures has reduced in 2016/2017 compared to 2015/2016 by $34,145 as interest portion included in loan instalments being reduced progressively.
- Mallala CWMS Loan was taken on 16/06/2016, resulting no interest expense recorded in 2016/2017 but full-year interest expense of $84,798 recorded in 2016/2017 Financial Year.
- Decrease in Council's interest expenses on Cash Advance (CAD) Facility from LGFA by $95,691, mainly due to rolling over of Mallala CWMS CAD loan to a fixed rate debenture and reduction in outstanding CAD loan balance from $2.890m on 30/06/2016 to $1.594m on 30/06/2017.

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- **Net loss - equity accounted Council businesses (Decreased by $2,357)**
  - Gawler River Floodplain Management Authority (GRFMA) made an Operating Deficit of $233,330 in 2016/2017) compared to an Operating Deficit of $241,853 in 2015/2016. Council share of the net assets of GRFMA remained unchanged at 27.65% in 2016/2017.

## Balance Sheet

- **Total Assets**

Council's total asset base has increased from $98.887m at 30/06/2016 to $106.840m at 30/06/2017, an increase of $7,953m mainly due increase in value of fixed assets following the revaluation of Council's land, building, roads, footpath, bridge & stormwater drainage assets.

Overdue Council rates have decreased by $102,575 from $709,738 at 30 June 2016 to $607,163 at 30 June 2017.

- **Total Liabilities**

Council's total liabilities have reduced from $10.506m at 30/06/2017 to $8.534m at 30/06/2016, a reduction of $1.972m, mainly due combined impact of reduction of Council's long-term debts by $0.578m through principal repayments and reduction in Council's cash advance facility with Local Government Financing Authority by $1.296m.

## Financial Indicators

As shown in **Table 2**, Council is reporting Operating Surplus Ratio of 3.00% in 2016/2017 Financial Year against an Operating Deficit Ratio of 7.00% in 2015/2016 Financial Year. However, an underlying operating results (reported operating position adjusted for advance payment of Financial Assistance Grant) shows an operating deficit in 2016/2017 Financial Year.

**Table 2: Financial Indicators for the Past 4 Financial Years**

| Financial Ratio | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Operating Surplus/(Deficit) - $'000 | 0.369 | (0.734) | 0.156 | (0.667) |
| Operating Surplus Ratio - % | 3.00 | (7.00) | 2.00 | (8.00) |

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| | | | | |
|---|---|---|---|---|
| Adjusted Operating Surplus/(Deficit) - $'000 | (0.297) | (0.075) | (0.503) | 0.002 |
| Adjusted Operating Surplus Ratio - % | (2.00) | (1.00) | (5.00) | 0.00 |
| Net Financial Liabilities Ratio - % | 61% | 84 | 92 | 88 |
| Asset Sustainability Ratio - % | 44% | 378 | 209 | 22 |

**Conclusion**

The Council is reporting an Operating Surplus of $369,225 from its operations in the 2016/2017 Financial Year against Operating Deficit of $733,749 reported in 2015/2016, a favourable variance of $1,102,974.

The Council's external Auditor, Bentleys SA Pty Ltd, have completed the audit of the 2016/2017 Financial Statements and yet to provide the final audit clearance and Independent Auditors' Reports in the form prescribed in accordance with the Section 129 of the Local Government Act 1999.

Legislation

Section 126 of the Local Government Act 1999 - Audit Committees

Regulation 14 of Local Government (Financial Management) Regulations 2011 - Certification of financial statements

Other

Audit Committee Terms of Reference.

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# ADELAIDE PLAINS COUNCIL

## General Purpose Financial Reports
### for the year ended 30 June 2017

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# ADELAIDE PLAINS COUNCIL

## STATEMENT OF COMPREHENSIVE INCOME
### for the year ended 30 June 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **INCOME** | | | |
| Rates | 2 | **8,645,445** | 8,112,516 |
| Statutory charges | 2 | **324,430** | 325,479 |
| User charges | 2 | **112,317** | 115,413 |
| Grants, subsidies and contributions | 2 | **2,819,370** | 1,452,028 |
| Investment income | 2 | **5,598** | 7,665 |
| Reimbursements | 2 | **350,992** | 282,508 |
| Other income | 2 | **138,941** | 136,943 |
| **Total Income** | | **12,397,093** | 10,432,552 |
| **EXPENSES** | | | |
| Employee costs | 3 | **4,755,167** | 4,326,041 |
| Materials, contracts & other expenses | 3 | **3,923,091** | 3,726,567 |
| Depreciation, amortisation & impairment | 3 | **2,906,604** | 2,619,196 |
| Finance costs | 3 | **378,491** | 427,625 |
| Net loss - equity accounted Council businesses | 19 | **64,515** | 66,872 |
| **Total Expenses** | | **12,027,868** | 11,166,301 |
| **OPERATING SURPLUS / (DEFICIT)** | | **369,225** | (733,749) |
| Asset disposal & fair value adjustments | 4 | **17,500** | (52,403) |
| Amounts received specifically for new or upgraded assets | 2 | **39,258** | 871,592 |
| Physical resources received free of charge | 2 | **1,143,818** | 661,308 |
| **NET SURPLUS / (DEFICIT)** transferred to Equity Statement | | **1,569,801** | 746,748 |
| **Other Comprehensive Income** | | | |
| Changes in revaluation surplus - infrastructure, property, plant & equipment | 9 | **8,589,411** | 4,386,306 |
| Share of other comprehensive income - equity accounted Council businesses | 19 | **-** | (22,643) |
| Impairment (expense) / recoupments offset to asset revaluation reserve | 9 | **(233,957)** | (434,056) |
| **Total Other Comprehensive Income** | | **8,355,454** | 3,929,607 |
| **TOTAL COMPREHENSIVE INCOME** | | **9,925,255** | 4,676,355 |

This Statement is to be read in conjunction with the attached Notes.

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# ADELAIDE PLAINS COUNCIL

## STATEMENT OF FINANCIAL POSITION
### as at 30 June 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | **113,158** | 672,561 |
| Trade & other receivables | 5 | **913,194** | 1,045,711 |
| Inventories | 5 | **199,960** | 264,025 |
| **Total Current Assets** | | **1,226,312** | 1,982,297 |
| **Non-current Assets** | | | |
| Equity accounted investments in Council businesses | 6 | **4,684,408** | 4,748,923 |
| Infrastructure, property, plant & equipment | 7 | **100,797,527** | 92,152,958 |
| Other non-current assets | 6 | **131,601** | 2,837 |
| **Total Non-current Assets** | | **105,613,536** | 96,904,718 |
| **Total Assets** | | **106,839,848** | 98,887,015 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade & other payables | 8 | **1,178,662** | 1,150,784 |
| Borrowings | 8 | **2,208,747** | 3,467,796 |
| Provisions | 8 | **827,771** | 1,083,823 |
| **Total Current Liabilities** | | **4,215,180** | 5,702,403 |
| **Non-current Liabilities** | | | |
| Borrowings | 8 | **4,123,752** | 4,738,645 |
| Provisions | 8 | **194,612** | 64,918 |
| **Total Non-current Liabilities** | | **4,318,364** | 4,803,563 |
| **Total Liabilities** | | **8,533,544** | 10,505,966 |
| **NET ASSETS** | | **98,306,304** | 88,381,049 |
| **EQUITY** | | | |
| Accumulated Surplus | | **31,368,217** | 29,798,416 |
| Asset Revaluation Reserves | 9 | **66,843,137** | 58,487,683 |
| Other Reserves | 9 | **94,950** | 94,950 |
| **TOTAL EQUITY** | | **98,306,304** | 88,381,049 |

This Statement is to be read in conjunction with the attached Notes.

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# ADELAIDE PLAINS COUNCIL

## STATEMENT OF CHANGES IN EQUITY
### for the year ended 30 June 2017

| 2017 | Notes | Accumulated Surplus $ | Asset Revaluation Reserve $ | Other Reserves $ | TOTAL EQUITY $ |
|---|---|---|---|---|---|
| Balance at end of previous reporting period | | **29,798,416** | **58,487,683** | **94,950** | **88,381,049** |
| **Net Surplus / (Deficit) for Year** | | **1,569,801** | | | **1,569,801** |
| **Other Comprehensive Income** | | | | | |
| Gain on revaluation of infrastructure, property, plant & equipment | | **-** | **8,589,411** | **-** | **8,589,411** |
| Impairment (expense) / recoupments offset to asset revaluation reserve | | **-** | **(233,957)** | **-** | **(233,957)** |
| Share of other comprehensive income - equity accounted Council businesses | | **-** | **-** | **-** | **-** |
| **Balance at end of period** | | **31,368,217** | **66,843,137** | **94,950** | **98,306,304** |

| 2016 | | | | | |
|---|---|---|---|---|---|
| Balance at end of previous reporting period | | 29,051,668 | 54,558,076 | 94,950 | 83,704,694 |
| **Net Surplus / (Deficit) for Year** | | 746,748 | | | 746,748 |
| **Other Comprehensive Income** | | | | | |
| Changes in revaluation surplus - infrastructure, property, plant & equipment | | - | 4,386,306 | - | 4,386,306 |
| Impairment (expense) / recoupments offset to asset revaluation reserve | | - | (434,056) | - | (434,056) |
| Share of other comprehensive income - equity accounted Council businesses | | - | (22,643) | - | (22,643) |
| **Balance at end of period** | | 29,798,416 | 58,487,683 | 94,950 | 88,381,049 |

This Statement is to be read in conjunction with the attached Notes

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# ADELAIDE PLAINS COUNCIL

## STATEMENT OF CASH FLOWS
### for the year ended 30 June 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts | | | |
| Rates - general & other | | **8,748,020** | 7,972,338 |
| Fees & other charges | | **321,327** | 351,337 |
| User charges | | **126,656** | 121,798 |
| Investment receipts | | **7,198** | 5,865 |
| Grants utilised for operating purposes | | **2,780,112** | 1,560,930 |
| Reimbursements | | **350,992** | 310,759 |
| Other revenues | | **138,941** | 699,794 |
| Payments | | | |
| Employee costs | | **(4,699,816)** | (4,426,742) |
| Materials, contracts & other expenses | | **(3,930,345)** | (4,329,156) |
| Finance payments | | **(404,640)** | (276,252) |
| **Net Cash provided by (or used in) Operating Activities** | | **3,438,445** | 1,990,671 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Receipts | | | |
| Amounts specifically for new or upgraded assets | | **39,258** | 871,592 |
| Sale of replaced assets | | **24,409** | 140,755 |
| Payments | | | |
| Expenditure on renewal/replacement of assets | | **(1,003,865)** | (1,470,319) |
| Expenditure on new/upgraded assets | | **(1,183,709)** | (701,409) |
| **Net Cash provided by (or used in) Investing Activities** | | **(2,123,907)** | (1,159,381) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Receipts | | | |
| Proceeds from borrowings | | **4,868,000** | 6,010,000 |
| Payments | | | |
| Repayments of borrowings | | **(6,741,942)** | (7,088,240) |
| **Net Cash provided by (or used in) Financing Activities** | | **(1,873,942)** | (1,078,240) |
| **Net Increase (Decrease) in cash held** | | **(559,404)** | (246,950) |
| Cash & cash equivalents at beginning of period | 11 | **672,561** | 919,511 |
| **Cash & cash equivalents at end of period** | 11 | **113,158** | 672,561 |

This Statement is to be read in conjunction with the attached Notes

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1 Basis of Preparation**

**1.1 Compliance with Australian Accounting Standards**

This general purpose financial report has been prepared on a going concern basis 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 01 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

**1.4 Rounding**

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

**2 The Local Government Reporting Entity**

The Adelaide Plains Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 2A Wasleys Road, Mallala. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

**3 Income recognition**

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

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

| Financial Year | Cash Payment Received | Annual Allocation | | Difference |
|---|---|---|---|---|
| 2013/2014 | 495,137 | 1,397,901 | - | 902,764 |
| 2014/2015 | 1,811,828 | 1,152,956 | + | 658,872 |
| 2015/2016 | 636,718 | 1,291,126 | - | 654,408 |
| 2016/2017 | 1,961,155 | 1,294,672 | + | 666,483 |

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The actual amount of untied grants received during the reporting period 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 by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

**6 Infrastructure, Property, Plant & Equipment**

**6.1 Land under Roads**

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute fair value, and further that such value if determined would be immaterial.

**6.2 Initial Recognition**

All assets are initially recognised at cost. 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. 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".

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 completed ready for use.

**6.3 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 as follows. 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 |

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| | |
|---|---|
| Road construction & reconstruction | $10,000 |
| Paving & footpaths, Kerb & Gutter | $ 2,000 |
| Drains & Culverts | $ 5,000 |
| Reticulation extensions | $ 5,000 |
| Sidelines & household connections | $ 5,000 |

**6.4 Subsequent Recognition**

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

**6.5 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 shown 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.

| | |
|---|---|
| **Plant, Furniture & Equipment** | |
| > Office Equipment & Furniture | 4 to 25 years |
| > Vehicles and Road-making Equip | 6 to 40 years |
| > Other Plant & Equipment | 5 to 40 years |
| **Building & Other Structures** | |
| > Buildings – masonry | 50 to 150 years |
| > Buildings – other construction | 20 to 40 years |
| > Park Structures – masonry | 50 to 100 years |
| > Park Structures – other construction | 20 to 40 years |
| > Playground equipment | 5 to 15 years |
| > Benches, seats, etc | 10 to 20 years |
| **Infrastructure** | |
| > Sealed Roads – Surface | 15 to 30 years |
| > Sealed Roads – Structure | 20 to 130 years |
| > Unsealed Roads | 10 to 30 years |
| > Bridges – Concrete | 80 to 150 years |
| > Paving & Footpaths, Kerb & Gutter,Drains | 50 to 100 years |
| > Culverts | 50 to 80 years |
| > Flood Control Structures | 80 to 100 years |
| > Reticulation Pipes – PVC | 70 to 80 years |
| > Reticulation Pipes – other | 25 to 75 years |
| > Pumps & Telemetry | 15 to 25 years |

**6.6 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 outflows or value in use).

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

**7 Payables**

**7.1 Goods & Services**

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

**7.2 Payments Received in Advance & Deposits**

Amounts received from external parties in advance of service delivery, 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**

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

**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 oncosts) measured in accordance with AASB 119.

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

Weighted average discount rate 2.19% (2016, 2.16%)
Weighted average settlement period 1.31 years (2016, 1.31 years)

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 Local Government 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.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

**10 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.

**11 Leases**

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

**12 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"
> Receivables and Creditors include GST receivable and payable.
> Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
> Non-current assets and capital expenditures include GST net of any recoupment.
> Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**13 New Accounting Standards and UIG Interpretations**

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

Adelaide Plains Council has not applied any Australian Accounting Standards and Interpretations that have been issued but not yet effective.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result, Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 21.

