

Audit & Risk Committee Agenda & Reports

1 November 2023

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

27 October 2023

To all Members of the Audit & Risk Committee

Committee Members

- Mayor Robert Bria (Presiding Member)
- Cr Grant Piggott
- Cr Claire Clutterham
- Ms Stefanie Eldridge (Independent Member)
- Ms Sandra Di Blasio (Independent Member)

Staff

- Mario Barone (Chief Executive Officer)
- Lisa Mara (General Manager, Governance & Civic Affairs)
- Natalia Axenova (Chief Financial Officer)
- Teri Hopkins (Manager, Governance & Legal)
- Skye Grinter-Falzun (Manager, Chief Executive's Office)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit & Risk Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Wednesday 1 November 2023, commencing at 7.00pm

Please advise Lisa Mara on 8366 4549 or email lmara@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

A light meal will be available from 6.30pm.

Yours faithfully



Lisa Mara
ACTING CHIEF EXECUTIVE OFFICER

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

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VENUE Mayors Parlour, Norwood Town Hall

HOUR

PRESENT

Committee Members

Staff

APOLOGIES

ABSENT

TERMS OF REFERENCE:

The functions of the Audit & Risk Committee include:

- (a) reviewing Annual Financial Statements to ensure that the Statements present fairly the state of affairs of the Council; and
- (b) proposing, and providing information relevant to, a review of the Council's strategic management plans or annual business plan; and
- (c) monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's External Auditor; and
- (d) proposing, and reviewing, the exercise of powers under Section 130A of the Local Government Act 1999; and
- (e) liaising with the Council's External Auditor in accordance with any requirements prescribed by the regulations; and
- (f) reviewing the adequacy of the accounting, internal controls, reporting and other financial management systems and practices of the Council on a regular basis; and
- (g) providing oversight of planning and scoping of the Internal Audit work plan; and
- (h) reviewing and commenting on reports provided by the person primarily responsible for the Internal Audit function at least on a quarterly basis; and
- (i) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- (j) reviewing any report obtained by the Council pursuant to Section 48(1) of the Local Government Act 1999; and
- (k) performing any other function determined by the Council or prescribed by the regulations.

1. **CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 18 SEPTEMBER 2023**
2. **PRESIDING MEMBER'S COMMUNICATION**
3. **QUESTIONS WITHOUT NOTICE**
4. **QUESTIONS WITH NOTICE**
Nil
5. **WRITTEN NOTICES OF MOTION**
Nil
6. **STAFF REPORTS**

6.1 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2023

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA491622
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present the 2022-2023 Financial Statements to the Audit Committee for review and recommendation to the Council for adoption.

BACKGROUND

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 13 of the Regulations requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements. The Annual Financial Statements have been prepared in accordance with the Model Financial Statements.

Section 126 (4) (a) of the 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*”. As such, the Annual Financial Statements are presented to the Committee for consideration.

A copy of the Annual Financial Statements is contained in **Attachment A**

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's long term strategic directions are outlined in the *City Plan 2030 – Shaping our Future*.

The 2022-2023 Annual Business Plan and supporting Budget, set out the services and programs and initiatives for the 2022-2023 Financial Year.

The Council's 2022-2023 Annual Business Plan reflects the Council's commitment to financial sustainability. In adopting the 2022-2023 Budget, the Council forecasted an Operating Surplus of \$0.864 million for the 2022-2023 Financial Year.

FINANCIAL AND BUDGET IMPLICATIONS

Statement of Comprehensive Income

The Council concluded the 2022-2023 Financial Year with an Operating Surplus of \$1.954 million (2021-2022: \$2.645 million), compared to the Operating Surplus of \$0.864 million as set out in the 2022-2023 Adopted Budget.

After considering Capital Items which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Total Comprehensive Income of \$50.111 million (2021-2022: \$37.072 million).

The reasons for the variations to the Adopted Budget are outlined in Item 6.2: Financial Summary.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Elected Members**
Nil
- **Community**
Not Applicable.
- **Staff**
Responsible Officers
General Managers
- **Other Agencies**
Nil

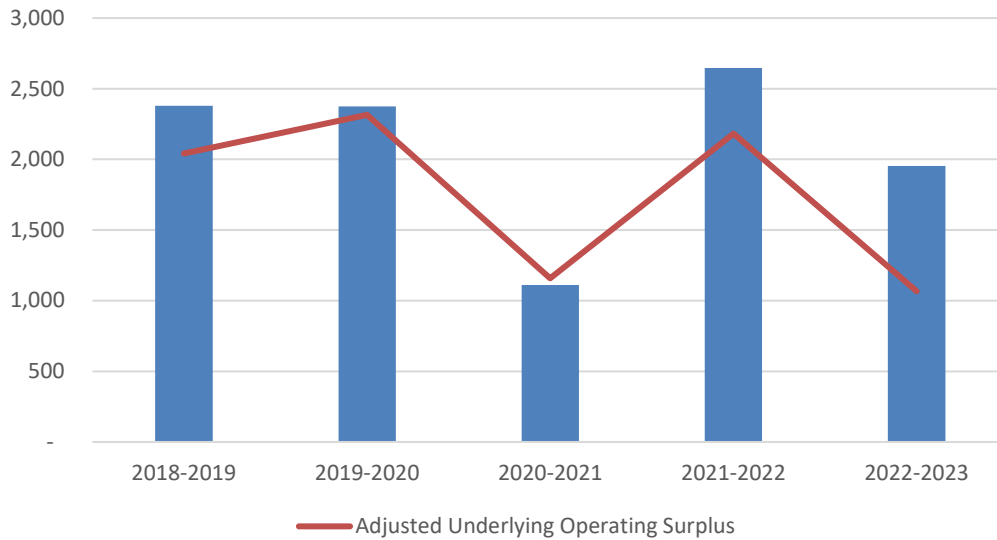
DISCUSSION

Statement of Comprehensive Income Operating Result

As detailed in Figure 1 below, the Council concluded the Financial Year with an Operating Surplus of \$1.954 million (2021-2022: \$2.645 million). The decrease in the Operating Surplus is due to a 7.9% increase in Operating Expenses primarily due to an increase in Finance costs and Net loss on Joint Ventures & Associates, when compared to the previous Financial Year.

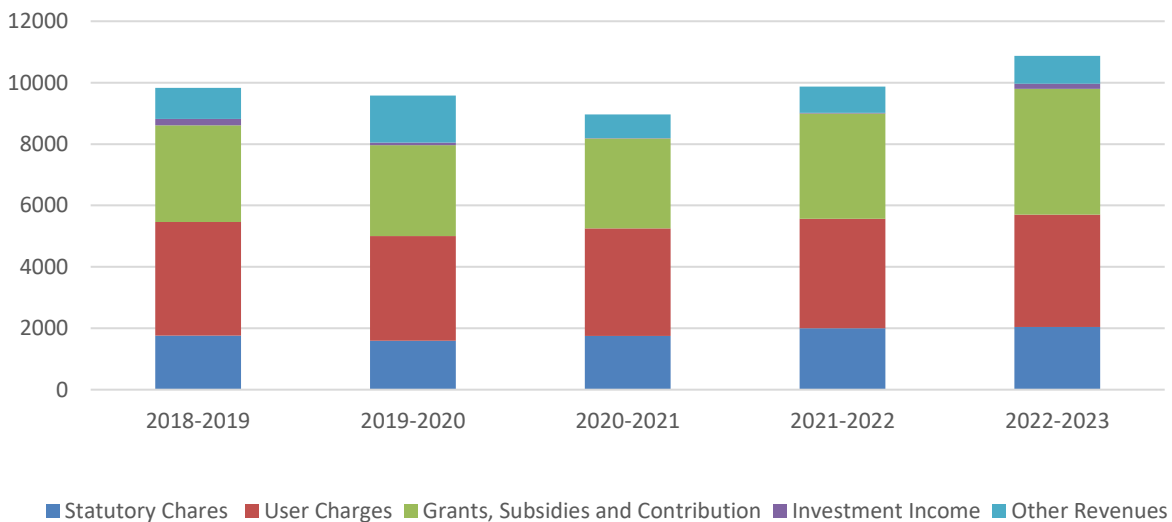
As highlighted in previous reports to the Committee, for the last five (5) consecutive years, the Federal Government has made advance payments equal to approximately two quarters of the Financial Assistance Grants. The advance was increased for the 2023-2024 financial year. Adjusting for the effect of the advance payments, the underlying Operating Surplus is \$1.067 million for 2022-2023, (2021-2022: \$2.182 million). Figure 1 below, shows the Operating Surplus over the last five (5) years and compares the impacts of the advance payment of Financial Assistance Grants.

FIGURE 1: OPERATING SURPLUS (DEFICIT) - \$'000



As detailed in Figure 2 below, non-rate revenues have increased (8.3%) compared to the 2021-2022 financial year, which is primarily due to the higher interest which has been received from the Local Government Finance Authority for “cash at bank”. In addition, the quantum of funds being held are higher due to the timing of expenditure on projects. During the year, the Council also recognised the ‘Local Roads & Community Infrastructure Program’ Grant as income immediately on receipt in accordance with AASB 1058.10, as advised by the Council’s Auditors, Galpins.

FIGURE 2: NON-RATE REVENUES - \$'000



The cost to deliver the Council's continuing services (i.e. Recurrent Operating Costs) increased by 7.9% (\$3.521 million) compared to 2021-2022. Primary drivers behind this increase are:

- Depreciation, amortisation and impairment have increased by \$795,972 compared to 2021-2022, as a result of a \$15 million capitalisation of fixed assets during 2021-2022 Financial Year.
- Employee costs have increased mainly as a result of year-on-year CPI wage increase.
- Contracted services have increased due to unplanned maintenance, increase in contracted and temporary staff at the St Peters Childcare Centre & Preschool and across the organisation to cover staffing needs while recruitment is in process for vacant roles.