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

| | | |
|---|---|---|
| AASB 9 | Financial Instruments | (Effective from 01 January 2018) |
| AASB 15 | Revenue from Contracts with customers | (Effective from 01 January 2018) |
| AASB 16 | Leases | (Effective from 01 January 2019) |
| AASB 1058 | Income for Not-for-Profit Entities | (Effective from 01 January 2019) |

Standards containing consequential amendments to other Standards and Interpretations arising from the above :-

AASB 2010-7, AASB 2014-1, AASB 2014-5, AASB 2014-7,AASB 2015-8, AASB 2015-8, AASB 2016-1, AASB 2016-2, AASB 2016-3, AASB 2016-4, AASB-2016-5, AASB 2016-6, AASB 2016-7, AASB 2016-8, AASB 2017-1, AASB-2017-2

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
**for the year ended 30 June 2017**

## Note 2 - INCOME

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **RATES REVENUES** | | | |
| General Rates | | **7,607,755** | 7,185,863 |
| Less: Discretionary rebates, remissions & write offs | | **(32,911)** | (26,467) |
| | | **7,574,844** | 7,159,396 |
| Other Rates (including service charges) | | | |
| Natural Resource Management levy | | **162,599** | 152,258 |
| Waste collection | | **593,396** | 514,305 |
| Community wastewater management systems | | **210,370** | 190,446 |
| | | **966,365** | 857,009 |
| Other Charges | | | |
| Penalties for late payment | | **79,508** | 76,824 |
| Legal & other costs recovered | | **24,925** | 19,299 |
| | | **104,433** | 96,123 |
| Less: Discretionary rebates, remissions & write offs | | **(197)** | (12) |
| | | **8,645,445** | 8,112,516 |
| **STATUTORY CHARGES** | | | |
| Development Act fees | | **136,909** | 126,543 |
| Health & Septic Tank Inspection fees | | **31,908** | 32,410 |
| Animal registration fees & fines | | **152,244** | 164,213 |
| Parking fines / expiation fees | | **144** | 89 |
| Other licences, fees, & fines | | **3,225** | 2,224 |
| | | **324,430** | 325,479 |
| **USER CHARGES** | | | |
| Cemetery/crematoria fees | | **35,126** | 32,499 |
| Museum Admission Fees | | **3,419** | 5,105 |
| Hall & equipment hire | | **1,358** | 2,369 |
| Rubbish/Recycling Collection Fees | | **32,800** | 29,205 |
| Sales - general | | **11,936** | 10,508 |
| Sundry | | **27,678** | 35,727 |
| | | **112,317** | 115,413 |
| **INVESTMENT INCOME** | | | |
| Interest on investments | | | |
| Local Government Finance Authority | | **5,525** | 7,117 |
| Banks & other | | **73** | 548 |
| | | **5,598** | 7,665 |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
**for the year ended 30 June 2017**

### NOTE 2 - INCOME (continued)

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **REIMBURSEMENTS** | | | |
| - for private works | | **32,753** | 65,124 |
| - by joint undertakings | | **256,540** | 217,384 |
| - other | | **61,699** | - |
| | | **350,992** | 282,508 |
| **OTHER INCOME** | | | |
| Rebates received | | **116,653** | 123,659 |
| Sundry | | **22,288** | 13,284 |
| | | **138,941** | 136,943 |
| **GRANTS, SUBSIDIES, CONTRIBUTIONS** | | | |
| Amounts received specifically for new or upgraded assets | | **39,258** | 871,592 |
| Other grants, subsidies and contributions | | | |
| Untied - Financial Assistance Grant | | **1,961,155** | 636,718 |
| Roads to Recovery | | **416,110** | 514,689 |
| National Youth Week Grant | | **-** | 2,000 |
| Library & Communications | | **24,422** | 24,886 |
| Reimbursmenet for Mallala CWMS Rectification Works | | **350,000** | 273,135 |
| Emergency Management | | **20,000** | - |
| Sundry | | **40,583** | 600 |
| Flood Assistance | | **7,100** | - |
| | | **2,819,370** | 1,452,028 |
| | | **2,858,628** | 2,323,620 |

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

| | | | |
|---|---|---|---|
| ***Sources of grants*** | | | |
| *Commonwealth government* | | **416,110** | 514,689 |
| *State government* | | **1,985,577** | 663,604 |
| *Other* | | **456,941** | 1,145,327 |
| | | **2,858,628** | 2,323,620 |
| **PHYSICAL RESOURCES RECEIVED FREE OF CHARGE** | | | |
| Roads, Bridges & Footpaths | | **774,589** | 494,548 |
| Stormwater Drainage | | **369,229** | 166,760 |
| **TOTAL PHYSICAL RESOURCES RECEIVED** | | **1,143,818** | 661,308 |

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 3 - EXPENSES

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **EMPLOYEE COSTS** | | | |
| Salaries and Wages | | **3,968,195** | 3,796,283 |
| Employee leave expense | | **505,123** | 331,017 |
| Superannuation - defined contribution plan contributions | 18 | **269,372** | 278,236 |
| Superannuation - defined benefit plan contributions | 18 | **79,775** | 75,564 |
| Workers' Compensation Insurance | | **203,330** | 196,520 |
| Less: Capitalised and distributed costs | | **(270,628)** | (351,579) |
| **Total Operating Employee Costs** | | **4,755,167** | 4,326,041 |
| ***Total Number of Employees*** | | ***57*** | *56* |
| *(Full time equivalent at end of reporting period)* | | | |
| **MATERIALS, CONTRACTS & OTHER EXPENSES** | | | |
| Prescribed Expenses | | | |
| Auditor's Remuneration | | | |
| - Auditing the financial reports | | **15,000** | 14,000 |
| Elected members' expenses | | **130,655** | 131,661 |
| Election expenses | | **12,940** | 20,098 |
| Operating Lease Rentals - cancellable leases | | **13,481** | 14,271 |
| Subtotal - Prescribed Expenses | | **172,076** | 180,030 |
| Other Materials, Contracts & Expenses | | | |
| Contractors | | **636,558** | 714,956 |
| Energy | | **377,406** | 313,624 |
| Repairs & Maintenance | | **475,987** | 272,811 |
| Parts, accessories & consumables | | **651,987** | 498,264 |
| Waste Collection & Disposal | | **381,311** | 421,048 |
| Information Technology - Software & Licensing | | **305,787** | 303,953 |
| Rubble | | **298,132** | 127,271 |
| Contributions & Donations | | **18,922** | 76,759 |
| Legal Expenses | | **183,961** | 182,766 |
| Levies paid to government - NRM levy | | **162,513** | 152,576 |
| - Other Levies | | **68,823** | 77,029 |
| Professional services | | **253,139** | 287,220 |
| Memberships & Subscriptions | | **91,149** | 86,287 |
| Insurance | | **239,646** | 250,856 |
| Grading | | **188,418** | 141,192 |
| Sundry | | **1,224,876** | 939,546 |
| Less: Capitalised and distributed costs | | **(1,807,600)** | (1,299,621) |
| Subtotal - Other Materials, Contracts & Expenses | | **3,751,015** | 3,546,537 |
| | | **3,923,091** | 3,726,567 |

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# ADELAIDE PLAINS COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
**for the year ended 30 June 2017**

**Note 3 - EXPENSES (cont)**

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **DEPRECIATION, AMORTISATION & IMPAIRMENT** | | | |
| **Depreciation** | | | |
| Land Improvements | | **16,278** | 15,681 |
| Buildings & Other Structures | | **683,201** | 575,670 |
| Infrastructure | | | |
| - Roads, Kerbing & Footpaths | | **1,592,490** | 1,540,036 |
| - Stormwater Drainage | | **118,236** | 89,414 |
| - CWMS | | **92,470** | 89,511 |
| Plant, Machinery & Equipment | | **365,723** | 377,996 |
| Furniture & Equipment | | **38,206** | 42,216 |
| **Impairment** | | | |
| Roads, Kerbing & Footpaths | | **220,449** | 419,401 |
| Buildings & Other Structures | | **-** | 14,655 |
| Stormwater & Structures | | **13,508** | - |
| | | **3,140,561** | 3,164,580 |
| Less: Capitalised and distributed costs | | | (111,328) |
| Less: Impairment expense offset to asset revaluation reserve | 9 | **(233,957)** | (434,056) |
| | | **2,906,604** | 2,619,196 |
| **FINANCE COSTS** | | | |
| Interest on overdraft and short-term drawdown | | **94,509** | 140,755 |
| Interest on Loans | | **283,982** | 286,870 |
| | | **378,491** | 427,625 |

## Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT** | | | |
| ***Assets renewed or directly replaced*** | | | |
| Proceeds from disposal | | **24,409** | 140,755 |
| Less: Carrying amount of assets sold | | **6,909** | 193,158 |
| **NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS** | | **17,500** | (52,403) |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 5 - CURRENT ASSETS

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **CASH & EQUIVALENT ASSETS** | | | |
| Cash on Hand and at Bank | | **28,274** | 105,872 |
| Deposits at Call | | **84,884** | 566,689 |
| | | **113,158** | 672,561 |
| **TRADE & OTHER RECEIVABLES** | | | |
| Rates - General & Other | | **607,163** | 709,738 |
| Accrued Revenues | | **992** | 2,592 |
| Debtors - general | | **57,053** | 68,901 |
| GST Recoupment | | **157,551** | 167,256 |
| Prepayments | | **90,435** | 97,224 |
| | | **913,194** | 1,045,711 |
| **INVENTORIES** | | | |
| Stores & Materials | | **199,960** | 264,025 |
| | | **199,960** | 264,025 |

### Note 6 - NON-CURRENT ASSETS

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| **Receivables** | | | |
| **EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES** | | | |
| *Gawler River Floodplain Management Authority* | 19 | **4,684,408** | 4,748,923 |
| | | **4,684,408** | 4,748,923 |
| **OTHER NON-CURRENT ASSETS** | | | |
| Capital Works-in-Progress | | **131,601** | 2,837 |
| | | **131,601** | 2,837 |

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | | 2016 $ | | | | 2017 $ | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair Value Level | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT | AT FAIR VALUE | AT COST | ACCUM DEP'N | CARRYING AMOUNT |
| Land - Community | 3 | 11,699,580 | - | - | 11,699,580 | **11,699,580** | **-** | **-** | **11,699,580** |
| Land - Other | 2 | 1,962,668 | - | - | 1,962,668 | **1,962,668** | **-** | **-** | **1,962,668** |
| Land Improvements | 3 | 547,166 | 155,723 | (521,380) | 181,509 | **547,166** | **155,723** | **(537,658)** | **165,231** |
| Buildings & Other Structures | 3 | 22,806,696 | 301,400 | (11,346,802) | 11,761,294 | **23,432,327** | **70,391** | **(12,185,817)** | **11,316,901** |
| Infrastructure | | | | | | | | | |
| - Roads, Kerbing & Footpaths | 3 | 69,690,165 | 1,479,808 | (17,122,656) | 54,047,317 | **80,164,810** | **2,514,857** | **(21,182,412)** | **61,497,255** |
| - Stormwater Drainage | 3 | 7,334,781 | 647,799 | (2,814,745) | 5,167,835 | **10,075,341** | **392,363** | **(3,366,449)** | **7,101,255** |
| - CWMS | 3 | 353,762 | 4,211,749 | (205,707) | 4,359,804 | **4,565,511** | **12,172** | **(298,004)** | **4,279,679** |
| Plant, Machinery & Equipment | | - | 5,894,997 | (3,106,268) | 2,788,729 | **-** | **5,991,698** | **(3,411,997)** | **2,579,701** |
| Furniture & Equipment | | - | 462,346 | (278,124) | 184,222 | **-** | **511,587** | **(316,330)** | **195,257** |
| **TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT** | | 114,394,818 | 13,153,822 | (35,395,682) | 92,152,958 | **132,447,403** | **9,648,791** | **(41,298,667)** | **100,797,527** |
| ***Comparatives*** | | ***103,246,134*** | ***15,726,302*** | ***(31,592,297)*** | ***87,380,139*** | ***114,394,818*** | ***13,153,822*** | ***(35,395,682)*** | ***92,152,958*** |

*This Note continues on the following pages.*

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | 2016 $ | CARRYING AMOUNT MOVEMENTS DURING YEAR $ | | | | | | **2017** |
|---|---|---|---|---|---|---|---|---|
| | CARRYING AMOUNT | Additions | | Disposals | Depreciation | Impairment | Net Revaluation | CARRYING AMOUNT |
| | | New/Upgrade | Renewals | | | | | |
| Land - Community | 11,699,580 | - | - | - | - | - | - | 11,699,580 |
| Land - Other | 1,962,668 | - | - | - | - | - | - | 1,962,668 |
| Land Improvements | 181,509 | - | - | - | (16,278) | - | - | 165,231 |
| Buildings & Other Structures | 11,761,294 | 18,498 | 51,893 | - | (683,201) | - | 168,417 | 11,316,901 |
| Infrastructure | | | - | | | | | |
| - Roads, Kerbing & Footpaths | 54,047,317 | 956,333 | 1,558,524 | - | (1,592,490) | (220,449) | 6,748,020 | 61,497,255 |
| - Stormwater Drainage | 5,167,835 | 373,213 | 19,150 | - | (118,236) | (13,508) | 1,672,801 | 7,101,255 |
| - CWMS | 4,359,804 | 12,172 | - | - | (92,470) | - | 173 | 4,279,679 |
| Plant, Machinery & Equipment | 2,788,729 | 60,211 | 103,393 | (6,909) | (365,723) | - | . | 2,579,701 |
| Furniture & Equipment | 184,222 | 49,241 | - | - | (38,206) | - | - | 195,257 |
| **TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT** | **92,152,958** | **1,469,668** | **1,732,960** | **(6,909)** | **(2,906,604)** | **(233,957)** | **8,589,411** | **100,797,527** |
| ***Comparatives*** | ***87,380,139*** | ***2,258,382*** | ***1,485,869*** | ***(193,158)*** | ***(2,730,524)*** | ***(434,056)*** | ***4,386,306*** | ***92,152,958*** |

## Note 7 (cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

**Valuation of Assets**

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

**General Valuation Principles**

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

***Highest and best use:*** 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.

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

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

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

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

***Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets:*** There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience 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.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 7 (cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

**Land & Landscaping**

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, are initially recognised on the cost basis. A revaluation of land was done at fair value as at 01 July 2015 by by Graham L Martin, BBus Property (Val) AAPI, CPV, of Maloney Field Services.

No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, represent landscaping and are recognised on the cost basis and depreciated over the estimated remaining life of the relevant asset.

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

**Building & Other Structures**

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were revalued as at 01 July 2015 by Graham L Martin, BBus Property (Val) AAPI, CPV, of Maloney Field Services. On 01 July 2016 buidings were revalued based on an index supplied by Maloney Field Service at the rate of 2.5%.

**Road Infrastructure**

Road Infrastructure assets, kerbing and footpaths were revalued by Council officers with external assistance by Tonkin Engineering at written down current replacement cost as at 1 July 2016, all acquisitions after that date are recorded at cost.

**Other Infrastructure**

Stormwater drainage infrastructure were valued by Council officers with external assistance by Tonkin Engineering at wriiten down replacement cost as at 1 July 2016. All acquisitions made after the respective dates of valuation are recorded at cost.

Bridges were revalued as at 01 July 2015 by Graham L Martin, BBus Property (Val) AAPI, CVP, of Maloney Field Services.

Community wastewater management scheme at Middle Beach was valued Graham L Martin, BBus Property (Val) AAPI, CVP, of Maloney Field Services at written down current replacement cost as at 01 July 2015. All acquisitions made after the respective dates of valuation are recorded at cost.

**Equipment & Furniture and All other Assets**

Pursuant to Council's election, these assets are recognised on the cost basis.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 8 - LIABILITIES

| | | 2017 $ | | 2016 $ | |
|---|---|---|---|---|---|
| **TRADE & OTHER PAYABLES** | Notes | **Current** | **Non-current** | Current | Non-current |
| Goods & Services | | **574,971** | **-** | 567,210 | **-** |
| Payments received in advance | | **-** | **-** | 39,258 | **-** |
| Accrued expenses - employee entitlements | | **252,188** | **-** | 175,229 | **-** |
| Accrued expenses - other | | **58,024** | **-** | 102,145 | **-** |
| Other | | **293,479** | **-** | 266,942 | **-** |
| | | **1,178,662** | **-** | 1,150,784 | - |
| **BORROWINGS** | | | | | |
| Loans | | **2,208,747** | **4,123,752** | 3,467,796 | 4,738,645 |
| | | **2,208,747** | **4,123,752** | 3,467,796 | 4,738,645 |

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

| | | | | |
|---|---|---|---|---|
| **PROVISIONS** | | | | |
| Employee entitlements (including oncosts) | **827,771** | **194,612** | 993,785 | 64,918 |
| Future reinstatement / restoration, etc | **-** | **-** | 90,038 | - |
| | **827,771** | **194,612** | 1,083,823 | 64,918 |

| ***Movements in Provisions - 2017 year only*** *(current & non-current)* | *Future Reinstate-ment* |
|---|---|
| *Opening Balance* | *90,038* |
| *(Less) Payments* | *(90,038)* |
| *Closing Balance* | |

0

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 9 - RESERVES

| ASSET REVALUATION RESERVE | Notes | 1/7/2016 $ | Net Increments (Decrements) $ | Transfers, Impairments $ | 30/6/2017 $ |
|---|---|---|---|---|---|
| Land - Community | | 9,542,829 | | - | **9,542,829** |
| Land - Other | | 2,645,625 | | - | **2,645,625** |
| Land Improvements | | 6,899,067 | - | - | **6,899,067** |
| Buildings & Other Structures | | 1,272,564 | 168,417 | | **1,440,981** |
| Infrastructure | | | | | |
| - Roads, Kerbing & Footpaths | | 37,409,037 | 8,420,994 | (233,957 ) | **45,596,074** |
| Joint Ventures - Other Comprehensive Income | | 718,561 | | - | **718,561** |
| **TOTAL** | | 58,487,683 | 8,589,411 | (233,957 ) | **66,843,137** |
| | ***Comparatives*** | *54,558,076* | *4,363,663* | *(434,056 )* | ***58,487,683*** |

| OTHER RESERVES | 1/7/2016 | Transfers to Reserve | Transfers from Reserve | 30/6/2017 |
|---|---|---|---|---|
| CWMS Reserve - Middle Beach | 48,917 | - | - | **48,917** |
| Footpath Construction Reserve | 46,033 | - | - | **46,033** |
| **TOTAL OTHER RESERVES** | 94,950 | | | **94,950** |
| ***Comparatives*** | *94,950* | - | - | ***94,950*** |

***PURPOSES OF RESERVES***

**Asset Revaluation Reserve**

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).

**Other Reserves**

**The CWMS Reserve** is rate revenue received in excess of annual expenditure held for future maintenance of the scheme

**Footpath Construction Reserve** is funds received from developers and held for future footpath construction.

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

### Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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.

| | | 2017 | 2016 |
|---|---|---|---|
| **CASH & FINANCIAL ASSETS** | Notes | **$** | $ |
| Developer Contributions | | **221,656** | 174,156 |
| CWMS - Middle Beach Scheme | | **48,917** | 48,917 |
| **TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS** | | **270,573** | 223,073 |

Developer Contributions are restricted to either open space landscaping or footpaths in the applicable developments.

CWMS Scheme are restricted to maintenance of CWMS facilities.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

**(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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| Total cash & equivalent assets | 5 | **113,158** | 672,561 |
| Less: Short-term borrowings | 8 | **-** | - |
| Balances per Cash Flow Statement | | **113,158** | 672,561 |

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

| | | |
|---|---|---|
| Net Surplus (Deficit) | **1,569,801** | 746,748 |
| Non-cash items in Income Statement | | |
| Depreciation, amortisation & impairment | **2,906,604** | 2,619,196 |
| Equity movements in equity accounted investments (increase) decrease | **64,515** | 66,872 |
| Net increase (decrease) in unpaid employee benefits | **40,639** | (100,701) |
| Non-cash asset acquisitions | (1,143,818) | (661,308) |
| Grants for capital acquisitions treated as Investing Activity | (39,258) | (871,592) |
| Net (Gain) Loss on Disposals | (17,500) | 52,403 |
| | **3,380,983** | 1,851,618 |
| Add (Less): Changes in Net Current Assets | | |
| Net (increase) decrease in receivables | **132,516** | 300,273 |
| Net (increase) decrease in inventories | **64,065** | 5,486 |
| Net increase (decrease) in trade & other payables | **(49,081)** | (156,744) |
| Net increase (decrease) in other provisions | **(90,038)** | (9,962) |
| **Net Cash provided by (or used in) operations** | **3,438,445** | 1,990,671 |

**(c) Non-Cash Financing and Investing Activities**

| | | | |
|---|---|---|---|
| Acquisition of assets by means of: | | | |
| - Physical resources received free of charge | 3 | **1,143,818** | 661,308 |
| *Amounts recognised in Income Statement* | | **1,143,818** | 661,308 |
| - Estimated future reinstatement etc. costs | | **(9,962)** | (9,962) |
| | | **1,133,856** | 651,346 |

**(d) Financing Arrangements**

| | | |
|---|---|---|
| Unrestricted access was available at balance date to the following lines of credit: | | |
| Corporate Credit Cards | **12,000** | 12,000 |
| LGFA Cash Advance Debenture facility | **6,500,000** | 6,500,000 |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 12 - FUNCTIONS

| | INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | INCOME | | EXPENSES | | OPERATING SURPLUS (DEFICIT) | | GRANTS INCLUDED IN INCOME | | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) | |
| | **ACTUAL** | ACTUAL | **ACTUAL** | ACTUAL | **ACTUAL** | ACTUAL | | | | |
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| | **$** | $ | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| Business Undertakings | **630,427** | **533,155** | **627,365** | **355,480** | **3,062** | 177,675 | **350,000** | - | **1,030,258** | 953,569 |
| Community Services | **87,333** | **39,069** | **276,821** | **465,982** | **(189,488)** | (426,913) | **34,350** | 2,000 | **11,171,499** | 10,339,927 |
| Culture | **36,873** | **32,995** | **262,121** | **202,010** | **(225,248)** | (169,015) | **24,422** | 25,486 | **1,577,956** | 1,460,498 |
| Economic Development | | **-** | **-** | **1,273** | **-** | (1,273) | **-** | - | **-** | - |
| Environment | **82,317** | **47,287** | **1,263,501** | **1,176,739** | **(1,181,184)** | (1,129,452) | **-** | - | **13,772,719** | 12,747,520 |
| Recreation | **104,662** | **86,479** | **348,824** | **189,120** | **(244,162)** | (102,641) | **-** | - | **9,464,694** | 8,760,171 |
| Regulatory Services | **278,188** | **303,913** | **907,870** | **906,183** | **(629,682)** | (602,270) | **-** | - | **233,181** | 215,824 |
| Transport | **800,775** | **593,222** | **2,971,568** | **2,253,050** | **(2,170,793)** | (1,659,828) | **416,110** | 514,689 | **59,002,957** | 54,610,957 |
| Plant Hire & Depot/Indirect | **15,488** | **8,625** | **122,623** | **168,324** | **(107,135)** | (159,699) | **-** | - | **5,816,008** | 5,383,082 |
| Council Administration | **10,361,030** | **8,787,806** | **5,182,658** | **5,381,275** | **5,178,372** | 3,406,531 | **1,961,155** | 636,718 | **4,770,574** | 4,415,467 |
| **TOTALS** | **12,397,093** | 10,432,551 | **11,963,351** | 11,099,436 | **433,742** | (666,885) | **2,786,037** | 1,178,893 | **106,839,846** | 98,887,015 |

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.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 12 (cont) - COMPONENTS of FUNCTIONS

The activities relating to Council functions are as follows:

**Business Undertakings**
Camping facilities, Gravel Pits/Quarries, Private Works, and Sewerage/CWMS,

**Public Order & Safety**
Crime Prevention, Emergency Services, Other Fire Protection

**Health Services**
Pest Control – Health, Immunisation

**Community Suport**
Child and youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support,

**Community Amenities**
Cemeteries/Crematoria, public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

**Library Services**
Provision of three static facilities

**Cultural Services**
Cultural Services, Cultural Venues, Heritage and Museums , and Other Cultural Services.

**Economic Development**
Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

**Environment - Waste Management**
Domestic Waste, Green Waste, E-Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management

**Other Environment**
Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

**Recreation**
Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor,

**Regulatory Services**
Dog and Cat Control, Building Control, Town Planning, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

**Transport**
Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

**Plant Hire & Depot /Indirect**
Plant and equipment, indirect expenditure and depot operations

**Governance**
Council Administration n.e.c., Elected Members, Organisational.

**Support Services**
Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records,

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 13 - FINANCIAL INSTRUMENTS

**All financial instruments are categorised as *loans and receivables.***

**Accounting Policies - Recognised Financial Instruments**

| | |
|---|---|
| **Bank, Deposits at Call, Short Term Deposits** | **Accounting Policy:** Carried at lower of cost and net realiseable value; Interest is recognised when earned.<br>**Terms & conditions:** Short term deposits have an average maturity of 30 days and an average interest rates of 1.5% (2016: 30 days, 2.0%).<br>**Carrying amount:** approximates fair value due to the short term to maturity. |
| **Receivables** - Rates & Associated Charges (including legals & penalties for late payment)<br>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures. | **Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.<br>**Terms & conditions:** Secured over the subject land, arrears attract interest of 6.0% per annum (2016: 6.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.<br>**Carrying amount:** approximates fair value (after deduction of any allowance). |
| **Receivables** - Fees & other charges | **Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.<br>**Terms & conditions:** Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.<br>**Carrying amount:** approximates fair value (after deduction of any allowance). |
| **Receivables** - other levels of government | **Accounting Policy:** Carried at nominal value.<br>**Terms & conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.<br>**Carrying amount:** approximates fair value. |
| **Liabilities** - Creditors and Accruals | **Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.<br>**Terms & conditions:** Liabilities are normally settled on 30 day terms.<br>**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.<br>**Terms & conditions:** secured over future revenues, borrowings are repayable on both credit foncier and cash advance; interest is charged at fixed rates between 4.5% and 8.1% for credit foncier (2016: 4.5% and 8.1%) and the cash advance at variable of 3.75% (2016: 4% as at 30 June 2016).<br>**Carrying amount:** approximates fair value. |
| **Liabilities** - Finance Leases | **Accounting Policy:** accounted for in accordance with AASB 117. |

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## Note 13 (cont) - FINANCIAL INSTRUMENTS

**Liquidity Analysis**

| 2017 | | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|---|---|---|---|---|---|---|
| **Financial Assets** | | $ | $ | $ | $ | $ |
| Cash & Equivalents | | **113,158** | | | **113,158** | **113,158** |
| Receivables | | **58,045** | | | **58,045** | **58,045** |
| | **Total** | **171,203** | **-** | **-** | **171,203** | **171,203** |
| **Financial Liabilities** | | | | | | |
| Payables | | **868,450** | | | **868,450** | **868,450** |
| Current Borrowings | | **2,462,314** | | | **2,462,314** | **2,208,747** |
| Non-Current Borrowings | | | **2,955,597** | **2,787,173** | **5,742,770** | **4,123,752** |
| | **Total** | **3,330,764** | **2,955,597** | **2,787,173** | **9,073,534** | **7,200,949** |

| 2016 | | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|---|---|---|---|---|---|---|
| **Financial Assets** | | $ | $ | $ | $ | $ |
| Cash & Equivalents | | 672,561 | | | 672,561 | 672,561 |
| Receivables | | 71,493 | | | 71,493 | 71,493 |
| | **Total** | 744,054 | - | - | 744,054 | 744,054 |
| **Financial Liabilities** | | | | | | |
| Payables | | 873,410 | | | 873,410 | 873,410 |
| Current Borrowings | | 3,758,461 | | | 3,758,461 | 3,467,796 |
| Non-Current Borrowings | | | 3,214,063 | 3,397,167 | 6,611,230 | 4,738,645 |
| | **Total** | 4,631,871 | 3,214,063 | 3,397,167 | 11,243,101 | 9,079,851 |

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

| | **30 June 2017** | | 30 June 2016 | |
|---|---|---|---|---|
| | Weighted Average Interest Rate | Carrying Value | Weighted Average Interest Rate | Carrying Value |
| | % | $ | % | $ |
| Other Variable Rates | **3.75** | **1,593,854** | 4.13 | 2,890,000 |
| Fixed Interest Rates | **6.55** | **4,738,645** | 6.50 | 5,316,441 |
| | | **6,332,499** | | 8,206,441 |

### 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.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 14 - COMMITMENTS FOR EXPENDITURE