Partially offsetting these cost increases were the significantly lower legal costs during the financial year (saving of \$347,796 compared to 2021-2022) and provisions for doubtful debts (a saving of \$231,406 compared to 2021-2022).

In addition to the continuing services, the Council delivered eighteen (18) Operating Projects, which encompassed a number of new service initiatives and one-off activities or programs. The net gain of delivering the Operating Projects was \$101,160 as a result of State Government Grants and Contributions from other local councils (2021-2022: net cost of \$381,478).

Ownership costs, which incorporate interest paid on long term borrowings and depreciation, increased by 6.7% (\$752,000). The increase is attributed to depreciation costs on the major assets which have been capitalised in prior years offset by a reduction in interest paid.

Non-Operating Items

A Non-Operating impact from assets related activities of \$862,114 is reported for 2022-2023 (2021-2022 Non-Operating Surplus \$30,534). The Non-Operating transactions comprised of:

- Loss on Sale and Write off of Infrastructure Assets renewed as part of the Capital Works program. (\$1.502 million)
- Grant Funding received or recognised for Capital Projects including \$0.64 million
 - Cruickshank Reserve Facility Upgrade \$444,393
 - Library Book Acquisition \$105,807
 - Norwood Oval Development \$ 60,000
 - Burchell Reserve Upgrade \$ 30,000

Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by other Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$49.019 million (2021-2022: \$34.457 million).

The major factor contributing to the Surplus is the indexation of the Council's Civil Infrastructure, Land and Building Assets. In line with the Council's *Asset Revaluation Policy*, independent valuations of the major long term asset classes are undertaken on a rolling five (5) year period. For the 2022-2023 financial year, an independent revaluation for Land and Building assets was undertaken by Asset Valuation & Risk Consulting.

Balance Sheet

The Net Assets of the Council at 30 June 2022, is \$586 million, an increase of \$50 million from 2021-2022. Major movements include:

a. Assets

Current Assets have decreased by \$7.558 million, predominately due to a decrease in cash held with the Local Government Financing Authority.

This was offset by an increase in Non-Current Assets of \$52.453 million, predominately due to an increase of \$51.062 million on the revaluation of the Council's fixed assets.

b. Liabilities

During 2022-2023 Financial Year, total liabilities decreased by \$5.216 million. The decrease was predominately due to the reduction in borrowing as a result of ongoing repayments and decrease in Trade and other payables as a result of reducing accrued commitments and outstanding payables.

c. Revaluations

In line with the Council's Asset Revaluation Policy, formal valuations of the major asset classes are undertaken on a rolling five (5) year period. For the 2022-2023 financial year, the Council engaged Asset Valuation & Risk Consulting to undertake the independent Land & Building Asset Valuation. For Asset Classes, not subject to an independent valuation, the carrying values of Assets Classes were reviewed and adjusted where appropriate.

The revaluation impact for each asset class is detailed in Table 1.

TABLE 2: IMPACT OF ASSET REVALUATION

Asset Class	Revaluation Increase/ (Decrease) \$million	Comments
Land	41.096	Represents a 21% increase in Fair Value based on the independent Land and Building Revaluations undertaken by Asset Valuation & Risk Consulting
Buildings and Other Structures	(10.661)	Represents a 14% decrease in Fair Value based on the independent Land and Building Revaluations undertaken by Asset Valuation & Risk Consulting
Open space Assets	0.401	Represents a 2% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Road Infrastructure	8.165	Represents a 10% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Kerbing	2.612	Represents a 4% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	0.717	Represents a 2% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Linear Park	0.079	Represents a 8% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Storm-water Drainage	6.497	Represents a 10% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Roads Carparks	0.124	Represents a 6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	(0.068)	Represents a 1.47% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Footbridge	0.068	Represents a 6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Total	49.03	

Overall, the revaluation increase for the 2022-203 financial year is \$49 million, compared to an increase of \$34 million for the 2021-2022 financial year.

Statement of Cash Flows

For the 2022-2023 Financial year, the Council is reporting a net decrease in cash and cash equivalents of \$7.076 million. The Council generated \$9.887 million from operating activities, with the funds used to complete the Council's Capital Infrastructure Works Program and the Asset Replacement Program (\$11.193million), and principal repayments (\$0.946 million) associated with the Councils borrowings.

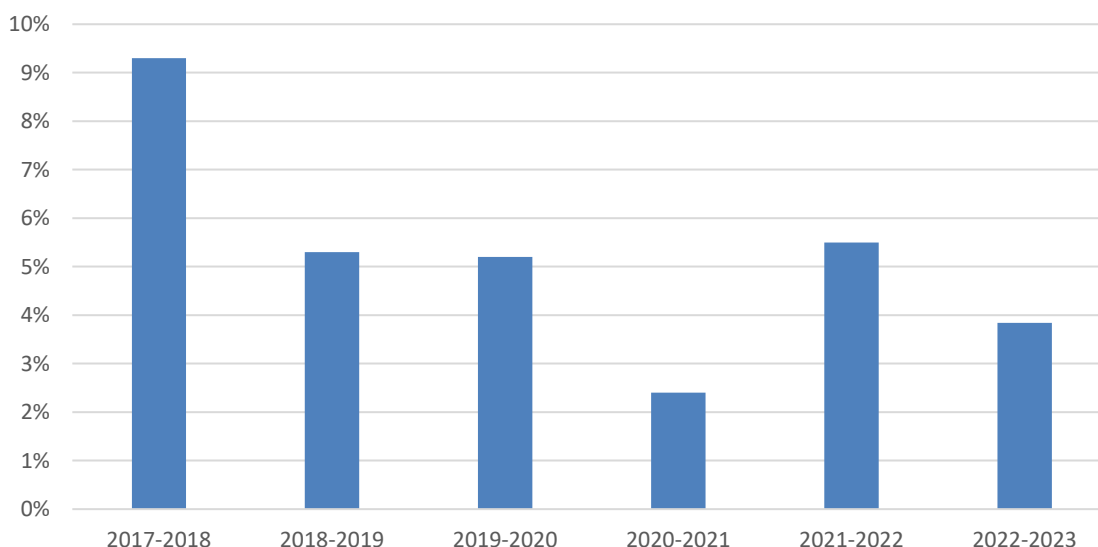
Section 126 (4) (a) of the *Local Government Act 1999*, requires that the functions of an Audit & Risk Committee are to include the review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council. To ensure that the Audit Committee discharges its responsibilities under the Act, the following papers are provided for review.

Financial Ratios

Financial indicators represented by the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 3)
- Net Financial Liabilities Ratio (refer to Figure 4) and
- Asset Sustainability Ratio (refer to Figure 5)

FIGURE 3: OPERATING SURPLUS RATIO



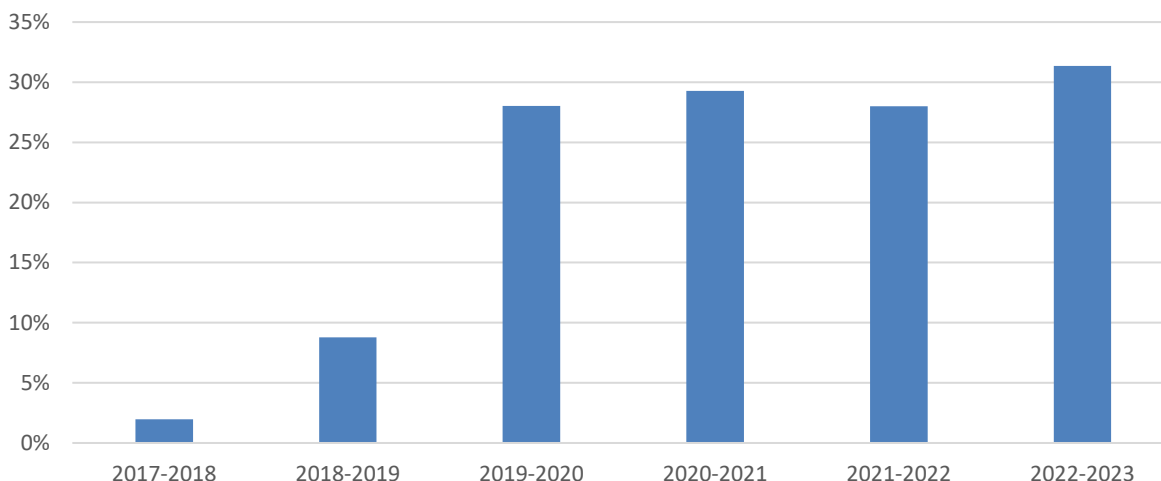
LTFP 2021-2031 Target: less than or equal to 10%

The Operating Surplus/(Deficit) Ratio expresses the Council's Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

TABLE 3: FINANCIAL ASSISTANCE GRANTS ADVANCE PAYMENTS

Financial Year	Number of Quarters Advanced	Increase in Operating Surplus (Value of Advance)
2022-2023	more than 3	\$1,405,173
2021-2022	3	\$1,071,000
2020-2021	2	\$607,000
2019-2020	2	\$655,000
2018-2019	2	\$595,000
2017-2018	2	\$614,000

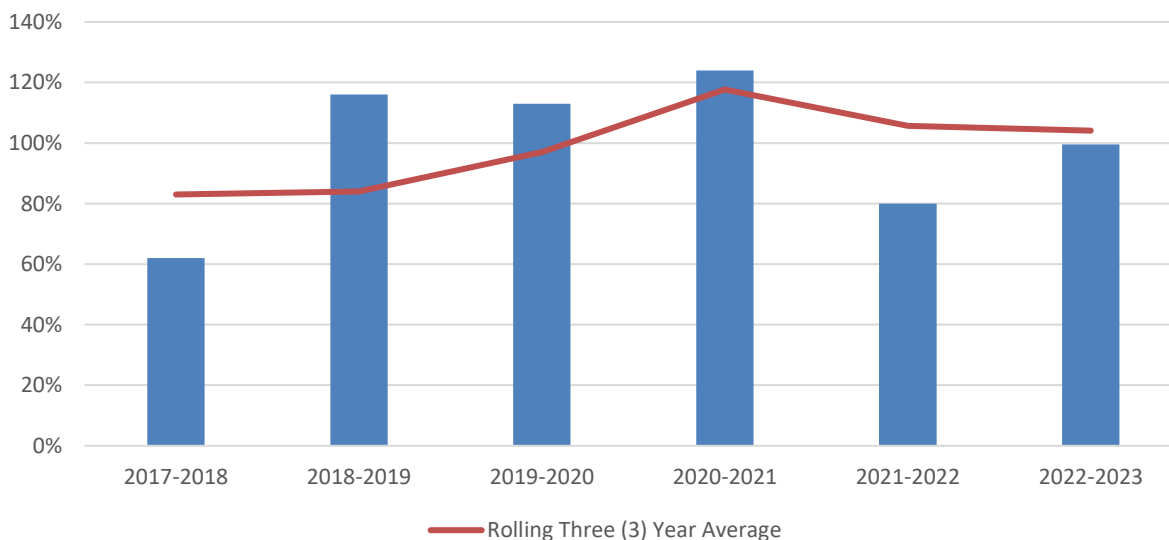
FIGURE 4: NET FINANCIAL LIABILITIES RATIO



LTFP 2021-2031 Target: less than or equal to 75%

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

FIGURE 5: ASSET SUSTAINABILITY RATIO



LTFP 2021-2031 Target: between 90% and 110% on a 3 year rolling average.

The Asset Sustainability Ratio measures whether a Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate the stock of assets is “wearing out”. Asset Sustainability, is measured against the extent of the renewal expenditure incurred, compared to the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council’s 2021-2031 Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. In some instances, the Council may be required to accelerate or decelerate the renewal or replacement of its existing asset base.

OPTIONS

There are no options associated with this issue.

CONCLUSION

The Council concluded the financial year with an Operating Surplus of \$1.954 million (2021-2022: \$2.645 million).

After Capital Items, which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of \$50.112 million (2021-2022: \$37.072 million).

The Council's Auditors, Galpins, have completed the audit of the Council's Financial Statements and have advised that they will sign an unqualified Independent Auditors' Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year's Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2022-2023 Financial Statement.

COMMENTS

Nil

RECOMMENDATION

That the Audit & Risk Committee recommends to the Council that:

- a. The Annual Financial Statements for the year ended 30 June 2023, as contained in Attachment A be adopted.
- b. The Annual Financial Statements for the year ended 30 June 2023, be dated 1 November 2023 and be signed on behalf of the Council by the Mayor.
- c. The Asset Revaluations as set out in Table 2 of this report, be adopted.

Attachment A

Annual Financial Statements for Year End 30 June 2023

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

The City Of Norwood Payneham & St Peters

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

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The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Mario Barone
Chief Executive Officer

dd MMMM yyyy

Robert Bria
Mayor

dd MMMM yyyy

The City Of Norwood Payneham & St Peters

Statement of Comprehensive Income

for the year ended 30 June 2023

\$	Notes	2023	2022
Income			
Rates	2a	39,973,871	37,938,230
Statutory charges	2b	2,038,822	2,002,942
User charges	2c	3,667,548	3,561,156
Grants, subsidies and contributions - capital	2g	552,577	—
Grants, subsidies and contributions - operating	2g	3,539,761	3,432,789
Investment income	2d	171,292	23,848
Reimbursements	2e	232,205	117,707
Other income	2f	620,156	730,501
Net gain - equity accounted council businesses	19(a)	49,738	122,405
Total income		50,845,970	47,929,578
Expenses			
Employee costs	3a	14,531,409	14,126,089
Materials, contracts and other expenses	3b	21,983,092	19,675,552
Depreciation, amortisation and impairment	3c	11,561,850	10,765,876
Finance costs	3d	458,233	502,398
Net loss - equity accounted council businesses	19(a)	357,104	214,176
Total expenses		48,891,688	45,284,091
Operating surplus / (deficit)		1,954,282	2,645,487
Asset disposal and fair value adjustments	4	(1,502,314)	(2,371,457)
Amounts received specifically for new or upgraded assets	2g	640,200	2,340,924
Net surplus / (deficit)		1,092,168	2,614,954
Other comprehensive income			
Changes in revaluation surplus - I,PP&E	9	49,030,971	34,462,346
Share of other comprehensive income - equity accounted council businesses	19	(11,537)	(5,125)
Total other comprehensive income		49,019,434	34,457,221
Total comprehensive income		50,111,602	37,072,175

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

The City Of Norwood Payneham & St Peters

Statement of Financial Position

as at 30 June 2023

\$	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	4,317,226	11,393,311
Trade and other receivables	5b	2,193,344	2,675,026
Total current assets		6,510,570	14,068,337
Non-current assets			
Trade and other receivables	6a	103,796	113,202
Equity accounted investments in council businesses	6b	1,949,342	1,930,694
Other non-current assets	6c	5,706,735	4,323,896
Infrastructure, property, plant and equipment	7	594,770,941	543,709,984
Total non-current assets		602,530,814	550,077,776
TOTAL ASSETS		609,041,384	564,146,113
LIABILITIES			
Current liabilities			
Trade and other payables	8a	8,819,495	13,030,882
Borrowings	8b	1,097,409	1,021,493
Provisions	8c	3,871,685	3,003,511
Total current liabilities		13,788,589	17,055,886
Non-current liabilities			
Borrowings	8b	7,522,162	8,527,132
Provisions	8c	288,221	1,280,371
Liability - equity accounted council businesses	8d	952,192	904,106
Total non-current liabilities		8,762,575	10,711,609
TOTAL LIABILITIES		22,551,164	27,767,495
Net assets		586,490,220	536,378,618
EQUITY			
Accumulated surplus		63,789,286	62,708,655
Asset revaluation reserves	9	522,700,934	473,669,963
Total council equity		586,490,220	536,378,618
Total equity		586,490,220	536,378,618

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

The City Of Norwood Payneham & St Peters

Statement of Changes in Equity

for the year ended 30 June 2023

\$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2023				
Balance as at 1 July		62,708,655	473,669,963	536,378,618
Net surplus / (deficit) for year		1,092,168	—	1,092,168
Other comprehensive income				
Gain (loss) on revaluation of IPP&E	7a	—	49,030,971	49,030,971
Share of OCI - equity accounted council businesses		(11,537)	—	(11,537)
Other comprehensive income		(11,537)	49,030,971	49,019,434
Total comprehensive income		1,080,631	49,030,971	50,111,602
Balance at the end of period		63,789,286	522,700,934	586,490,220
2022				
Balance as at 1 July		60,098,826	439,207,617	499,306,443
Net surplus / (deficit) for year		2,614,954	—	2,614,954
Other comprehensive income				
Gain (loss) on revaluation of IPP&E	7a	—	34,462,346	34,462,346
Share of OCI - equity accounted council businesses		(5,125)	—	(5,125)
Other comprehensive income		(5,125)	34,462,346	34,457,221
Total comprehensive income		2,609,829	34,462,346	37,072,175
Balance at the end of period		62,708,655	473,669,963	536,378,618

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

The City Of Norwood Payneham & St Peters

Statement of Cash Flows

for the year ended 30 June 2023

\$	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		39,978,796	37,858,989
Statutory charges		2,038,822	2,009,634
User charges		3,667,548	4,592,395
Grants, subsidies and contributions		3,539,761	3,440,310
Investment receipts		171,292	23,848
Reimbursements		232,205	142,203
Other receipts		887,653	770,785
<u>Payments</u>			
Payments to employees		(15,075,367)	(15,626,687)
Payments for materials, contracts and other expenses		(25,104,883)	(17,515,000)
Finance payments		(448,056)	(156,091)
Net cash provided by (or used in) operating activities	11b	9,887,771	15,540,386
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		552,577	—
Amounts received specifically for new or upgraded assets		200,846	5,785,317
Sale of Replaced Assets		256	47,869
Sale of Surplus Assets		—	1,909
Repayments of Loans by Community Groups		—	5,968
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(11,193,008)	(8,937,416)
Expenditure on new/upgraded assets		(5,167,739)	(6,941,204)
Capital contributed to equity accounted Council businesses		(289,465)	(170,179)
Net cash provided (or used in) investing activities		(15,896,533)	(10,207,736)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of loans		(945,921)	(1,010,167)
Repayment of lease liabilities		(99,631)	—
Repayment of bonds and deposits		(21,771)	—
Net cash provided by (or used in) financing activities		(1,067,323)	(1,010,167)
Net increase (decrease) in cash held		(7,076,085)	4,322,483
plus: cash & cash equivalents at beginning of period		11,393,311	7,070,828
Cash and cash equivalents held at end of period	11a	4,317,226	11,393,311

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Contents of the Notes accompanying the General Purpose Financial Statements

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The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical cost convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgment in applying the Council's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

(2) The local government reporting entity

The City of Norwood Payneham & St Peters is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 175 The Parade, Norwood. These financial statements include the consolidated fund and all entities through which the Council controls resources to carry on its functions.