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Capital Commitments** | | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| CWMS | | **70,006** | |
| Roads & Footpaths | | **29,510** | |
| Plant & Equipment | | **32,940** | 84,000 |
| | | **132,456** | 84,000 |
| These expenditures are payable: | | | |
| Not later than one year | | **132,456** | 84,000 |
| | | **132,456** | 84,000 |
| **Other Expenditure Commitments** | | | |
| Other non-capital expenditure commitments: | | | |
| Employment Contracts | | **3,330,525** | - |
| IT Contracts | | **3,142** | - |
| Other Contracts | | **172,960** | - |
| | | **3,506,627** | - |
| These expenditures are payable: | | | |
| Not later than one year | | **1,127,554** | - |
| Later than one year and not later than 5 years | | **2,379,073** | - |
| | | **3,506,627** | - |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 15 - FINANCIAL INDICATORS

| | **2017** | 2016 | 2015 |
|---|---|---|---|

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

| | | | |
|---|---|---|---|
| **Operating Surplus Ratio** | | | |
| Operating Surplus | 3.0% | (7.0%) | 2.0% |
| Total Operating Revenue | | | |

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

| | | | |
|---|---|---|---|
| ***Adjusted Operating Surplus Ratio*** | *(2%)* | *(1%)* | *(5%)* |

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

| | | | |
|---|---|---|---|
| **Net Financial Liabilities Ratio** | | | |
| Net Financial Liabilities | 61% | 84% | 92% |
| Total Operating Revenue | | | |

*Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.*

| | | | |
|---|---|---|---|
| **Asset Sustainability Ratio** | | | |
| Net Asset Renewals | 44% | 378% | 209% |
| Infrastructure & Asset Management Plan required expenditure | | | |

*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.*

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

| | | **2017** | | 2016 |
|---|---|---|---|---|
| | | **$** | | $ |
| Income | | **12,397,093** | | 10,432,552 |
| *less* Expenses | | **12,027,868** | | 11,166,301 |
| **Operating Surplus / (Deficit)** | | **369,225** | | (733,749) |
| *less* **Net Outlays on Existing Assets** | | | | |
| Capital Expenditure on renewal and replacement of Existing Assets | **1,003,865** | | 1,470,319 | |
| Depreciation, Amortisation and Impairment | **(2,906,604)** | | (2,619,196) | |
| Proceeds from Sale of Replaced Assets | **(24,409)** | | (140,755) | |
| | | **(1,927,148)** | | (1,289,632) |
| *less* **Net Outlays on New and Upgraded Assets** | | | | |
| Capital Expenditure on New and Upgraded Assets | **1,183,709** | | 701,409 | |
| Amounts received specifically for New and Upgraded Assets | **(39,258)** | | (871,592) | |
| | | **1,144,451** | | (170,183) |
| **Net Lending / (Borrowing) for Financial Year** | | **1,151,922** | | 726,066 |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 17 - OPERATING LEASES

***Lease payment commitments of Council***

Council has entered into non-cancellable operating leases for 3 photocopiers.

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

Leases in relation to the photocopier 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.

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

| | **2017** | 2016 |
|---|---|---|
| | **$** | $ |
| Not later than one year | **12,308** | 9,357 |
| Later than one year and not later than 5 years | **7,371** | 10,448 |
| | **19,679** | 19,805 |

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 18 - SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to 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 (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit) 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 of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advise from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

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

The Salarylink Plan is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may tranfer 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.

As required by law, an actuarial valuation is conducted for the Local Super Scheme every three years in relation to Salarylink Scheme . The most recent review was conducted for the for the period 1 July 2011 to 30 June 2014. As a result of the review the actuary determined that the assets of the Scheme are adequate to meet the value of the liabilities of the Scheme in respect of Accrued Benefits, and would remain adequate throughout next three years to 30 June 2017. Therefore, the employer contribution rate (currently 6.3% of members' salaries) will remain unchanged until the next review at 30 June 2017. The results of the 30 JUne 2017 actuarial review is not unknown untill late 2017.

**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.

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 19 - INTERESTS IN OTHER ENTITIES

### Joint Operations

Section 43 of the Local Government Act 1999, provides that Councils may establish a regional subsidiary to carry out joint projects, functions or activities of the Councils

**Central Local Government Region of South Australia**

The Adelaide Plains Council is a member of the Central Local Government Region of South Australia, referred to in this report as the "Regional Subsidiary".

1. Undertake co-ordinating, advocacy and representational roles on behalf of its Constituent Councils at a regional level;

2. Facilitate and co-ordinate activities of local government at a regional level related to community and economic development with the object of achieving improvement for the benefit of the communities of its Constituent Councils;

3. Develop, encourage, promote, foster and maintain consultation and co-operation and to strengthen the representation and status of local government when dealing with other governments, private enterprise and the community;

4. Develop further co-operation between its Constituent Councils for the benefit of the communities of the region;

5. Develop and manage policies which guide the conduct of programs and projects in the region with the objective of securing the best outcomes for the communities of the region;

6. Undertake projects and activities that benefit the region and its communities;

7. Associate, collaborate and work in conjunction with other regional local government bodies for the advancement of matters of common interest.

During the 2016-17 year Council Subsidary contribution was $10,636 ($10,276 in 2015-16).

### Equity accounted Council Businesses

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

**Gawler River Floodplain Management Authority (GRFMA)**

The GRFMA has been established for the following purposes:

1. To coordinate the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area (the Floodplain);

2. To raise finance for the purpose of developing, managing and operating and maintaining flood mitigation works within the Floodplain;

3. To provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilites in relation to management of flood mitigation within the Floodplain;

4. To enter into agreements with Constituent Councils for the purpose of managing and developing the Floodplain.

This note is continued on the next page.

# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
## for the year ended 30 June 2017

### Note 19 (cont) - INTERESTS IN OTHER ENTITIES

| | 2017 | 2016 |
|---|---|---|
| **Gawler River Floodplains Management Authority** | **$** | $ |
| Council's respective interests are: | | |
| - interest in the operating result | **27.65%** | 27.65% |
| - ownership share of equity | **27.65%** | 27.65% |
| - the proportion of voting power | **16.67%** | 16.67% |
| | | |
| Movements in Investment in Joint Operation | **$** | $ |
| Opening Balance | **4,748,923** | 4,838,438 |
| Share in Operating Result | **(64,515)** | (66,872) |
| Adjustment to Equity Share | **-** | (22,643) |
| **Share in Equity of Joint Operation** | **4,684,408** | 4,748,923 |
| | | |
| ***Summarised financial information of the equity accounted business*** | | |
| *Statement of Financial Position* | | |
| *Cash and cash equivalents* | ***163,158*** | *197,544* |
| *Other current assets* | ***52,289*** | *3,646* |
| *Non-current assets* | ***16,742,726*** | *16,973,939* |
| *Total assets* | ***16,958,173*** | *17,175,129* |
| | | |
| *Current trade and other payables* | ***16,375*** | *-* |
| *Total liabilities* | ***16,375*** | *-* |
| ***Net Assets*** | ***16,941,798*** | *17,175,129* |
| | | |
| *Statement of Comprehensive Income* | | |
| *Other income* | ***-*** | *29* |
| *Contributions from constituent Councils* | ***76,544*** | *74,676* |
| *State Government Grants* | ***136,438*** | *-* |
| *Interest income* | ***3,359*** | *3,925* |
| *Total Income* | ***216,341*** | *78,630* |
| | | |
| *Materials, contracts & other expenses* | ***218,458*** | *89,271* |
| *Depreciation, amortisation & impairment* | ***231,213*** | *231,213* |
| *Total expenses* | ***449,671*** | *320,484* |
| ***Total Comprehensive Income*** | ***(233,330)*** | *(241,854)* |

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 20 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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.

At reporting date, Council controlled 960 km of road reserves of average width 9 metres.

2 **BANK GUARANTEES**

Council has guaranteed an amount of $35,143 for a lease on a rubble pit (2016: $36,000) at reporting date.

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

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. At the date of these reports, Council is unaware of any appeals against planning decisions made prior to reporting date.

4 **POTENTIAL INSURANCES 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 has insured 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.

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

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# ADELAIDE PLAINS COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

## Note 21 - RELATED PARTY DISCLOSURES IN THE STATEMENT OF FINANCIAL POSITION

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 17 persons were paid the following total compensation:

| Type of compensation | 2017 ($) |
|---|---|
| Salaries, allowances & other short term benefits | 881,608 |
| Total | 881,608 |

Amount payable as direct reimbursement of expenses incurred on behalf of the Adelaide Plains Council have not been included above.

**Other Related Parties**

Adelaide Plains Council is a member of Gawler River Floodplains Management Authority (GRFMA). The Council is represented by two Elected Members as Board Member and Deputy Board member of the GRFMA . In addition, CEO is the proxy board member of the GRFMA.

During the 2016-17 year Council's Regional Subsidiary contribution was $14,995.

Council contains some key management personnel that have relationships with parties that the Council may transact with on a regular basis. Relationships includes, Two Wells RSL, Southern Compass Food Festival, Mallala & District Mens Shed, Two Wells Community Centre and Two Wells Lions Club.

The nature of these organisation's activities with Council typically include lease of property from the Council: they may also be the recipient of grants from the Council.

Key management personnel and their close family members may either have an employment relationship or committee role with these organisations and/or access their services. All matters when addressed by the key management personnel are covered by Council" conflict of interest policies & procedures.

| | | |
|---|---|---|
| Adelaide Plains Council | **5.1** | **Comparison of Audited Financial Results for 2016/2017 against Adopted Budget for 2016/2017** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author:** | **General Manager Finance and Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON12/522-2** |
| | **Document No:** | **D17/28519** |

## EXECUTIVE SUMMARY

Council ended the 2016/2017 Financial Year with an Operating Surplus of $369,225, compared to the Adopted Operating Budget, which forecasted an Operating Deficit of $606,758, an improvement of $975,983. The significant improvement in operating results was made possible by the advance payment of Financial Assistance Grant. The other factors such as significant reduction in overdue Council rates and outstanding loan borrowings also helped for the improved financial performance.

## RECOMMENDATION(S)

**"that Audit Committee, having considered Item 5.1 – *Comparison of Audited Financial Results for 2016/2017 against Adopted Budget for 2016/2017*, dated 6 November 2017, receive and notes the report"**

## BUDGET IMPACT

Estimated Cost: Not Applicable

Is this Budgeted? Not Applicable

## RISK ASSESSMENT

Not applicable

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**Attachment**

Not applicable

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## DETAILED REPORT

### Purpose

The purpose of this report is to summarise the 2016/2017 Audited result and provide explanation for major variations from the 2016/2017 Adopted Budget in accordance with the Section 127 of the Local Government Act 1999 and with the Regulations 10, of the Local Government (Finance Management) Regulations 2011.

### Background/History

Pursuant to Section 127 of the Local Government Act 1999 (the Act), the Council must prepare Annual Financial Statements in accordance with the Local Government (Financial Management) Regulations 2011 (the Regulations).

Section 10 of the Regulations, requires the Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results, operating surplus ratio, net financial liabilities ratio and asset sustainability ratio of the Council for the previous financial year, compared with the estimates set out in the budget presented in a manner consistent with the Model Financial Statements.

### Discussion

The 2016/2017 Annual Financial Statements have been finalised and a separate report is provided on the 2016/2017 Annual Financial Statements for consideration by the Audit Committee and is included in Item **"4.1: Draft Audited Annual Financial Statements 2016-2017"**.

- **Statement of Comprehensive Income**

Council ended the financial year with an Operating Surplus of $369,225 compared to the Adopted Budget, which forecasted an Operating Deficit of $606,758. It is an improvement of $975,983. Following **Table 1** shows major variances in income and expenses in the 2016/2017 Statement of Comprehensive Income compared to the adopted budget.

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**Table 1: Statement of Comprehensive Income**

| Description | 2016/2017 Actual $ | 2016/2017 Budget $ | Favourable/ (Unfav.) $ | Favourable/ (Unfav.) % |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rates | 8,645,445 | 8,497,616 | 147,829 | 2 |
| Statutory charges | 324,430 | 314,835 | 9,595 | 3 |
| User charges | 112,317 | 75,794 | 36,523 | 48 |
| Grants, subsidies and contributions | 2,819,370 | 1,736,700 | 1,082,670 | 62 |
| Investment income | 5,598 | 2,000 | 3,598 | - |
| Reimbursements | 350,992 | 245,125 | 105,867 | 43 |
| Other income | 138,941 | 29,498 | 109,443 | 371 |
| **Total Income** | **12,397,093** | **10,901,568** | 1,495,525 | **14** |
| **EXPENSES** | | | | |
| Employee costs | 4,755,167 | 4,666,825 | (88,342) | (2) |
| Materials, contracts & other expenses | 3,923,091 | 3,698,531 | (224,560) | (6) |
| Depreciation, amortisation & impairment | 2,906,604 | 2,707,107 | (199,497) | (7) |
| Finance costs | 378,491 | 435,863 | 57,372 | 13 |
| Net loss - equity accounted Council businesses | 64,515 | - | (64,515) | - |
| **Total Expenses** | **12,027,868** | **11,508,326** | **(519,542)** | **(5)** |
| **OPERATING SURPLUS / (DEFICIT)** | **369,225** | **(606,758)** | **975,983** | **(161)** |
| Asset disposal & fair value adjustments | 17,500 | (36,000) | 53,500 | (149) |
| Amounts received specifically for new or upgraded assets | 39,258 | | 39,258 | - |
| Physical resources received free of charge | 1,143,818 | - | 1,143,818 | - |
| **NET SURPLUS / (DEFICIT)** | **1,569,801** | **(642,758)** | **2,212,559** | (344) |
| **Other Comprehensive Income** | | | | |
| Changes in revaluation surplus – I&PPE | **8,589,411** | - | 8,589,411 | - |
| Impairment (expense) / recoupment | (233,957) | | (233,957) | |
| **Total Other Comprehensive Income** | **8,355,454** | **-** | **8,355,454** | **-** |
| **TOTAL COMPREHENSIVE INCOME** | **9,925,255** | **(642,758)** | **10,568,013** | (1,644) |

The reasons for major variances in 2016/2017 income and expenses against the adopted budget are explained below.

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- **Rates (Increased by $147,829)**

  - Actual income from waste levy has increased by $82,916 against the Adopted Budget due to audit undertaken in early 2016 regarding number of kerbside waste pick ups and number of properties with Waste Levy resulting more properties being added to kerbside waste collection program.
  - Rates rebates are lower than anticipated by $18,557 as the budget has been overestimated.
  - Fines & interest on overdue Council rates are higher than budgeted by $27,548.