Trust monies and property held by the Council but subject to the control of other persons have been excluded from these reports.

(3) Income recognition

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

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

In other cases, AASB 1058 applies when Council enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

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

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$1,113,164	\$1,161,256	- \$48,092
2021/22	\$1,648,333	\$1,184,403	+ \$463,930
2022/23	\$1,655,338	\$1,328,532	+ \$326,806

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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

Construction contracts

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

(4) Cash, cash equivalents and other financial instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Infrastructure, property, plant and equipment

5.1 Initial Recognition

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

All assets are capitalised at 30 June of the year the asset is ready for use and the depreciation expenditure will commence from 1 July. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to Infrastructure, Property, Plant & Equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Materiality thresholds have been reviewed and remain as follows:

Land	\$0
Buildings & Other Structures	\$3,000
Infrastructure	\$3,000
Plant & Equipment	\$1,000
Furniture & Fittings	\$1,000
Other Assets	\$1,000

* With the exception of Land under Roads and Easements, all land will be capitalised and recorded as an asset of the Council.

5.3 Subsequent Recognition

Certain asset classes are re-valued 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 in Note 7.

5.4 Depreciation of Non-Current Assets

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Building & Other Structures	10 to 100 years
Plant, Furniture & Equipment	3 to 20 years
Furniture & Fittings	10 to 20 years

Infrastructure

Road Seal	10 to 40 years
Road Pavement	80 to 150 years
Footpaths	15 to 50 years
Off Road Car Parks	100 years
Traffic Control	30 to 60 years
Linear Park	30 to 60 years
Kerbing	40 to 70 years
Stormwater	80 to 100 years

Open Space Assets	10 to 100 years
Other Assets - Library Books	2 to 8 years
Leasing Assets	2 to 5 years
Landscaping	5 years

Land Under Roads

The 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 the Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.5 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).

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 the Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a key assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

5.6 Borrowing Costs

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

(6) Payables

6.1 Goods & Services

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

6.2 Payments Received in Advance & Deposits

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(7) 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.

(8) Employee benefits

8.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 0.62% (2022, 2.71%)

Weighted avg. settlement period 1.35 years (2022, 1.33 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.

8.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(9) Leases

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

9.1 Council as a lessee

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

i) Right-of-Use-Assets

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

Plant and equipment	2 to 5 years
Property	2 to 5 years

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

ii) Lease Liabilities

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

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

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(10) Equity accounted Council businesses

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

(11) GST implications

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

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

(12) New accounting standards and UIG interpretations

Council applied for the first time certain new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2022. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Australian Accounting Standards – AASB 2020-3: Annual Improvement 2018-2020 and Other Amendments

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current

AASB 2020-6 defers the effective date for applying the requirements added to AASB 101 in AASB 2020-1 from annual reporting periods beginning on or after 1 January 2022 to annual reporting periods beginning after 1 January 2023, with earlier application permitted.

The adoption of the amendment did not have a material impact on the financial statements.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

Effective for annual report periods beginning on or after 1 January 2023

AASB 2022-6: Amendments to Australian Accounting Standards – Non current Liabilities with Covenants.

Effective for annual report periods beginning on or after 1 January 2024

AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

Effective for annual report periods beginning on or after 1 January 2025

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Council has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material in the financial statements.

(13) Comparative figures

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

(14) Disclaimer

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income

\$	2023	2022
(a) Rates		
General rates		
General rates	39,559,502	37,353,515
Less: mandatory rebates	(993,484)	(1,008,910)
Less: discretionary rebates, remissions and write-offs	(357,528)	(183,385)
Total general rates	38,208,490	36,161,220
Other rates (including service charges)		
Natural Resource Management Levy	1,384,593	1,396,733
Parade Rate	233,845	247,368
Total other rates (including service charges)	1,618,438	1,644,101
Other charges		
Penalties for late payment	146,943	132,909
Total other charges	146,943	132,909
Total rates	39,973,871	37,938,230
(b) Statutory charges		
Development Act fees	509,523	421,546
Town planning fees	14,411	103,511
Animal registration fees and fines	141,318	155,079
Parking fines / expiation fees	958,552	1,022,920
Other registration fees	275,196	135,155
Sundry	139,822	164,731
Total statutory charges	2,038,822	2,002,942
(c) User charges		
Admission charges - pools	201,544	418,470
Hall and equipment hire	790,905	526,676
Sales - general	118,227	76,787
Subsidies received on behalf of users	1,298,340	1,265,757
Sundry	140,908	162,020
Activity Program Revenues	22,594	16,531
Child Care Centre Fees	1,095,030	1,094,915
Total user charges	3,667,548	3,561,156
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	171,216	23,480
- Banks and other	76	368
Total investment income	171,292	23,848

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
(e) Reimbursements		
Private works	11,209	6,329
Other	220,996	111,378
Total reimbursements	232,205	117,707
(f) Other income		
Insurance and other recoupments - infrastructure, property, plant and equipment	152,215	263,760
Sundry	467,941	466,741
Total other income	620,156	730,501
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	640,200	2,340,924
Other grants, subsidies and contributions - capital		
Untied - Local roads and community	552,577	—
Total Other grants, subsidies and contributions - capital	552,577	—
Other grants, subsidies and contributions		
Other grants, subsidies and contributions	3,539,761	3,432,789
Total grants, subsidies and contributions	4,732,538	5,773,713
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	2,159,211	4,020,327
State Government	2,473,327	1,724,230
Other	100,000	29,156
Total	4,732,538	5,773,713

Note 3. Expenses

\$	Notes	2023	2022
(a) Employee costs			
Salaries and wages		11,497,079	11,695,257
Employee leave expense		1,836,894	1,186,729
Superannuation - defined contribution plan contributions	18	1,082,032	1,223,243
Superannuation - defined benefit plan contributions	18	210,997	21,279
Workers' compensation insurance		640,750	662,807
Income Protection Insurance		221,710	214,036
Less: capitalised and distributed costs		(958,053)	(877,262)
Total operating employee costs		14,531,409	14,126,089
Total number of employees (full time equivalent at end of reporting period)			
		167	131

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses (continued)

\$	2023	2022
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	34,000	26,153
Elected members' expenses	338,688	335,795
Lease expense - low value assets / short term leases	84,100	132,035
Subtotal - prescribed expenses	456,788	493,983
(ii) Other materials, contracts and expenses		
Contractors	8,501,007	6,398,643
Energy	589,080	505,795
Legal expenses	411,719	759,515
Parts, accessories and consumables	1,251,285	1,097,532
Professional services	910,875	829,374
Sundry	250,977	689,341
Water	703,984	567,401
Administration Costs	1,124,379	1,005,512
Grants and Donations	81,457	177,929
Rates and Taxes	129,569	96,025
Waste Collection and Disposal	4,400,457	4,137,830
Insurance	878,299	797,473
Subscriptions and Licences	820,843	646,430
Levies Paid to Government - Landscape Levy	1,383,353	1,365,201
Levies Paid to Government - Other	89,020	107,568
Subtotal - Other material, contracts and expenses	21,526,304	19,181,569
Total materials, contracts and other expenses	21,983,092	19,675,552

(c) Depreciation, amortisation and impairment**(i) Depreciation and amortisation**

Buildings and other structures	2,233,881	2,113,925
Infrastructure		
- Stormwater drainage	1,705,839	1,554,765
Open Space Infrastructure	1,234,176	1,078,283
Roads	2,304,224	2,116,246
Kerbing	1,275,338	1,212,494
Footpaths	1,107,152	1,074,993
Linear Parks	37,558	35,354
Off Roads Car Parks	52,278	47,854
Traffic Control	166,301	162,675
Footbridges	14,933	—
Right-of-use assets	105,203	77,473
Plant and equipment	300,274	300,231
Furniture and fittings	101,460	99,577
Other assets	923,233	892,006
Subtotal	11,561,850	10,765,876
Total depreciation, amortisation and impairment	11,561,850	10,765,876

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses (continued)

\$	2023	2022
(d) Finance costs		
Interest on overdraft and short-term drawdown	106,235	156,091
Interest on loans	343,937	343,003
Interest on leases	8,061	3,304
Total finance costs	458,233	502,398

Note 4. Asset disposal and fair value adjustments

\$	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	256	47,869
Less: carrying amount of assets sold	(1,502,570)	(2,421,235)
Gain (loss) on disposal	(1,502,314)	(2,373,366)
(ii) Assets surplus to requirements		
Proceeds from disposal	–	1,909
Gain (loss) on disposal	–	1,909
Net gain (loss) on disposal or revaluation of assets	(1,502,314)	(2,371,457)

Note 5. Current assets

\$	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	777,840	1,085,760
Deposits at call	3,539,386	10,307,551
Total cash and cash equivalent assets	4,317,226	11,393,311

(b) Trade and other receivables

Rates - general and other	1,183,465	1,178,984
Accrued revenues	–	172,253
Debtors - general	1,318,359	1,153,664
GST recoupment	155,472	366,903
Prepayments	113,274	331,940
Sundry	2,733	51,241
Subtotal	2,773,303	3,254,985
Less: provision for expected credit losses	(579,959)	(579,959)
Total trade and other receivables	2,193,344	2,675,026

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 6. Non-current assets

\$	2023	2022
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(a) Trade and other receivables

Receivables

Council rates postponement scheme

Total financial assets

103,796	113,202
<u>103,796</u>	<u>113,202</u>

(b) Equity accounted investments in council businesses

Eastern Health Authority Inc.

19

Eastern Waste Management Authority Inc.

ERA Water Inc.

Total equity accounted investments in Council businesses

184,390	172,504
147,875	121,560
1,617,077	1,636,630
<u>1,949,342</u>	<u>1,930,694</u>

(c) Other non-current assets

Capital work in progress

Total other non-current assets

5,706,735	4,323,896
<u>5,706,735</u>	<u>4,323,896</u>

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property

Infrastructure, property, plant and equipment

\$	Fair Value Level	as at 30/06/22					Asset movements during the reporting period							as at 30/06/23				
		At Fair Value	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Accumulated Impairment	Carrying amount
Land	3	195,775,648	18,369	—	—	195,794,017	—	—	—	—	—	—	41,095,987	236,889,999	—	—	—	236,889,999
Buildings and other structures	3	153,923,648	457,619	(77,366,196)	—	77,015,071	2,052,107	513,033	—	(2,233,881)	—	(10,660,859)	—	162,132,000	228,301	(95,674,827)	—	66,885,474
Infrastructure	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Stormwater drainage	3	140,495,611	1,762,483	(74,229,156)	—	68,028,938	750,379	—	—	(1,705,839)	(1,165,698)	—	6,496,581	155,057,008	750,379	(83,403,026)	—	72,404,361
- Open Space Infrastructure	3	28,834,513	3,358,708	(12,801,036)	—	19,392,185	1,213,081	4,942	(938)	(1,234,176)	—	—	400,636	33,325,425	1,218,024	(14,767,719)	—	19,775,730
- Roads	3	137,443,583	4,281,235	(58,378,956)	—	83,345,862	—	3,899,990	(376,276)	(2,304,224)	—	—	8,165,065	152,974,078	3,899,990	(64,143,651)	—	92,730,417
- Kerbing	3	83,384,157	1,934,025	(27,069,078)	—	58,249,104	—	2,265,088	(682,457)	(1,275,338)	—	—	2,611,928	88,256,057	2,265,088	(29,352,820)	—	61,168,325
- Footpaths	3	52,943,011	972,773	(25,694,381)	—	28,221,403	—	2,163,951	(372,402)	(1,107,152)	—	—	717,297	54,531,936	2,163,951	(27,072,789)	—	29,623,098
- Linear Parks	3	1,455,686	—	(474,499)	—	981,187	—	—	—	(37,558)	—	—	79,728	1,572,859	—	(549,502)	—	1,023,357
- Off Street Car Parks	3	2,889,064	153,428	(807,421)	—	2,235,071	—	—	—	(52,278)	—	—	124,274	3,228,527	—	(921,460)	—	2,307,067
- Traffic Control	3	7,402,063	376,757	(3,410,483)	—	4,368,337	—	455,091	(68,946)	(166,301)	—	(67,670)	—	7,365,206	455,091	(3,299,788)	—	4,520,509
- Footbridges	3	—	—	—	—	—	—	—	—	(14,933)	1,165,698	—	68,004	1,498,393	—	(279,624)	—	1,218,769
Right-of-use assets		472,459	—	(317,115)	—	155,344	—	116,497	—	(105,203)	—	—	—	588,957	—	(422,318)	—	166,639
Plant and equipment		—	7,214,820	(5,461,352)	—	1,753,468	21,488	393,812	(1,551)	(300,274)	—	—	—	—	7,618,154	(5,751,211)	—	1,866,943
Furniture and fittings		—	2,709,018	(2,117,753)	—	591,265	—	10,493	—	(101,460)	—	—	—	—	2,719,510	(2,219,214)	—	500,296
Other assets	3	3,607,783	4,267,631	(4,296,682)	—	3,578,732	1,047,109	187,349	—	(923,233)	—	—	—	3,607,783	5,498,879	(5,216,705)	—	3,889,957
Total infrastructure, property, plant and equipment		808,627,226	27,506,866	(292,424,108)	—	543,709,984	5,084,164	10,010,246	(1,502,570)	(11,561,850)	—	(10,728,529)	59,759,500	901,028,228	26,817,367	(333,074,654)	—	594,770,941
Comparatives		739,942,617	42,430,420	(274,468,640)	—	507,904,397	5,386,065	9,144,287	(2,421,235)	(10,765,876)	—	—	34,462,346	808,627,226	27,506,866	(292,424,108)	—	543,709,984

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

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

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

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

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

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

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

Information on valuations

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

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

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

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

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

Other information

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

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

Highest and best use

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

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.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

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 - Fair Value Measurement

Land & Buildings

Land and Buildings assets are independently valued every five (5) years. An independent valuation of the Council's Land and Buildings was undertaken in the 2022-2023 Financial Year by AVR Consulting based on fair values of the assets as at 30 June 2023.

As the result of revaluation, all of the Council's land assets are classified at the fair value hierarchy level 3 and all of the Council's building and other structure assets are classified at the fair value hierarchy level 3.

AVR Consulting adopted a market approach to valuation of the land assets using level two inputs and level three inputs where unobservable inputs have been required and a cost-based approach for the valuation of the building assets and relied upon level 3 inputs.

The 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.

Open Space Assets

The Councils open space assets were independently condition assessed by Tonkin Consulting as at 1 July 2021 and yet finalised. The basis of valuation adopted was written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost. Accordingly, total replacement value, total economic working life and residual economic working life were reliably established for each asset. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

Road Infrastructure (*Roads, Kerbing & Footpaths*)

Road Infrastructure assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Linear Park

Linear Park assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage

Stormwater Drainage assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2020 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Off Roads Car Parks

Off Roads Carparks assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Traffic Control Devices

Traffic Control Devices assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2022.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property (continued)

These assets are recognised on the cost less subsequent accumulated depreciation and impairment costs.

Library Books & Materials

These assets are recognised on the cost less subsequent accumulated depreciation.

Right of Use Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The council uses the modified retrospective method to calculate the leased related balance. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8. Liabilities

		2023	2023	2022	2022
\$		Current	Non Current	Current	Non Current
(a) Trade and other payables					
Goods and services		1,347,682	—	3,613,544	—
Payments received in advance		4,917,855	—	5,357,209	—
Accrued expenses - employee entitlements		69,062	—	489,044	—
Accrued expenses - finance costs		89,733	—	79,556	—
Accrued expenses - other		1,853,802	—	3,025,349	—
Deposits, retentions and bonds		68,562	—	90,333	—
St Peters RSL Trust		44,003	—	42,703	—
Future Open Space Trust Fund		411,227	—	315,575	—
New Tree Legislation Rund		17,569	—	17,569	—
<u>Total trade and other payables</u>		<u>8,819,495</u>	<u>—</u>	<u>13,030,882</u>	<u>—</u>
(b) Borrowings					
Loans		988,781	7,457,115	945,921	8,445,896
Lease liabilities	17b	108,628	65,047	75,572	81,236
<u>Total Borrowings</u>		<u>1,097,409</u>	<u>7,522,162</u>	<u>1,021,493</u>	<u>8,527,132</u>
(c) Provisions					
Employee entitlements (including oncosts)		3,871,685	288,221	3,003,511	1,280,371
<u>Total provisions</u>		<u>3,871,685</u>	<u>288,221</u>	<u>3,003,511</u>	<u>1,280,371</u>
(d) Liability accounted investments in Council businesses					
Highbury Landfill Authority Inc.	19	—	952,192	—	904,106
<u>Total liability accounted investments in Council businesses</u>		<u>—</u>	<u>952,192</u>	<u>—</u>	<u>904,106</u>

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset revaluation reserve					
Land	177,482,994	41,095,987	–	–	218,578,981
Buildings and other structures	75,630,528	(10,660,859)	–	–	64,969,669
Infrastructure					
Stormwater Drainage	44,541,009	6,496,581	–	–	51,037,590
Roads	70,446,738	8,165,065	–	–	78,611,803
Kerbing	64,009,968	2,611,928	–	–	66,621,896
Footpaths	29,996,826	717,297	–	–	30,714,123
Open Space Infrastructure	7,262,534	400,636	–	–	7,663,170
Traffic Control	1,990,621	(67,670)	–	–	1,922,951
Off Roads Car Parks	1,699,126	124,274	–	–	1,823,400
Linear Parks	(22,959)	79,728	–	–	56,769
Footbridges	–	68,004	–	–	68,004
Other assets	632,578	–	–	–	632,578
Total asset revaluation reserve	473,669,963	49,030,971	–	–	522,700,934
Comparatives	439,207,617	34,462,346	–	–	473,669,963

Purposes of reserves

Asset revaluation reserves

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

Note 10. Assets subject to restrictions

\$	2023	2022
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.		
Cash and financial assets		
Deposits at Call	541,861	466,180
Total cash and financial assets	541,861	466,180
Total assets subject to externally imposed restrictions	541,861	466,180

The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:

Future Open Space Trust Fund	411,227	315,575
Deposits and Bonds held by Council	44,003	42,703
St Peter RSL Trust Funds	17,569	17,569
New Tree Legislation Fund	69,062	90,333
Total	541,861	466,180

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2023	2022
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(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	4,317,226	11,393,311
Balances per Statement of Cash Flows		4,317,226	11,393,311

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)		1,092,168	2,614,954
Non-cash items in income statements			
Depreciation, amortisation and impairment		11,561,850	10,765,876
Equity movements in equity accounted investments (increase)/decrease		307,366	91,771
Grants for capital acquisitions treated as investing activity		(1,192,777)	(5,785,317)
Net (gain)/loss on disposals		1,502,314	2,421,234
Net (increase) decrease in Non-Current Council Rates Postponement Scheme		(9,406)	(9,158)
		13,261,515	10,099,360
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		930,442	786,922
Net increase/(decrease) in trade and other payables		(4,180,210)	4,924,525
Net increase/(decrease) in unpaid employee benefits		(123,976)	(270,421)
Net cash provided by (or used in) operations		9,887,771	15,540,386

(c) Financing arrangements

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

Corporate credit cards	75,000	35,000
Cash advance facilities	10,500,000	10,500,000

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.