- **User charges (Increased by $36,523)**

  - Income from roads/reserve rentals not budgeted as part of the Adopted but the actual income was $13,281.

- **Grants, subsidies and contributions (Increased by $1,082,670)**

  - Two (2) instalments of 2017/2018 Financial Assistance Grant (FAG) was paid in advance in June 2017, resulting an unbudgeted income of $666,483.
  - Council received unbudgeted grant income of $350,000 from LGA CWMS Scheme for Mallala CWMS rectification work.
  - $33,333 was received from the release of bank guarantee given by the contractor associated with Mallala CWMS initial construction.
  - Council received $20,000 from SA Fire & Emergency Service Commission for work undertaken in 2015/2016 Financial Year with regard to the Coastal Adaptation Study Project.

- **Reimbursements (Increased by $105,867)**

  - Rebate received from Workers Compensation Scheme was $76,136 whereas the budget was $60,000. In addition, Council received unbudgeted $5,792 from LGA Workers Compensation Scheme as a special distribution for 15/16 FY.
  - During 2016/2017 Financial Year Council received insurance claim of $22,951 for 2015 Pinery Fire.
  - Flood assistance grant of $15,808 received from SA Emergency Service for September 2016 floods.
  - Hickinbotham Group reimbursed the Council 100% or $10, 884 of the water expenses associated with maintaining Council Reserves during defect liability period at Eden Stage 1 development.
  - Council received unbudgeted income of $8,976 from LGA Income Protection Fund for claims paid against the policy.

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- Unbudgeted income of $10,000 received from National Climate Adaptation Research Facility for Council involvement with development and implementation of a Coastal Climate Risk Management Tool.
- Refund of $4,267 received for overpaid income protection insurance premium for 2015/2016 Financial Year from the LG Income Protection Fund.
- Additional income of $2,780 was received from Light Regional Council for secondment of staff & LGA Asset Mutual Fund Special Distribution was higher than anticipated by $4,458.

➢ **Other Income (Increased by $109,443)**

- Rebate received from Workers Compensation Scheme was $76,136 whereas the budget was $60,000. In addition, Council received $5,792 from LGA Workers Compensation Scheme as a special distribution for 2015/2016 Financial Year.
- Bonus payment received from Local Government Finance Authority for 2015/2016 was higher than budgeted by $7,904.
- Special distribution for 2015/2016 Financial Year from LGA Mutual Liability Scheme was higher than budgeted by $5,098.

➢ **Employee costs (increased by $88,342)**

- GM - Finance & Economic Development position was unbudgeted in the adopted budget but created from 04/01/2017 resulting employee costs being increased by $57,153 against the budget.

➢ **Materials, contracts & other expenses (Increased by $224,560)**

- Cost of the remediation work associated with Mallala CWMS was expensed during the year resulting unbudgeted expenses of $328,220. (Offset by unbudgeted grant income).
- Increase in plant maintenance costs by $115,000 due to having unbudgeted major repairs done on the crusher & loader
- Actual legal fees & human resources consultant expenses are higher than budgeted by $50,000 due number of staff resignations and new recruitments occurred during 2016/2017 Financial Year.
- Cost of the water advisory consultant on Northern Adelaide Irrigation Scheme was $4,000 per month for 12 months. This expenditure was not included as part of the Adopted Budget resulting additional expenses of $48,000.
- Cost of graphic design, printing, promotion and catering associated with Council's rebranding and name change gala event ($18,960).

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- Remaining landfill remediation provision in relation to Councils Coleman Road facility was written back in full, resulting a reduction in expenses by $90,037. This was not anticipated when preparing 2016/2017 Adopted Budget.
- Grants & contributions budget payable to various community organisations as part of "Community Partnerships Funding" program has been reduced by $49,000 in 2016/2017 Financial Year due to Council decision to suspend the "Community Partnerships Funding" program.
- Cost of providing community assistance during flood in September 2016 was $27,797.
- Cost associated with Pinery Bushfire recovers was $17,000 (claimed from insurer).
- Cost of holding Supplementary Election for Lewiston Ward was $10,585.
- Remaining costs of $6,860 in relation to Coastal Adaptation Study Project paid in 16/17. Fully offset by a grant from SA Fire & Emergency Service Commission.

➢ **Depreciation, amortisation & impairment (Increased by $199,497)**

- Additional depreciation costs associated with revaluation of Council assets as of 01 July 2016 were underestimated.
- Full year impact of the new/upgraded fixed assets added to the asset register in 2015/2016 Financial Year was not known when developing the budget for 2016/2017 adopted in July 2016.

➢ **Finance costs (Reduced by $57,372)**

- The actual interest expenses on cash advance (CAD) facility from LGFA is lower budgeted due to Council gradually being reducing its CAD loan balance during the year due to recovery of more overdue Council rates and better daily cash flow management.

➢ **Net loss - equity accounted Council businesses (Increased by $64,515)**

- Adopted budget didn’t account for the Council share of the profit or loss from Gawler River Flood Management Authority which made an Operating Deficit of $233,330 in 2016/2017.

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## ➢ Balance Sheet

The Audited Balance Sheet of the Council is shown under **Table 2** below.

| Description | 2016/2017 Actual $ | 2016/2017 Budget $ | Favourable/ (Unfav.) $ | Favourable/ (Unfav.) % |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | 113,158 | 144,349 | (31,191) | (22) |
| Trade & other receivables | 913,194 | 584,651 | 328,543 | 56 |
| Inventories | 199,960 | 266,000 | (66,040) | (25) |
| **Total Current Assets** | **1,226,312** | **995,000** | **231,312** | **23** |
| **Non-current Assets** | | | | |
| Equity accounted investments | 4,684,408 | 4,838,438 | (154,030) | (3) |
| Infrastructure, property, plant & equipment | 100,797,527 | 88,271,678 | 12,525,849 | 14 |
| Other non-current assets | 131,601 | 442,400 | (310,799) | (70) |
| **Total Non-current Assets** | **105,613,536** | **93,552,516** | **12,061,020** | **13** |
| **Total Assets** | **106,839,848** | **94,547,516** | **12,292,332** | **13** |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Trade & other payables | 1,178,662 | 1,189,400 | (10,738) | (1) |
| Borrowings | 2,208,747 | 5,614,032 | (3,405,285) | (61) |
| Provisions | 827,771 | 748,000 | 79,771 | 11 |
| **Total Current Liabilities** | **4,215,180** | **7,551,432** | (3,336,252) | (44) |
| **Non-current Liabilities** | | | | |
| Borrowings | 4,123,752 | 4,125,472 | (1,720) | (0) |
| Provisions | 194,612 | 73,229 | 121,383 | 166 |
| **Total Non-current Liabilities** | **4,318,364** | **4,198,701** | **119,663** | **3** |
| **Total Liabilities** | **8,533,544** | **11,750,133** | **(3,216,589)** | **(27)** |
| **NET ASSETS** | **98,306,304** | **82,797,383** | **15,508,921** | **19** |
| **EQUITY** | | | | |
| Accumulated Surplus | 31,368,217 | 28,226,357 | 3,141,860 | 11 |
| Asset Revaluation Reserves | 66,843,137 | 54,476,076 | 12,367,061 | 23 |
| Other Reserves | 94,950 | 94,950 | - | - |
| **TOTAL EQUITY** | **98,306,304** | **82,797,383** | **15,508,921** | **19** |

## ➢ Total Assets

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Council's total asset base has increased by $12,292,332 over the Adopted Budget mainly due to increase in its fixed assets following the revaluation of fixed assets in 2016/2017 with the effective date being 01/07/2016. When preparing the adopted budget for 2015/2016 those increases in asset valuations were not known.

- **Total Liabilities**

Total liabilities have reduced by $3,216,589 mainly due to reduction in long and short-term borrowings.

**Financial Indicators**

Audited actual financial indicators against that of budgeted are given below in **Table 3**. Accordingly, the Council exceeded its targets with regard to Operating Surplus Ratio & Net Financial Liabilities Ratio but target was not met in relation to Asset Sustainability Ratio.

a) An improved operating deficit has been achieved due to reasons explained under **Table 1**, resulting Operating Surplus Ratio being exceeded budget;
b) Reduction in Net Financial Liabilities ratio following a reduction in its long & short-term debts; and
c) The budgeted Asset Sustainability Ratio has not being achieved mainly due to Council decision to defer the replacement of kerbside bin collection truck ($355,000).

**Table 3: Financial Indicators for 2015/2016 (%)**

| | Audited Actual 2016/2017 | Adopted Budget 2016/2017 |
|---|---|---|
| Operating Surplus Ratio | 3.00 | (4.00) |
| Net Financial Liabilities Ratio | 61 | 97 |
| Asset Sustainability Ratio | 44 | 99 |

## Conclusion

The Council achieved a significant improvement in its operating results during 2016/2017 Financial Year (i.e. improved operating results, reduction in outstanding borrowings and reduction in overdue Council rates) when compared to the 2016/2017 Adopted Budget approved by the Council in July 2016. However, it should continue to drive its focus on improving productivity and achieve financial sustainability in to 2017/2018 Financial Year in order to reduce its debts further down.

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Legislation

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Local Government (Financial Management) Regulations 2011, Regulation 10.

Other

Audit Committee Terms of Reference.

Audit Committee Working Program 2017/2018

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| | | |
|---|---|---|
| Adelaide Plains Council | **5.2** | **Update on Audit Committee Annual Work Program 2017-2018** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author:** | **General Manager - Finance and Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON12/522-2** |
| | **Document No:** | **D17/28182** |

## OVERVIEW

The Audit Committee approved its 2017/2018 Works Program at its meeting held on 05 June 2017. Accordingly, at the August meeting, review of five (5) policies were completed & together with a template for Risk Register. Draft audited 2016/2017 Financial Statements and associated reports on 2016/2017 financial performance are being included in the agenda of the November meeting.

## RECOMMENDATION(S)

**"that the Audit Committee, having considered Item 5.2 – *Update on Audit Committee Annual Work Program 2017-2018*, dated 06 November 2017, receives and notes the report and in doing so recommends to the Council that the Council acknowledges the progress made to complete the activities identified for Audit Committee during 2017/2018 Financial Year".**

## BUDGET IMPACT

Not Applicable

## RISK ASSESSMENT

The Audit Committee must ensure that the Annual Work Program addresses the statutory obligations and focuses on the adequacy of the Councils' systems and practices with respect to risk management, financial reporting, the internal control environment and other financial management systems. The ongoing monitoring of the Annual Work Program aides minimisation of exposure to associated risks allowing for adequate resourcing of mitigation strategies by the Council.

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## Attachments

1. **An Audit Committee Annual Work Program 2017-2018 – November 2017 Update**

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## DETAILED REPORT

### Purpose

The purpose of the report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2017/2018 Financial Year.

### Background/History

At the June meeting, the Audit Committee approved the work program for 2017/2018 Financial Year.

**Discussion**

To ensure that the requirements of the Local Government Act 1999 and the Terms of Reference of the Audit Committee are fulfilled, it must develop a Work Program each year. A regular update on the 2017/2018 Work Program will assist the members of the committee to monitor their planned activities and accordingly the **Attachment 1** shows the progress.

### Conclusion

While some of the activities of the work program for 2017/2018 Financial Year have been achieved as planned, a review of Council's internal financial controls has not being completed as anticipated and will be presented to February 2018 Audit Committee meeting.

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### References

Legislation

*Section 126 of the Local Government Act 1999*.

*Local Government (Financial Management) Regulations 2011*.

Other

Audit Committee Terms of Reference.

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# An Audit Committee Annual Work Program 2017-2018 – November 2017 Update

| Activity | Target Meeting | Current Status/Outcome | Action Taken | Date Completed |
|---|---|---|---|---|
| 1. Financial Reporting (LGA – Section 126(4)(a) | | | | |
| 1.1 Ensure that financial information included in following publications for external audiences accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators and provide commentary and or recommendation to Council:<br>▪ Annual Business Plan;<br>▪ Annual Financial Statements; | June 2018<br>November 2017 | Interim Audit of the 2016/2017 Financial Year was completed on 24th & 25th May | Ongoing- Final audit visit is expected to take place between 3rd – 5th October. | November 2017 |
| 1.2 Annual Review financial performance indicators provided to Council as part of Budget Reviews. | November 2017 | Ongoing. Report to be prepared following the finalisation of end of year audit | | November 2017 |
| 2. Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab) | | | | |
| 2.1 The Audit Committee should satisfy itself regarding the:<br>▪ Review of Strategic Management Plan 2017-2021 for consistency with Council's long-term financial plan and annual business plan;<br>▪ Review of Long Term Financial Plan for consistency with its infrastructure and asset management plan (I&AMP);<br>▪ soundness of the I& e.g. Is it supported by engineering and other professional assessments regarding the condition of Council's infrastructure assets;<br>▪ likely impact on Council's ongoing financial sustainability of implementation of its suite of strategic management plans; | February 2018<br>April/June 2018<br>April/June 2018<br>February 2018 | Ongoing<br>Ongoing<br>Ongoing<br>Ongoing | | |

| | | | | |
|---|---|---|---|---|
| ▪ appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan. | February 2018 | Ongoing | | |
| 3. Exercise of Powers under Section 130A (LGA – Section 126(4)(ac) | | | | |
| 3.1 Determine whether a recommendation to the Council is required to request its auditor or some other person to examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council's resources that would not be addressed or included as part of the annual audit. | June 2018 | Status to be updated at Annual program review. | | |
| 4. Liaising with External Auditor (LGA – Section 126(4)(b) | | | | |
| 4.1 Meet with the Council's external auditor to: | | | | |
| ▪ discuss any points of concern raised by the External Auditor in their interim audit; | August 2017 | Ongoing.. | | November 2017 |
| ▪ assess the appropriateness of the Council's response to matters raised in the interim audit; | August 2017 | Ongoing | | November 2017 |
| ▪ discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; | November 2017 | Ongoing | | November 2017 |
| ▪ assess the appropriateness of the Council's response to matters so raised. | November 2017 | Ongoing | | November 2017 |
| 4.2 Ensure compliance with regulation 22 (1) of the Local Government (Financial Management) Regulations 2011 which prevent a Council from engaging its auditor to provide any services to the Council outside the scope of the auditor's functions under the Local Government Act. | June 2018 | Ongoing | | |
| 5. Internal Controls and Risk Management Systems (LGA – Section 126(4)(c) | | | | |
| 5.1 Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed: | February 2017 | Ongoing. A review of internal financial controls will be undertaken in late 2017 in view of update of Better Practice Model – | | |
| ▪ consider the range of documented internal control policies and procedures; and | | | | |

| | | | | |
|---|---|---|---|---|
| ▪ whether they are being followed.<br>▪ regular self-assessment of internal financial controls | | Internal Financial Controls for South Australian Councils. | | |
| 5.2 Review Business Continuity & Emergency Management Plan. | February 2018 | Ongoing | | |
| 5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:<br>▪ whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g.<br>✓ whether a business continuity plan has been developed in case of major damage to key Council properties or other (e.g. computer, assets);<br>✓ whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard;<br>✓ adequacy of insurance coverage. | February 2018 | Risk Register is presented for review, consideration and endorsement by the Audit Committee and included in the agenda of the August meeting. | | |
| 5.4 Review the appropriateness of the range and content of Council's financial policies and practices.<br>▪ Procurement Policy<br>▪ Treasury Management Policy-Completed<br>▪ Debt Management Policy<br>▪ Credit Card Policy<br>▪ Motor Vehicle Policy<br>▪ Internal Financial Control Policy<br>▪ Budget Management Policy-Completed<br>▪ Asset Financial Management Policy Review-Completed<br>▪ Funding Policy-Completed<br>▪ Prudential Management Policy-Completed<br>▪ Water & Sewerage Services Hardship Policy | Ongoing | | | |

| | | | | |
|---|---|---|---|---|
| ▪ Asset Management Policy<br>▪ Vegetation Management Policy | | | | |
| 6. Reporting | | | | |
| 6.1 Ensure progress of the outstanding Council resolutions is followed up regularly. | Ongoing | A report is included in the agenda for 06 November Audit Committee meeting | | |
| 6.2 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council. | June 2018 | Ongoing | | |
| 6.3 Report annually to the Council;<br>▪ outlining outputs relative to the audit committee's work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;<br>▪ outlining any identified training needs;<br>▪ advising future work program proposals; and invite comment from the Council on all of the above. | June 2018 | Ongoing | | |

| | | |
|---|---|---|
| Adelaide Plains Council | **5.3** | **Overdue Council Rates** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author** | **General Manager – Finance & Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON12/522-2** |
| | **Document No:** | **D17/28209** |

## OVERVIEW

During the 2016/2017 Financial Year, Council had collected amount equivalent to entire 2016/2017 rates income. It has also reduced the overdue rates by $0.103m during the year. This is a significant achievement made possible by Council staff by regularly following up overdue Council rates and encouraging the ratepayers to pay overdue rates through payment plans that suits their financial circumstances.

## RECOMMENDATION

**"that the Audit Committee, having considered Item 5.3 – *Overdue Council Rates*, dated 06 November 2017, receives and notes the report".**

## BUDGET IMPACT

Timely collection of rates will result in less relying on short-term borrowings to fund Council services resulting less interest expenses.

## RISK ASSESSMENT

As rates income constitute a significant part of Council revenue, any delay in collecting rates would create cash flow issues, resulting more short-term borrowings and interest expenses.

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**Attachments**

**Not Applicable**

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## DETAILED REPORT

### Purpose

The purpose of this report is to provide an update to the Audit Committee on Council's overdue rates as requested by the Audit Committee.

### Background/History

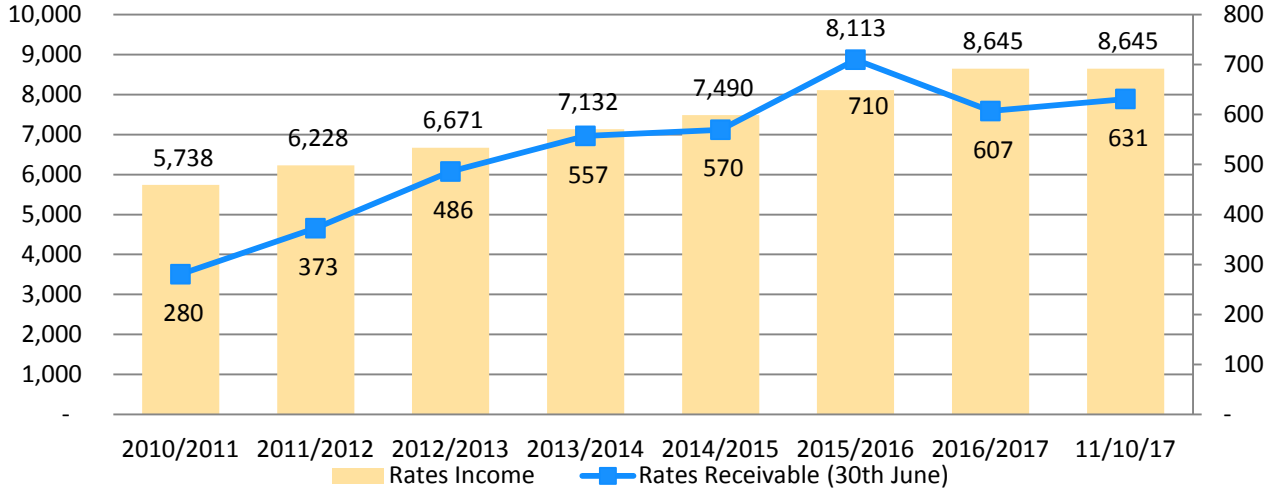
At the Audit Committee meeting held on 10 April 2017, a resolution was passed as follows.

"3. that an update report of monitoring of outstanding arrears be brought back to the committee on a six monthly basis".

### Discussion

Following graph shows, Council's overdue rates at 30 June of each year compared to the total rates income (General Rates, CWMS charges, Refuse Levy & NRM Levy) of the financial year. While the rate income has gone up by 51%, from $5.738m in 2010/2011 Financial Year to $8.645m in 2016/2017 Financial Year, overdue rates have gone up by 117%, from $0.280m to $0.607m during the same period.

**Figure 1 : Annual Rates Income & Overdue Council Rates ($'000)**




However, as shown in the above graph, Council made a significant improvement it its rates collection effort in 2016/2017 Financial year and effectively collected the entire $8.645m of rates income as well as $0.103m of overdue rates that was outstanding on 30 June 2016. This was made possible by Council staff regularly following up overdue rates,

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encouraging rates payers to pay their rates through payment plans and in some instances by directly contacting the lenders who holds mortgage over the properties where the rate are overdue for more than 3 years.

At the September 2017 Council meeting, Council decided to sell 11 properties pursuant to Section 184 of the Local Government Act 1999, to recover more than 3 years outstanding rates of $72,218. Since that Council decision, one rate payer has paid his long overdue rates and the Council administration is currently working with its debt collection agency to sell further 5 vacant properties. The ownership of a one property has changed to the Public Trustee and the Council administration is currently working with the new owner to recover the overdue rates.

## Conclusion

Adelaide Plains Council made a good progress in 2016/2017 Financial Year to recover its overdue Council rates and the effort will continue in to this financial year in order to reduce overdue rates further down in order to lesson the burden on other rates payers who pay their rate on time.

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## References

Legislation

*Local Government Act 1999.*

- *Section 181 - Payment of rates – general principles*
- *Section 182 - Remission and postponement of payment*
- *Section 182A - Postponement of rates – Seniors*
- *Section 184 - Sale of Land for non-payment of rates*

Policies

Rates Arrears and Debtor Management Policy

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| | | |
|---|---|---|
| Adelaide Plains Council | **5.4** | **Committee Resolutions** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author:** | **General Manager – Finance & Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON12/522-2** |
| | **Document No:** | **D17/28384** |

## OVERVIEW

Audit Committee resolutions that require actioning by Council staff are captured in the Resolution Register and presented to each committee meeting for the information of the members of the Audit Committee. This report contains a table of all the outstanding resolutions.

Two (2) resolutions from 2015 and four (4) resolutions from 2016 are still outstanding. In addition six (6) resolutions from the current year are still outstanding.

## RECOMMENDATION

**"that the Audit Committee, having considered Item 5.4 – *Committee Resolutions*, dated 06 November 2017, receives and notes the report."**

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### Attachments

1. **Resolution Register Updated 06 November 2017**

### References

Legislation

*Not Applicable*

Other

Audit Committee Annual Work Program

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# 2017 Audit Committee Resolution Register

D17/12375

| Meeting Date | Items No. | Title | Resolution Description | Resolution Number | Responsible Department | Status | Comment | Date Completed |
|---|---|---|---|---|---|---|---|---|
| 17-Feb-17 | 4.1 | Rate Revenue and Employee Numbers | "that the Audit Committee, having considered Item 4.1 - Rate Revenue and Employee Numbers, dated 17 February 2017, 1. receives and notes the report;<br>2. notes that it appears that Adelaide Plains Council staffing is not low in comparison to other councils;<br>3. Requests a further report be provided to the Audit Committee considering factors such as:- □ suitability of comparative councils; □ analysis of comparability of key differences of services provided and methods of delivery (e.g. activities undertaken by contract); □ inside and outside staff numbers; □ difference in service levels (operational and environmental factors including growth); and □ opportunities for productivity improvement." | 2017/002 | Finance and Econ Development | Ongoing | Report yet to be prepared | |
| 10-Apr-17 | 6.1 | General Business | "that a report be prepared and presented to the Audit Committee prior to any handover of the Mallala CWMS asset to Council, considering that all issues have been satisfactorily resolved." | 2017/019 | Infrastructure | Ongoing | Final report yet to be prepared. Update report provided to July 2017 OCM | |
| 15-Aug-17 | 4.2 | Risk Register Introduction | "that the Audit Committee, having considered Item 4.2 – Risk Register Introduction, dated 15 August 2017, receives and notes the report and in doing so, approves the Risk Register Template as attached with minor edits as discussed at the meeting." | 2017/032 | Governance and Communication | Ongoing | Template approved. Committee to view completed Risk Register | |
| 15-Aug-17 | 4.3 | Fleet and Asset Management | "that the Audit Committee, having considered Item 4.3 – Fleet and Asset Management, dated 15 August 2017, receives and notes the report and a further body of work be undertaken including addressing the issues highlighted in the resolutions of 18 April 2016 and 30 May 2016 Audit Committee Meetings, including but not limited to rubble crushing, to the next ordinary meeting." | 2017/033 | Infrastructure | Ongoing | Feb-18 | |
| 15-Aug-17 | 5.3 | Annual Work Program Self Assessment 2016-2017 | "that the Audit Committee, having considered Item 5.3 – Annual Work Program Self Assessment 2016-2017, dated 15 August 2017, receives and notes the report Annual Work Program Self Assessment 2016-2017 and that a survey be undertaken of Committee members to assess the performance of the committee for consideration at the next meeting." | 2017/041 | Finance and Econ Development | Ongoing | Survey to be distributed at November Audit Committee Meeting | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 11-Sep-17 | 4.1 | Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority | "that the Audit Committee recommend to Council that Council, having considered Item 4.1 - Gawler River Floodplain Management Authority Review – Prudential Assessment – Withdrawal from the Authority, dated 11 September 2017, instructs the Chief Executive Officer to prepare a report to the next meeting of the Audit Committee outlining the status of Council's Risk Management processes and whether or not there is indeed a Risk Management Plan and whether it needs to be updated." | 2017/050 | Governance and Communication | Ongoing | This Audit Committee resolution was never put to October 2017 Council meeting for adoption. Therefore, status update on Council's Risk Management processes will be provided at next Audit Committee meeting scheduled in February 2018 | |

# 2016 Audit Committee Resolution Register

D17/12375

| Meeting Date | Items No. | Title | Resolution Description | Resolution Number | Open/ Confidential | Responsible Department | Status | Comment | Date Completed |
|---|---|---|---|---|---|---|---|---|---|
| 18-Apr-16 | 4.2 | Annual Work Program | "that the Audit Committee, having considered Item 4.2 - Annual Work Program, dated 18 April 2016, receives and notes the report and requests an inclusion of an update of the Vegetation Management Policy to the next Audit Committee of 16 May 2016." | 2016/003 | O | Governance and Communication | Ongoing | The report is yet to be prepared as the Vegetation management policy is being reviewed by management. | |
| 18-Apr-16 | 4.5 | Plant & Equipment Asset Management (Policy & Programs) | "that Committee, having considered Item 4.5 Plant & Equipment Asset Management, dated 18 April 2016:- receives and notes the report, request the Asset Management Policy be reviewed at the meeting following 16 May 206 Audit meeting, and considers Plant and Asset Management (including renewal policy and use of contractors) be considered as an item for a possible Efficiency Review." | 2016/006 | O | Infrastructure | Ongoing | Asset Management Policy is yet to be reviewed. The Asset Management Policy requires reviewing in conjunction with the Vehicle Policy / Plant and Machinery. This will be worked on in the coming months. | |
| 30-May-16 | 4.3 | Draft Long Term Financial Plan | "that the Committee requests a report outlining the savings to date, and expected in the future, from Council's participation in the Barossa Regional Procurement Group." | 2016/016 | O | Finance and Econ Development | Ongoing | Quarterly CEO reports prepared by the BRPG Cordinator identifying savings made by participating Councils will be presented to the February 2018 Audit Commitee meeting as a confidential report. | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 15-Dec-16 | 4.1 | Rate Revenue and Employee Numbers | "that Committee, having considered Item 4.1 - Rate revenue and employee numbers, dated 15 December 2016, receives and notes the report and further, the Chief Executive Officer be instructed to bring back further reports in relation to the following matters:-<br>1 Providing updated data to include separate categories for 'like council's' that are comparable to Adelaide Plains Council.<br>2 Providing a list of potential tasks that may be able to be contracted out rather than delivered in house. Further, that these tasks be compared with other 'like council's' that are comparable to Adelaide Plains Council.<br>3 Providing a list of potential grant funding streams that could be targeted as a means of bringing in additional funds to the Council to deliver capital projects." | 2016/023 | O | Finance and Econ Development | Ongoing | Item 1 - Please refer to February 2017 Audit Committee agenda. Reports addressing item 2 & 3 is yet to be provided | |

# 2015 Audit Committee Resolution Register

D17/12375

| Meeting Date | Items No. | Title | Resolution Description | Resolution Number | Open/ Confidential | Responsible Department | Status | Comment | Date Completed |
|---|---|---|---|---|---|---|---|---|---|
| 12-Oct-15 | 4.2 | Annual Work Program | "that the Audit Committee, having considered Item 4.2 - Annual Work Program, dated 12 October 2015, receives an Internal Financial Controls Update/Status Report at future meetings during 2015/2016" | 2015/023 | O | Finance and Econ Development | Ongoing | Commence 9 November 2015 | |
| 09-Nov-15 | 6.2 | General Business | "that the Committee request a report regarding the possibility of introducing a program of services efficiency reviews that are reported on to the Audit Committee on a regular basis including possible suggested services for review such as quarry operations." | 2015/045 | O | Finance and Econ Development | Ongoing | All GMs<br>Report to Committee in 2018 | |

| | | |
|---|---|---|
| | **5.5** | **Special Distribution 2017-2018 from Local Government Risk Services** |
| | **Department:** | **Finance and Economic Development** |
| | **Report Author** | **General Manager Finance and Economic Development** |
| **Date: 6 November 2017** | **Container No:** | **CON17/55** |
| | **Document No:** | **D17/27566** |