Details of these Functions/Activities are provided in Note 12(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
\$	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Culture	688,160	364,730	2,804,071	2,387,746	(2,115,911)	(2,023,016)	138,298	248,141	12,442,314	12,026,087
Economic Development	206,076	221,617	972,084	1,238,603	(766,008)	(1,016,986)	—	—	1,131,587	23,991
Environment	1,045,557	569,217	8,507,812	7,606,793	(7,462,255)	(7,037,576)	974,875	2,088,835	77,502,026	74,838,507
Recreation	367,476	586,993	3,707,095	3,263,404	(3,339,619)	(2,676,411)	10,000	6,000	249,203,004	221,181,298
Regulatory Services	1,930,663	1,882,724	3,328,436	3,110,061	(1,397,773)	(1,227,337)	—	—	461,228	985,529
Transport & Communication	40,000	—	1,219,399	1,082,121	(1,179,399)	(1,082,121)	40,000	475,257	193,719,033	177,773,841
Plant Hire/Depot Indirect	48,140	32,676	819,209	858,660	(771,069)	(825,984)	—	—	2,791,119	2,979,014
Council Administration	42,494,678	40,212,720	21,289,460	20,379,199	21,205,218	19,833,521	1,831,511	1,826,706	36,728,001	42,707,219
Other	—	—	297,647	—	(297,647)	—	(552,577)	(2,311,767)	930,935	—
Community Services	3,975,483	3,936,495	5,887,017	5,143,627	(1,911,534)	(1,207,132)	1,097,654	1,099,617	34,132,137	31,630,627
Total Functions/Activities	50,796,233	47,807,172	48,832,230	45,070,214	1,964,003	2,736,958	3,539,761	3,432,789	609,041,384	564,146,113

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

Business undertakings

Private Works

Community services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage 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, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Street scaping, Natural Resource Management Levy, and Other Environment.

Recreation

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

Regulatory services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Traffic Management, Local Government Grants Commission – roads (formula funded), and Other Transport.

Council administration

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

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 1.05% and 4.30% (2022: 0.30% and 0.74%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Receivables - rates and associated charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 9.05% (2022: 5.80%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

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

Terms and conditions:

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

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

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

Terms and conditions:

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

Carrying amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting policy:

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

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Terms & conditions: secured over future revenues, borrowings are for a fixed term ranging from between 15 years to 20 years; interest is charged at fixed (or variable - describe) rates between 2.40% and 6.10% (2022: 2.40% and 6.77%).

Carrying Amount:

Approximates fair value.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Liabilities - leases

Accounting policy:

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

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2023					
Financial assets					
Cash and cash equivalents	4,317,226	–	–	4,317,226	4,317,226
Receivables	2,080,070	–	–	2,080,070	2,080,070
Other financial assets	–	103,746	–	103,746	103,746
Total financial assets	6,397,296	103,746	–	6,501,042	6,501,042
Financial liabilities					
Payables	3,832,578	–	–	3,832,578	3,832,578
Current borrowings	1,279,681	–	–	1,279,681	988,781
Non-current borrowings	–	4,406,420	4,166,861	8,573,281	7,457,115
Lease liabilities	–	–	–	–	–
Total financial liabilities	5,112,259	4,406,420	4,166,861	13,685,540	12,278,474
Total financial assets and liabilities	11,509,555	4,510,166	4,166,861	20,186,582	18,779,516
2022					
Financial assets					
Cash and cash equivalents	11,393,312	–	–	11,393,312	11,393,312
Receivables	1,379,270	–	–	1,379,270	1,379,270
Other financial assets	(2,112)	–	–	(2,112)	(2,112)
Total financial assets	12,770,470	–	–	12,770,470	12,770,470
Financial liabilities					
Payables	3,003,511	1,029,687	250,684	4,283,882	4,283,882
Current borrowings	1,279,681	–	–	1,279,681	945,921
Non-current borrowings	–	5,118,725	4,734,238	9,852,963	8,445,896
Lease liabilities	75,572	81,236	–	156,808	156,808
Total financial liabilities	4,358,764	6,229,648	4,984,922	15,573,334	13,832,507
Total financial assets and liabilities	17,129,234	6,229,648	4,984,922	28,343,804	26,602,977

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

\$	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	4.77%	8,619,571	3.67%	9,391,818
		8,619,571		9,391,818

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.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Risk exposures

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

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

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

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

Note 14. Capital Expenditure Commitments

\$	2023	2022
----	------	------

Capital commitments

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

Infrastructure	268,100	—
Road & Footpath	2,770,011	304,937
Open Space	2,865,926	—
	<u>5,904,037</u>	<u>304,937</u>

These expenditures are payable:

Not later than one year	5,904,037	304,937
	<u>5,904,037</u>	<u>304,937</u>

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 15. Financial indicators

\$	Amounts 2023	Indicator 2023	Indicators 2022	Indicators 2021
----	-----------------	-------------------	--------------------	--------------------

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

1. Operating Surplus Ratio

Operating surplus	1,954,282			
Total operating income	50,845,970	3.8%	5.5%	2.4%

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

Adjusted Operating Surplus Ratio

Operating surplus	1,620,136			
Total operating income	50,511,824	3.2%	4.6%	2.5%

2. Net Financial Liabilities Ratio

Net financial liabilities	14,984,606			
Total operating income	50,845,970	29%	28%	29%

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

Adjusted Net Financial Liabilities Ratio

Net financial liabilities	16,389,779			
Total operating income	50,511,824	32%	28%	0%

Adjustments to Ratios

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

3. Asset Renewal Funding Ratio

Asset renewals	11,193,008			
Infrastructure and Asset Management Plan required expenditure	11,249,643	99%	80%	124%

Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 16. Uniform presentation of finances

\$	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
<u>Income</u>		
Rates	39,973,871	37,938,230
Statutory charges	2,038,822	2,002,942
User charges	3,667,548	3,561,156
Grants, subsidies and contributions - capital	552,577	–
Grants, subsidies and contributions - operating	3,539,761	3,432,789
Investment income	171,292	23,848
Reimbursements	232,205	117,707
Other income	620,156	730,501
Net gain - equity accounted council businesses	49,738	122,405
Total Income	50,845,970	47,929,578
<u>Expenses</u>		
Employee costs	14,531,409	14,126,089
Materials, contracts and other expenses	21,983,092	19,675,552
Depreciation, amortisation and impairment	11,561,850	10,765,876
Finance costs	458,233	502,398
Net loss - equity accounted council businesses	357,104	214,176
Total Expenses	48,891,688	45,284,091
Operating surplus / (deficit)	1,954,282	2,645,487
Timing adjustment for capital grant	(552,577)	–
Timing adjustment for grant revenue	(334,146)	–
Adjusted Operating surplus / (deficit)	1,067,559	2,645,487
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(11,193,008)	(8,937,416)
Add back depreciation, amortisation and impairment	11,561,850	10,765,876
Add back proceeds from sale of replaced assets	–	47,869
	368,842	1,876,329
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(5,167,739)	(7,215,601)
Add back amounts received specifically for new and upgraded assets	200,846	2,340,924
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	256	1,909
	(4,966,637)	(4,872,768)
Annual net impact to financing activities (surplus/(deficit))	(3,530,236)	(350,952)

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

The Council leases a fleet motor vehicles and storage facilities while set up below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period.

(a) Right of use assets

\$	Buildings & Other Structures	Plant, Machinery & Equipment	Total
2023			
Opening balance	–	155,345	155,345
Additions to right-of-use assets	–	116,497	116,497
Depreciation charge	–	(105,203)	(105,203)
Balance at 30 June	–	166,639	166,639
2022			
Opening balance	1,095	39,694	40,789
Additions to right-of-use assets	–	192,028	192,028
Depreciation charge	(1,095)	(76,377)	(77,472)
Balance at 30 June	–	155,345	155,345

(b) Lease liabilities

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

\$	2023	2022
Balance at 1 July	156,806	40,543
Additions	116,497	192,028
Accretion of interest	8,061	3,304
Payments	(107,690)	(79,069)
Balance at 30 June	173,674	156,806
Classified as:		
Current	108,627	75,571
Non-current	65,047	81,235

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$XXX.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	105,203	77,472
Interest expense on lease liabilities	8,061	3,304
Expense relating to short term leases	29,710	60,073
Expense relating to leases of low-value assets	54,390	71,963
Total amount recognised in profit or loss	197,364	212,812

(ii) Council as a lessor

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 17. Leases (continued)

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 18. Superannuation

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

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

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

Contributions to other superannuation schemes

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

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 19. Interests in other entities

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

\$	Council's Share of Net Income		Council's Share of Net Assets	
	2023	2022	2023	2022
Council's share of net income				
Joint ventures	(307,366)	(91,771)	997,150	1,026,588
Total Council's share of net income	(307,366)	(91,771)	997,150	1,026,588

((a)i) Joint ventures, associates and joint operations

(a) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2023	2022	2023	2022	2023	2022
Highbury Landfill Authority Inc.	40.40%	40.40%	40.40%	40.40%	33.33%	33.33%
Eastern Waste Management Authority Inc.	12.50%	14.30%	12.50%	14.30%	12.50%	14.30%
Eastern Health Authority Inc.	31.96%	31.27%	31.96%	31.27%	20.00%	20.00%
ERA Water	33.33%	33.33%	33.33%	33.33%	25.00%	25.00%

(b) Movement in Investment in Joint Venture or Associate

\$	Highbury Landfill Authority Inc.		Eastern Waste Management Authority Inc.		Eastern Health Authority Inc.		ERA Water	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening Balance	(904,105)	(1,164,264)	121,560	174,324	172,504	181,905	1,636,630	1,850,806
Share in Operating Result	(137,551)	179,445	41,625	(52,764)	8,112	(4,276)	(219,553)	(214,176)
Share in Other Comprehensive Income	—	—	(15,310)	—	3,773	—	—	—
New Capital Contributions	89,464	80,714	—	—	—	—	200,000	—
Adjustments to Equity	—	—	—	—	—	(5,125)	—	—
Council's equity share in the joint venture or associate	(952,192)	(904,105)	147,875	121,560	184,389	172,504	1,617,077	1,636,630

(c) Share of Joint Operations Expenditure Commitments

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

Eastern Waste Management Authority Inc.