## OVERVIEW

Local Government Risk Services has been delivering insurance and risk management services to councils across South Australia since pioneering the self-insurance mutual concept in 1986. The purpose of this report is to highlight some of the key financial benefits delivered to councils in the past year as a result of the Local Government Risk Schemes in South Australia which covers:

a) Local Government Association Workers Compensation Scheme (LGAWCS)
b) Local Government Association Mutual Liability Scheme (LGAMLS)
c) Local Government Association Asset Mutual Fund (LGAAMF)
d) Local Government Income Protection Fund (LGIPF)
e) Local Government Risk Services (LGRS)

A successful year for the Local Government Risk Schemes has resulted in Special Distributions for South Australian Councils totalling $6m as shown in the recently received *2017 South Australian Local Government Risk Scheme Highlights* brochure (**Attachment 1**). This financial benefit results from a sector wide membership and self-insurance approach that redistributes funds back to councils. This is in addition to any performance bonuses. This has resulted in the Adelaide Plains Council receiving a Special Distribution of $35,451 in 2017/2018 ($35,074 in 2016/2017), made up of:

- $17,246 from LGAWCS ($5,792 in 2016/2017 Financial Year)
- $ 9,772 from LGAMLS ($15,098 in 2016/2017 Financial Year)
- $ 8,433 from LGAAMF ($14,184 in 2016/2017 Financial Year)

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## RECOMMENDATION(S)

**"that the Audit Committee, having considered Item 5.5 – Sp*ecial Distribution 2017-2018 from Local Government Risk Services*, dated 6 November 2017, receives and notes the report".**

## BUDGET IMPACT

Not Applicable

## RISK ASSESSMENT

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### Attachments

1. **2017 SA LGRS Highlights – Adelaide Plains Council**
2. **Adelaide Plains Council – Mutual Risk Scheme Membership Summary**

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## DETAILED REPORT

### Purpose

The purpose of the report is to provide the Audit Committee with details of Council's current insurance policies and special distribution received in 2017/2018 from the Local Government Risk Services.

### Background/History

The Council's insurance coverage is placed with Local Government Risk Services. Local Government Risk Services (LGRS) was established to manage and service the unique insurance, risk management and insurance needs of Local Government in South Australia.

### Discussion

The Council has in place the following insurance policies with the LGRS and recently has renewed insurances for the 2017/2018 Financial Year.

- **LGA Workers Compensation Scheme (LGAWCS)**

The LGAWCS is a self-managed discretionary fund, providing unlimited liability protection for Members in respect of claims under the Return to Work Act 2014 (previously Workers Rehabilitation and Compensation Act 1986). The LGAWCS cover provides a nil excess for Members for claims. Members must as a condition of membership, commit to the principles of Risk Management.

- **LGA Asset Mutual Fund (LGAAMF)**

The Asset Mutual Fund provides coverage for Council owned property including but not limited to Buildings, Structures, Plant, Machinery, Contents of every description, loss of revenue, cyber security & data protection, Money, Motor Vehicles and Mobile Plant in anywhere in Australia.

- **Local Government Income Protection Fund (LGIPF)**

The Income Protection Policy provides Income Protection and Capital benefits coverage to the Adelaide Plains Council for and on behalf of staff and covers:

a) Outside working hours Accident & Illness
b) 100% reimbursement of wages up to 104 week maximum benefit period
c) Death & Capital Benefit $15,000
d) Workers Compensation Top Up Benefit

- **LGA Mutual Liability Scheme (LGAMLS)**

The Council is a member of the Mutual Liability Fund. This covers the Councils risk for people tripping over on the footpaths, falling trees, etc. This cover is unlimited and the policy is an all Civil Liability cover and takes into account;

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a) Public and product liability
b) Professional Indemnity
c) Councillors and Officers & Employment Practices Liability
d) Aviation Liability
e) Environmental premises & landfill (pollution legal liability)

in which the Council may be sued by reason of Civil Liabilities arising and in connection with the Local Government business.

- **Public & Products Liability**

The Public & Products Policy provides coverage to the Adelaide Plains Council on behalf of all uninsured ad hoc or occasional hirers of Council owned or controlled facilities for Death or Personal Injury and Loss or Damage to Property happening during the Period of Insurance and caused by an occurrence in connection with the hire of the Council facility.

- **Personal Accident and Corporate Travel Cover**

Personal Accident Insurance provides coverage for Death and Total or partial disablement for Insured Parties listed below arising from an injury which occurs while engaged in or on any activity directly or indirectly connected with or on behalf of Council, including while travelling directly to and/or from such activity:

a) Elected Members and their accompanying Partners/Spouses.
b) Employees and their accompanying Partners/Spouses, (excluding claims where the employee is entitled to benefits under any Workers Compensation legislation)
c) Volunteers whilst engaged in any voluntary work directly or indirectly connected with or on behalf of the Council including individual members of any Trust or Committee formed by Council.
d) Persons whilst engaged in any Government Labour Market, Training or Job Creation Projects.
e) Members of the Council's Development Assessment Panel and Audit Committee.

- **Journey Injury**

Journey insurance provides protection for employees if they are injured whilst travelling to or from their residence & place of work & between a place of training for work. Where the employee is not protected by Workers Compensation or the Statutory Transport Accident scheme, this product provides additional protection in the event of an accident resulting in death or loss of income.

Benefits include:

a) Capital Benefits: lump sum payment for accidental death or other listed conditions. Payable condition must occur within 12 months of the injury

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b) Weekly Benefits: periodical payments to supplement lost income following an injury. Payable condition must occur within 12 months of the injury. Benefits payable up to a maximum of 104 weeks
c) Cover is designed to protect employees whilst on a journey where Workers Compensation and Statutory Transport Accident authority does not provide cover. This enables intermediaries to provide an option to employers for greater protection of employees
d) Cover can be extended to cover private journeys, so that arrangements can be personalised for specific needs

The Adelaide Plains Council's Mutual Risk Scheme Membership Summary (**Attachment 2**) provides more details on the insurance policies, risk resources available to the Council free of charge for being a member of LGRS and premiums paid for 2016/2017 & 2017/2018 Financial Year.

The Council has been advised recently that due to strong performance by LGAWCS, LGAMLS and LGAMF in 2016/2017 Financial Year, all 3 schemes have declared a Special Distribution payments to Members totalling $6m to South Australian Councils of which the share of the Adelaide Plains Council is $35,451.

Special Distribution payments are over and above the Performance Rebates & Bonuses applied and have made possible through sustained strong performance by the Risk Schemes in driving down claim numbers and claim costs.

**Attachment 1** contains information on LGRS highlights for 2016/2017 Financial Year including the information on APC's share of the Special Distribution.

**Allocation of Funds**

Council shall review proposed WHS and Risk initiatives and projects to improve health safety and risk management practises and systems. The outcome of this review shall be discussed and agreed upon in consultation with the HS Committee and final endorsement sought from the Executive Management Team.

## Conclusion

All of the South Australian Councils are currently protected by Local Government Risk Services through a mutual insurance schemes. Adelaide Plains Council continue to benefit being part of the LGRS and in recognition of Council's ongoing support of the Schemes, this year the LGRS provided Council with a Special Distributions of $35,451. This is a reflection of Council and the Schemes good performance.

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## References

Legislation

*Section 80  of the Local Government Act 1999 - Insurance of members*

*Section 142 of the Local Government Act 1999 - Duty to insure against liability*

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# 2017 South Australian Local Government Risk Scheme Highlights

## Adelaide Plains Council

YOUR TOTAL SPECIAL DISTRIBUTION FOR 2017-18

**$35,451**

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# DELIVERING CERTAINTY THROUGH MUTUALITY

At the completion of the 2016-17 FY the LGA Workers Compensation Scheme, LGA Mutual Liability Scheme and LGA Asset Mutual Fund are in a very unique position. Due to a sustained period of strong performance across all Schemes, ongoing Members can expect, subject to ongoing performance, a share of a Special Distribution pool of at least $4m per annum for the next 3 years. This is in addition to Scheme performance bonuses and rebates.

1

## WHY IS WORKERS COMPENSATION SELF-INSURANCE VALUABLE FOR THE SECTOR?

Self-Insurance has delivered over **$250m** in savings to the sector with the average net contribution (after Special Distribution) in **2017-18** being only **2.4%**. In August 2017, the LGAWCS worked with RTWSA and Councils (Audit Sites) to successfully extend the SI License for another **5 years**.

2

The LGAWCS is delivering **$12.1m** in performance rebates back to the sector in 2017-18. **Adelaide Plains** will receive **$79,550**.

3

## WHY IS THE LGAWCS SPECIAL DISTRIBUTION SO LARGE?

The LGAWCS has delivered another record low number of workers compensation claims in 2016-17 FY that is **8%** under the previous year (and cost of claims 22% less). This result is remarkable when you consider **30** years ago, nearly one in three Local Government employees had a claim compared with today which is more like one in twenty.

4

## HOW CAN THE SECTOR HAVE UNLIMITED CIVIL LIABILITY PROTECTION?

The LGAMLS has worked with the LGA to successfully negotiate with the State Government the extension of the Treasurers Indemnity for another **3** years. This enables the Scheme to provide Members with **unlimited civil liability** protection in the event of a catastrophe at no additional cost to Members.

5

## CIVIL LIABILITY CLAIMS CAN BE COMPLEX AND COSTLY

The LGAMLS continues to successfully apply consistent interpretation and application of sector immunities such as tree and footpath claims. This is fundamental in protecting Local Government from potentially huge claim exposure.

6

The LGAMLS is delivering **$3.7m** in bonuses back to the sector in 2017-18, reducing contributions to the Scheme. **Adelaide Plains** received **$9,220**.

7

## THE LGAAMF DELIVERS CUSTOMIZED PROTECTION FOR THE SECTOR

The LGAAMF continues to provide protection for assets and infrastructure, business interruption, fidelity guarantee, machinery breakdown, motor vehicle, computer breakdown, and has extended protection to include cyber and data security and cybercrime. In 2017/18 the LGAAMF will fund Cyber Risk programs and Property valuations.

8

THE LGAAMF is delivering **$2m** in performance bonuses back to the sector in 2017-18, reducing contributions to the Fund. **Adelaide Plains** received **$12,453**.

9

## TRADITIONAL INSURANCE CAN'T PROVIDE THIS

Mutual Funds have the ability to extend protection well beyond traditional insurance and apply discretionary decision making, which provides Members with peace of mind when it comes to civil liability and asset protection.

10

## Total Special Distribution back to the sector in 2017-18 is **$6M**

| SCHEME | SECTOR | ADELAIDE PLAINS COUNCIL |
|---|---|---|
| Workers Compensation Scheme – Local Government Association of South Australia | $3M | $17,246 |
| Mutual Liability Scheme – Local Government Association of South Australia | $2M | $9,772 |
| AMF Local Government Asset Mutual Fund | $1M | $8,433 |

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# LOCAL GOVERNMENT CEO'S RANKING OF THE TOP RISKS IN THE SECTOR

Across April and May 2017, JLT conducted it's inaugural Key Risk Indicator Survey. CEOs and General Managers of Local Government across Australia identified the top concerns surrounding risk for Local Government in 2017.

THE **TOP RANKED 1-12 RISKS** FOLLOW, ALONG WITH AN OVERVIEW OF SCHEME PROTECTION & LGRS RISK MANAGEMENT SUPPORT.

## 1 FINANCIAL SUSTAINABILITY

### SCHEME PROTECTION

- Mutual Schemes deliver certainty in periods of uncertainty with the most extensive protection in Australia
- Mutual Schemes that deliver consistency, reliability and predictability for budgeting purposes
- Performance Bonuses & Special Distributions returned to the Members instead of Insurer's profits

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Risk & WHS Specialists proactively working with Council to maintain Workers Compensation Self-Insurance
- Consistent application of Civil liability immunities, mitigating local government exposure

## 2 THEFT, FRAUD & CRIME

### SCHEME PROTECTION

- Member protection against internal and external theft, fraud and crime, including cyber crime

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Cyber Risk Assessments and a new Cyber Penetration programme available in 2017-18
- Fraud Awareness training provided
- Cyber and Data Security as well as public relation expenses following a privacy breach

## 3 REPUTATION RISK

### LGRS SCHEME PROTECTION

- Provision of Councillors and Officers liability protection, including legal advice preceding a potential claim
- Employment practices, WHS & RTWSA Statutory liability
- LGAWCS develop and provide compliant processes
- Cyber and Data Security public relation expenses following a privacy breach

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Expert support and legal advice with complex civil liability matters
- LGAWCS provides a clear framework for WHS which delivers compliance and advocacy with Safety regulators
- Access to public relations consultant to minimise negative publicity and restore reputation

## 4 INCREASED STATUTORY AND REGULATORY REQUIREMENTS

### SCHEME PROTECTION

- LGAWCS engages safety regulators and monitors the legislative environment for changes
- Council statutory liability protection in respect to WHS legislation

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Regulator engagement and advocacy
- Legal advice provided from all Mutual Schemes
- Access to Risk Experts located all over the State

## 5 ENVIRONMENTAL MANAGEMENT

### SCHEME PROTECTION

- Provision of Environmental (gradual pollution) liability for Landfill and all other premises owned or controlled
- Provision of sudden and accidental pollution protection
- Council Premises statutory liability protection for loss arising from Environmental Pollution

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Scheme Advocacy with key stake holders
- Risk Management advice on climate adaptation and critical asset protection
- LGAWCS funded provision of Chemalert

## 6 PROPERTY AND INFRASTRUCTURE

### SCHEME PROTECTION

- Discretionary asset protection for property, machinery, equipment, vehicles, technology assets and plant equipment
- Protection that includes Business Interruption in the event of direct physical loss or damage of property

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Risk advice on critical asset protection in the event of an extreme weather event
- LGAAMF funded BCP's, ThermoScans, Asset surveys and valuations
- Access to tailored Business Interruption programmes