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities. With the Adoption of AASB 16 Lease commitments are now recognised in the financial statements.

The East Waste Management Authority Inc. does have an expenditure commitment which at the reporting date totalled \$2.082 million.

The City Of Norwood Payneham & St Peters

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 20. Contingencies and assets/liabilities not recognised in the balance sheet

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

1. Land under roads

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

At reporting date, Council controlled 171 km of road reserves of average width 14 metres.

2. Potential insurance losses

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

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

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

3. Legal expenses

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

Note 21. Events after the balance sheet date

Consistent with disclosures under AASB 110 - Events after Balance Date, there were no events subsequent to 30 June 2023 that need to be disclosed in the financial statement.

Note 22. Related party transactions

Key management personnel

Transactions with key management personnel

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

\$	2023	2022
The compensation paid to key management personnel comprises:		
Short-term employee benefits	1,275,973	1,288,958
Post-employment benefits	93,871	91,919
Total	1,369,844	1,380,877

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

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

The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Report - Financial Statements

The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Report - Internal Controls

The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City Of Norwood, Payneham & St Peters for the year ended 30 June 2023, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Mario Barone
Chief Executive Officer

Robert Bria
Presiding Member, Audit Committee

Date: dd MMM yyyy

The City Of Norwood Payneham & St Peters

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Auditor

I confirm that, for the audit of the financial statements of The City Of Norwood, Payneham & St Peters for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Auditor's Name

Audit Firm Name

Date: dd MMMM yyyy

6.2 FINANCIAL SUMMARY 2022-2023 ACTUAL RESULTS V ADOPTED BUDGET

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4548
FILE REFERENCE: qA770145
ATTACHMENTS: A

PURPOSE OF REPORT

This report provides a summary of the 2022-2023 Audited result and explanations for variations from the 2022-2023 Adopted Budget.

BACKGROUND

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 of the Council for the previous financial year, compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the 2022-2023 Annual Financial Statements, the 2022-2023 Adopted Budget and the various policies adopted by the Council as they impact the Council's financial performance (eg. Rating Policy.)

FINANCIAL AND BUDGET IMPLICATIONS

The Council concluded the Financial Year with an Operating Surplus of \$1.954 million, compared to the Council's Adopted Operating Budget, which forecast an Operating Surplus of \$0.864 million. Details of the drivers behind the variances from the Adopted Operating Surplus, are contained in the Discussion Section of this report.

After capital items, the Council is reporting a Net Surplus of \$50.1 million against an Adopted Net Surplus of \$12.9 million, with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment, which is mainly driven by the economy and market fluctuations and is difficult to predict when setting the Budget.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

CONSULTATION

- **Elected Members**
Elected Members have received regular reports on the Council's financial performance throughout the year.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers, General Managers and Council's External Auditors.
- **Other Agencies**
Not Applicable.

DISCUSSION

The 2022-2023 Annual Financial Statements have been finalised and will be presented to the Council for adoption at the Council Meeting to be held on 6 November 2023. A separate report has been provided on the 2022-2023 Annual Financial Statements for consideration by the Audit & Risk Committee.

Statement of Comprehensive Income

Operating Result

The Council is reporting an Operating Surplus of \$1.954 million, compared to the Council Adopted Operating Budget, which forecasted an Operating Surplus of \$0.864 million, a favourable variance of \$1.090 million. The major variances (over 5%) from the Adopted Operating Surplus are outlined in Table 1 below.

TABLE 1: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS

Account Name	Reasons for the Variance	Amount (\$)
Grants, subsidies and contributions - Operating	Grant funding that has been received was favourable to the Adopted Budget driven by the Federal Government advancing 70% of the 2022-2023 Financial Assistance Grants.	531,338
Grants, subsidies and contributions - Capital	Change in recognition of <i>Local Roads & Community Infrastructure Program</i> Grant to recognise it as part of comprehensive income immediately on receipt in profit or loss in accordance with AASB 1058.10, as supported by the Council's Auditors Galpins.	552,577
Investment Income	Investment Income was favourable to the Adopted Budget driven primarily due to: <ul style="list-style-type: none"> • Higher interest on deposits held with the Local Government Finance Authority compared to the Adopted Budget (\$171,216 compared to the budget of \$37,000). The quantum of funds being held are higher than expected due to the timing of expenditure on projects. 	125,292

Account Name	Reasons for the Variance	Amount (\$)
Other Income	Other Income was favourable to the Adopted Budget driven primarily by: <ul style="list-style-type: none"> • receipt of recovery income (\$80,000) for the Linear Park Path legal settlement offset by various recovery spend; • receipt of Local Government Finance Authority's annual bonus payments of \$38,442 which is calculated in relation to the average deposit and loan levels held during the financial year; and • reimbursement of \$38,456 as part of as part of <i>Boost Apprenticeship Commencement Wage Subsidies Program</i> 	102,157
Reimbursements	Other Income was favourable to the Adopted Budget driven primarily by: <ul style="list-style-type: none"> • Boosting Apprenticeship Commencements Wage Subsidy and training to the value of \$ 159,957; and • reimbursement income was favourable to the Adopted Budget due to the insurance re-imbursements for claims made during the year which amounted to \$81,682, which was offset by expenditure to replace or repair items subject to the insurance claim. 	211,206
Employee costs	Employee costs were favourable against the Adopted Budget due to: <ul style="list-style-type: none"> • turnover of staff combined with difficulties in recruiting replacement staff. To meet staffing needs, contract providers were utilised; and • vacant positions that were budgeted to be filled, combined with the time frame to replace positions which became vacant during the year due to resignations and an extremely tight labour market. 	278,748
Materials, contracts & other expenses	Materials, contracts & other expenses were unfavourable against the Adopted Budget primarily due to, <ul style="list-style-type: none"> • Contracted services were unfavourable by \$268,961 compared to the Adopted Budget mainly due to more contract staff being engaged to cover shortages in employee staff as well as across various projects, especially for sweeping of residential roads during the year and unplanned maintenance of \$353,549 for buildings and at the Norwood Oval and other facilities management; and • Legal fees were unfavourable by \$144,719 to the Adopted Budget, mainly due to the legal expenses relating to planning, regulatory services and seeking general advice. 	(711,499)
Finance Costs	Finance costs were favourable to the Adopted Budget due to interest expense not being incurred as there were sufficient cash reserves to fund expenditure needs, negating the need to draw down borrowings to fund expenditure during the year.	413,767
Depreciation, amortisation & impairment	Depreciation expense was greater than anticipated due to the full year impact of the 2021-2022 Asset Capitalisation and unit cost revaluation.	(402,849)

Non-Operating Income

Non-Operating Income includes grant funding specifically for asset upgrades or renewals and gain/(loss) on asset disposals and assets received free of charge.

For the 2022-2023 Financial year, the Council is reporting a Non-operating Surplus of \$1.092 million against an Adopted Non-operating Surplus of \$10.914 million, a unfavourable variance of \$9.822 million. The unfavourable variance is set out in Table 2 below.

TABLE 2: MAJOR VARIANCES FROM ADOPTED NON-OPERATING INCOME

Reasons for the Variance	Amount (\$'000)
Loss on the sale and or disposal of the Council's small Plant and Equipment at the end of its operational life, combined with write-off of the carrying values of the Council Civil Infrastructure, upon renewal.	(1,527)
Grant funding budgeted but not yet received due to the scheduling of capital projects.	(9,385)
<ul style="list-style-type: none"> • Trinity Valley Drainage Work Stage 2 - \$3,635,823 • Payneham Memorial Swimming Centre Master Plan - \$2,800,000 • River Torrens Linear Park Path Upgrade - \$1,350,000 • Dunstan Adventure Playground Upgrade - \$450,000 • Cruickshank Reserve Facility Upgrade - \$444,607 • Burchell Reserve Upgrade - \$420,000 • William Street Black Sport Grant - \$170,000 • St Peter's Street Upgrade Project - \$114,000 	

Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$49.031 million, which is primarily due to the revaluation of Land Assets.

Balance Sheet

The Net Assets of the Council at 30 June 2023 is \$586 million, against an Adopted Budget of \$517 million, a favourable variance of \$69 million.

Major reasons for the variance in the Net Assets include:

Assets

Cash deposits with the Local Government Financing Authority are unfavourable by \$2.595 million, with the variance resulting from the combined impact due to the timing and progress of several major capital projects and the delay of drawdown of long-term borrowings for the Payneham Memorial Swimming Centre Project.

The carrying values of Infrastructure, Property, Plant & Equipment is reporting a favourable variance of \$40.503 million, resulting from the change in asset value resulting from the current market condition and cost reviews.