## 7 NATURAL CATASTROPHES / CLIMATE CHANGE

### SCHEME PROTECTION

- The Treasurers Indemnity enables the LGAMLS to provide unlimited civil liability protection with zero exclusions
- Protection well beyond traditional insurance, including discretionary protection of Council assets

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Advocacy with key Government stakeholders to manage and retain the Treasurers Indemnity
- Delivery of the Climate Adaptation Programme
- Representation on the LG Emergency Management Support Group
- Management and delivery of iResponda and Community Resilience Program

## 8 IT INFRASTRUCTURE / CYBER

### SCHEME PROTECTION

- Discretionary protection for Council IT Assets, including Cyber Security and Data Protection
- Protection that extends to reinstatement of data in the event of a Cyber breach

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Cyber Risk Assessments and a new Cyber Penetration programme available in 2017-18

## 9 BUSINESS CONTINUITY & COMMUNITY

### SCHEME PROTECTION

- Discretionary protection of all Council assets which extends to Business Interruption, including property and the reinstatement of critical services
- The Treasurers Indemnity enables the LGAMLS to provide unlimited civil liability protection with zero exclusions

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Provision of Council specific Risk Consultants
- LGAAMF funded BCP and Business Interuption Programs
- Emergency Management programs, iResponda and Community Disaster Resilience Programs (CREP)

## 10 GOVERNANCE RISKS

### SCHEME PROTECTION

- Councillors and Officers liability protection
- Protection for Council, Elected Members and employees in line with LG Act obligations
- Employment practices liability
- Council statutory liability protection in respect to WHS legislation

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Risk advice and advocacy with regulators
- Support and training provided on WHS compliance, including Due Diligence training for employees and Councillors
- Coordination of Local Government WHS and Risk Forums to enable best practice sharing
- Provision of funded Mock Court Simulations

## 11 EFFECTIVE HR / WHS MANAGEMENT

### SCHEME PROTECTION

- LGAWCS provides WHS, Risk and Legal advice as well as Claim and injury Management
- Delivering a 2.4% average net contribution rate (after rebates and Special Distributions)

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Expert support and advice on WHS System development
- Expert engagement of key stakeholders and regulators; RTWSA, Safework, Office of technical Regulator, SISA
- Risk Consultants located all over the State, providing hands-on and strategic advice
- Employee access to annual health checks and skin screening which now extends to Health and Well-being and funded First Aid training programmes
- Introduction of the Injury Management in the Ageing Workforce programme in 2017-18

## 12 CIVIL LIABILITY

### SCHEME PROTECTION

- The Treasurers Indemnity enables the LGAMLS to provide unlimited civil liability protection with zero exclusions

### RISK MANAGEMENT BENEFITS FOR LGRS MEMBERS

- Expert support and risk management advice
- Legal advice on claims and matters preceding a potential claim
- Consistent application of Local Government indemnities (tree and footpath damage)
- Inhouse under excess claims management on behalf of Councils

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# LOCAL GOVERNMENT STRENGTH IN MUTUALITY

**$71m** in surpluses invested with LGFA to meet financial capital requirements, providing Members with competitive loan rates

Over **2,700** claims managed by LGRS for SA Councils every year

**$31m** in Special Distributions returned to the sector since 2009

LGAWCS has delivered a **50% reduction** in net claims since 1999, whilst employee numbers have increased 40%

**$143m** returned to the sector in performance bonuses and rebates in last 10 years

Over **$6.6B** in Local Government assets protected in 2017

## 100% OF SA COUNCILS ARE PROTECTED BY LGRS INDEMNITY SCHEMES

LGAMLS average contributions are **10%** lower in 2017/18 than ten years ago

**7,800** Local Government vehicles protected

**2,700** claims and $35m paid to Council employees through the Income Protection Fund

Over **$5.5m** in Scheme Funded Risk and WHS Management programs, resources and training provided to Councils every year

Over **5,100** employee Health Checks and Skin Screenings funded by the LGA WCS in 2016-17

Over **$250m** saved by the sector through the Workers Compensation Self-Insurance fund

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## UNIQUE MEMBER BENEFITS

As a Member of the LGA Workers Compensation Scheme, LGA Mutual Liability Scheme, LGA Asset Mutual Fund and LG Income Protection Fund, SA Councils and prescribed bodies access unique support and benefits not seen in the traditional insurance market. Continued membership delivers certainty for your Council through financial stability, unique protection, specialized claims management and provision of tailored Risk & WHS services.

Dedicated Risk & WHS Advisors, Claims & Injury Management Consultants and provision of expert legal advice.

Provision of Scheme Funded Programmes; Risk & Safety System development, Risk Management software (Skytrust & ChemAlert), Healthy Lifestyle Program, First Aid Training, Asset Surveys & Valuations, Thermoscans and more.

Performance Bonuses, Rebates and Special Distributions which go back to the membership rather than being retained as profit by Insurers

Peace of mind that the Schemes deliver Local Government financial stability, predictability and the broadest protection

Advocacy through experts engaging regulators, stakeholders and legislators in the interests of the sector

## MEMBER CENTRE

The LGRS Member Centre is an interactive knowledge hub for your risk management needs. It offers you exclusive member-only access to claims performance, history and lodgement; all your cover details; and risk management information, tools and resources.

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# Adelaide Plains Council
# Mutual Risk Scheme
# Membership Summary

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# ADELAIDE PLAINS COUNCIL MUTUAL RISK SCHEME MEMBERSHIP SUMMARY

Following is a summary of Mutual Risk Scheme membership contributions and entitlements for the current financial year.

**For the first time, Members have been provided the option of paying the Annual Contribution fees to the LGAWCS, LGAMLS and LGAAMF in Quarterly Instalments.**

For more detailed information regarding the Indemnity Schemes and General insurance policies, refer to the LGRS Members Centre (www.lgrs.com.au).

## LOCAL GOVERNMENT ASSOCIATION WORKERS COMPENSATION SCHEME (LGAWCS)

The LGAWCS is funded by a levy on Member remuneration (as defined by RTWSA) and the contribution rate is determined each year by the LGAWCS Board based on independent actuarial advice. The LGAWCS operates a rebate/penalty program to reward and motivate optimum performance. The value of this approach can be clearly demonstrated by LGAWCS members paying a rate which is consistently lower than what they would pay if registered through RTWSA. Actuarial estimates confirm the sector has saved over $250m through being Self-Insured.

Based upon your claims and WHS performance, the net rate payable (after bonus & special distribution) by Adelaide Plains Council is 2.54%.

### Renewing Membership Contributions are calculated annually based on individual Council declared wages and performance. The following table outlines the 2017/18 contributions, net of GST:

| | 2016/17 | 2017/18 |
|---|---|---|
| Declared Council Remuneration | $4,784,224 | $4,763,749 |
| Contribution net of Performance Rebate | $127,194 | $122,909 |
| Special Distribution | ($5,792) | ($17,246) |
| **Net Contribution** | **$121,402** | **$105,663** |
| **Net Rate (as a % of Council Payroll)** | **2.54%** | **2.22%** |

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# LOCAL GOVERNMENT ASSOCIATION WORKERS COMPENSATION SCHEME (LGAWCS) CONTINUED…

## Adelaide Plains Council 2017/18 LGAWCS Summary of Risk Resources:

| LGAWCS PROGRAMS | ESTIMATED VALUE | COST TO Adelaide Plains Council |
|---|---|---|
| Dedicated WHS, Risk & Evaluation Consultants | $35,000 | $0 |
| Provision of Legal services & Regulator Engagement | $15,000 | $0 |
| WHS, Risk & Well-being Programs;<br><br>WHS Tailored Programs (TIP, PPR)<br>RTW Compliance Training<br>- Health Checks & Skin Screening<br>- Certified St John First Aid Training<br>- Injury Management with Ageing Workforce Program<br>- Certified WHS Training<br>- Mock Court Simulation | <br><br>$30,000<br><br>$3,000<br>$8,000<br>$2,200<br>$10,000<br><br>$6,000<br>$6,000 | $0 |
| WHS & Risk Management Platforms;<br>- Skytrust Software<br>- ChemAlert Software<br>- JobFit Software | <br>$10,000<br>$2,000<br>$2,000 | $0 |
| **Total** | **$129,200** | **$0** |

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# LOCAL GOVERNMENT ASSOCIATION MUTUAL LIABILITY SCHEME (LGAMLS)

Membership is secured by payment of an annual contribution which is calculated based on a Council's revenue base, adjusted to reflect the risk profile, claims history and application of risk management principles. A well performing Council Member is identified via an annual Risk and Claim Evaluation process and rewarded by way of an annual bonus.

The LGAMLS continues to provide the Adelaide Plains Council cover for civil liability that includes risks arising from:

- Public and Products Liability
- Professional Indemnity
- Councillors and Officers & Employment Practices Liability
- Aviation Liability
- Environmental Premises & Landfill (Pollution Legal Liability)

**S142 of the Local Government Act 1999 set out a statutory obligation of a Council to insure against civil liability risks. The prescribed minimum level of cover is $300m, the LGAMLS satisfies this requirement, providing unlimited cover with nil exclusions.**

The LGAMLS provides unlimited civil liability via the Treasurer's Indemnity thereby ensuring that no civil liability claim will ever exceed the amount of protection provided to any South Australian Council. This protection is unique in Australia and complies with current legislative requirements.

## The following table outlines the 2017/18 contributions, net of GST:

| | 2016/17 | 2017/18 |
|---|---|---|
| Contribution net of Performance Bonus | $51,980 | $51,980 |
| Special Distribution | ($15,098) | ($9,772) |
| **Net Contribution** | **$36,882** | **$42,208** |

## Adelaide Plains Council 2017/18 LGAMLS Summary of Risk Resources:

| LGAMLS PROGRAMS & SERVICES | ESTIMATED VALUE | COST TO Adelaide Plains Council |
|---|---|---|
| Dedicated Risk Consultants | $10,000 | $0 |
| Provision of Legal services, under excess claims management & Regulator Engagement | $15,000 | $0 |
| Risk Programs;<br>- Risk Resources & Industry Information Forums (Tree, Road, Noise & Nuisance, etc)<br>- Emergency Management & i-Responda Program<br>- Rail Interface Risk Management | $8,000<br>$8,000<br>$5,000 | $0 |
| **Total** | **$46,000** | **$0** |

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# LGA ASSET MUTUAL FUND (LGAAMF)

LGAAMF was established on 30 June 2002 to manage risk transfer opportunities for property and financial risks of South Australia Local Government Authorities. LGAAMF operates as a mutual discretionary trust fund that provides protection for:

- Property damage (assets and infrastructure)
- Fidelity Guarantee
- Machinery Breakdown
- Computers/Electronic Equipment
- Motor Vehicles
- Cyber security & data protection

The LGAAMF has established an Overview Committee to assist with the management of the Fund. The Overview Committee includes members representing Local Government, the Local Government Association and representatives of each Local Government Union.

## The following table outlines the 2017/18 contributions, net of GST:

| | 2016/17 | 2017/18 |
|---|---|---|
| Contribution for Assets, Infrastructure, Loss of Revenue, Cyber Security & Data Protection | $78,104 | $82,434 |
| **Performance Bonus** | **($1,631)** | **($12,453)** |
| **2017-18 Special Distribution** | **($14,184)** | **($8,433)** |
| **Contribution – Assets & Infrastructure** | **$62,289** | **$61,548** |
| Fidelity Guarantee | $750 | $750 |
| Machinery Breakdown | $1,513 | $1,530 |
| Computer / Electronic Equipment | $3,754 | $3,862 |
| Motor Vehicle | $37,824 | $31,904 |
| **Net Contribution** | **$106,130** | **$99,594** |

## Adelaide Plains Council 2017/18 LGAAMF Summary of Risk Resources:

| LGAAMF RISK PROGRAMS | ESTIMATED VALUE | COST TO Adelaide Plains Council |
|---|---|---|
| - Business Continuity Plan | $10,000 | $0 |
| - Asset Surveys | $6,500 | $0 |
| - Asset Valuations – New | $20,000 | $0 |
| - Thermal Scanning of Key Assets | $2,500 | $0 |
| - Cyber Awarenes / Fraud Training | $2,200 | $0 |
| - Cyber Penetration testing | $10,000 | $0 |
| **Total** | **$51,200** | **$0** |

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# LOCAL GOVERNMENT INCOME PROTECTION FUND (LGIPF)

The LGIPF operates as a Mutual discretionary trust fund and offers discretionary indemnity and claims management services to Councils for employees in respect of loss of income resulting from a non-work related injury or illness.

The LGIPF has established an Overview Committee to assist with the management of the Fund. The Overview Committee includes members representing Local Government, the Local Government Association and representatives of each Local Government Union.

## The following table outlines the 2017/18 contributions, net of GST:

| | 2016/17 | 2017/18 |
|---|---|---|
| Declared Payroll – Specified AWU & ASU | $4,389,403 | $4,282,872 |
| **Performance Bonus** | **$3,211** | **TBC** |
| **Net Contribution** | **$61,711** | **$64,842** |

**The performance bonus above is calculated by reviewing the contributions against claims experience incurred averaged over the past 3 years to provide a loss ratio for each Council. No performance bonus is payable if the individual loss ratio exceeds 70%. It is important to recognise that these claims have protected the income of Council employees who have suffered serious injuries and illnesses and therefore this Fund has confirmed its value as a benefit to the employees of Council.**

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# ADELAIDE PLAINS COUNCIL MUTUAL RISK SCHEME SUMMARY FOR 2017/18

| MUTUAL FUND | 2017/18 CONTRIBUTION *NET OF GST* | COMMENTS |
|---|---|---|
| **LGA WORKERS COMPENSATION SCHEME** | $105,663 | Calculations based on 2017/18 wage estimates |
| **LGA MUTUAL LIABILITY SCHEME** | $42,208 | Calculations based on 2017/18 revenue estimates |
| **LGA ASSET MUTUAL FUND** | $99,594 | Calculations based on 2017/18 Declared Assets |
| **LG INCOME PROTECTION FUND** | $64,842 | Calculations based on 2017/18 wages |
| **LGAWCS WHS & RISK SERVICES** | $0 | Collective Value: Approx. $129,200<br>Refer to Page 2 Summary |
| **LGAMLS RISK SERVICES** | $0 | Collective Value: Approx. $46,000<br>Refer to Page 3 Summary |
| **LGAAMF RISK SERVICES** | $0 | Collective Value: $51,200<br>Refer to Page 4 Summary |
| **TOTAL COST** | **$312,307** | |

**All contributions mentioned above exclude GST.**

**For further information regarding the Mutual Risk Schemes and General Insurances refer to the LGRS Member Centre (www.lgrs.com.au) or your Client Service Manager.**

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LGRS