Other Non-current assets represent Capital Works-in-Progress. As at 30 June 2023, works on capital project not yet completed amounted to \$5.706 million.

Liabilities

Trade and Other Payables – with the timing of expenditures at the end of financial year, the Council had a larger than anticipated value of invoices mainly in relation to Capital spend to that anticipated in the Adopted budget resulting in the \$2.246 million unfavourable variance.

The long-term borrowings planned to be drawn down as part of the Adopted Budget were not required to align with timing of relevant projects, resulting in a favourable variance of \$28.650 million.

Attachment A contains the 2022-2023 Financial Statements comparing the actual result to the 2022-2023 Adopted Budget as required by Section 10 of the Regulations.

OPTIONS

There are no options associated with this matter.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

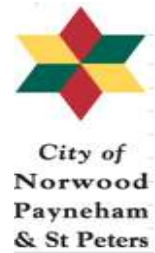
Financial Summary 2022-2023 Actual Results v Adopted Budget

City of Norwood Payneham & St Peters
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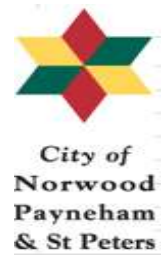


City of
Norwood
Payneham
& St Peters



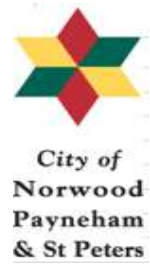
Statement of Comprehensive Income for the year ended 30 June 2023

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000	Variance from Adopted Budget \$'000
INCOME			
Rates	39,974	39,921	53
Statutory charges	2,039	2,007	32
User charges	3,668	3,738	(70)
Grants, subsidies and contributions - operating	3,539	3,008	531
Grants, subsidies and contributions - capital	553	-	553
Investment income	171	46	125
Other income	620	518	102
Reimbursements	232	21	211
Net Gain Joint Ventures & Associates	50	-	50
Total Income	50,846	49,259	1,587
EXPENSES			
Employee costs	15,804	16,083	279
Materials, contracts & other expenses	20,710	19,998	(712)
Finance costs	458	872	414
Depreciation, amortisation & impairment	11,562	11,159	(403)
Net loss Joint Ventures & Associates	358	283	(75)
Total Expenses	48,892	48,395	(497)
OPERATING SURPLUS / (DEFICIT)	1,954	864	1,090
Net gain (loss) on disposal or revaluation of assets	(1,502)	25	(1,527)
Amounts specifically for new or upgraded assets	640	10,025	(9,385)
NET SURPLUS (DEFICIT)	1,092	10,914	(9,822)
OTHER COMPREHENSIVE INCOME			
Changes in revaluation Surplus- infrastructure, property, plant & equipment	49,031	2,000	47,031
Share of Other comprehensive Income - joint ventures and associates	(12)		(12)
TOTAL OTHER COMPREHENSIVE INCOME	49,020	2,000	47,020
TOTAL COMPREHENSIVE INCOME	50,111	12,914	37,197



Statement of Financial Position for the year ended 30 June 2023

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000	Variance from Adopted Budget \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4,317	6,912	(2,595)
Trade & other receivables	2,193	2,962	(769)
Total Current Assets	6,510	9,874	(3,364)
Non-current Assets			
Financial Assets	104	104	-
Equity accounted investments in Council businesses	1,949	2,589	(640)
Infrastructure, Property, Plant & Equipment	594,772	554,269	40,503
Other Non-current Assets	5,706	-	5,706
Total Non-current Assets	602,531	556,962	45,569
Total Assets	609,041	566,836	42,205
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8,819	6,573	2,246
Borrowings	1,098	946	152
Short-term Provisions	3,872	2,972	900
Other Current Liabilities	-	-	-
Liabilities relating to Non-current Assets held for Sale	-	-	-
Total Current Liabilities	13,789	10,491	3,298
Non-current Liabilities			
Long-term Borrowings	7,522	36,172	(28,650)
Long-term Provisions	288	1,202	(914)
Liability - Equity accounted Council Businesses	952	1,720	(768)
Total Non-current Liabilities	8,762	39,094	(30,332)
Total Liabilities	22,551	49,585	(27,034)
NET ASSETS	586,490	517,251	69,239
EQUITY			
Accumulated Surplus	63,789	74,043	(10,254)
Asset Revaluation Reserve	522,701	443,208	79,493
TOTAL EQUITY	586,490	517,251	69,239



Statement of Changes in Equity

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000	Variance from Adopted Budget \$'000
ACCUMULATED SURPLUS			
Balance at end of previous reporting period	62,708	63,132	(424)
Net Surplus/ (Deficit) for year	1,092	10,912	(9,820)
Share of other Comprehensive Income- joint venture and associates	(11)		(11)
Balance at end of period	63,789	74,044	(10,255)
ASSET REVALUATION RESERVE			
Balance at end of previous reporting period	473,670	441,207	32,463
Gain on revaluation of infrastructure, property, plant & equipment	49,031	2,000	47,031
Balance at end of period	522,701	443,207	79,494
TOTAL EQUITY AT END OF REPORTING PERIOD	586,490	517,251	69,239



Statement of Cash Flow for the year ended 30 June 2023

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000	Variance from Adopted Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates - general & other	39,978	39,759	219
Fees & other charges	2,038	2,007	31
User Charges	3,667	3,738	(71)
Investment receipts	171	46	125
Grants utilised for operating purposes	3,540	3,008	532
Reimbursements	232		232
Other Income	887	518	369
Payments			
Employee Costs	(15,075)	(15,987)	912
Contractual services & materials	(25,105)	(19,241)	(5,864)
Finance payments	(448)	(872)	424
Net Cash provided by (or used in) Operating Activities	9,885	12,976	(3,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Grants utilised for capital purposes	553	-	553
Amounts specifically for new or upgraded assets	201	10,025	(9,824)
Sale of replaced/surplus assets	-	25	(25)
Capital Distributions from associated entities	-	-	-
Payments			
Expenditure on renewal/replacement of assets	(11,193)	(15,757)	4,564
Expenditure on new/upgraded assets	(5,168)	(33,884)	28,716
Capital contributed to associated entities	(289)	(281)	(8)
Net Cash provided by (or used in) Investing Activities	(15,896)	(39,872)	23,976
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings	-	28,657	(28,657)
Payments			
Repayments of Borrowings	(945)	(945)	-
Repayment of Finance Lease Liabilities	(99)	-	(99)
Repayment of Aged Care Facility deposits	(22)	-	(22)
Net Cash provided by (or used in) Financing Activities	(1,066)	27,712	(28,778)
Net Increase (Decrease) in cash held	(7,077)	816	(7,893)
Cash & cash equivalents at beginning of period	11,393	6,098	5,295
CASH & CASH EQUIVALENTS AT END OF PERIOD	4,316	6,914	(2,598)



Uniform Presentation of Finances for the year ended 30 June 2023

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Operating Revenue	50,846	49,259	1,587
less Operating Expenses	(48,892)	(48,395)	(497)
Operating Surplus / (Deficit)	1,954	864	1,090
Timing adjustment for Grant revenue	(887)	-	(887)
Adjusted Operating Surplus / (Deficit)	1,067	864	203
less Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	11,193	15,757	(4,564)
less Depreciation, Amortisation and Impairment	(11,562)	(11,159)	(403)
less Proceeds from Sale of Replaced/Surplus Assets	-	(25)	25
	(369)	4,573	(4,942)
less Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets(including investment property	5,168	33,884	(28,716)
less Amounts received specifically for New and Upgraded Assets	(201)	(10,025)	9,824
	4,967	23,859	(18,892)
Net Lending / (Borrowing) for Financial Year	(3,531)	(27,568)	24,037

	2022-2023 Actual \$'000	2022-2023 Adopted Budget \$'000
KEY FINANCIAL INDICATORS		
Operating Surplus / (Deficit)	1,954	864
Adjusted Operating Surplus / (Deficit)	1,067	864
Operating Surplus Ratio - %	3.8%	1.8%
Adjusted Operating Surplus Ratio - %	2.1%	1.8%
Net Financial Liabilities	15,937	39,607
Net Financial Liabilities Ratio - %	31.3%	80.4%
Interest Cover Ratio - %	0.6%	1.7%
Asset Sustainability Ratio - %	99%	109%

6.3 REGIONAL SUBSIDIARIES – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

REPORT AUTHOR: Accountant
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA98586
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to provide the Committee with the 2022-2023 Audited Financial Statements for the Regional Subsidiaries of which this Council is a member.

BACKGROUND

Section 216 (4) of the *Local Government (Financial Management) Regulations 1999* (the Regulations), requires that:

The Chief Executive Officer of a council must ensure that any audited financial statements of a subsidiary received for the purposes of clause 12 (3) (a) or 28 (2) (a) of Schedule 2 of the Act are laid before the council at the first meeting of the council following their receipt by the Chief Executive Officer on behalf of the council.

In accordance with the Regulations, the audited Financial Statements have been received from the following Regional Subsidiaries:

- Eastern Health Authority Inc. (**Attachment A**);
- Eastern Waste Management Authority Inc (**Attachment B**);
- ERA Water (**Attachment C**); and
- Highbury Landfill Authority Inc. (**Attachment D**).

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a Member, is accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership shares as detailed in Table 1, a net loss associated with its Regional Subsidiaries of \$307,366 (2021-2022: \$91,792 net loss).

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

There are no risk management issues arising from the preparation this report.

CONSULTATION

- **Committee Members**
Cr Clutterham is a Board Member of the Eastern Waste Management Authority Inc.
Ms Sandra DiBlasio is a Board Member of the ERA Water Audit Committee.
Cr Piggott is a Board Member of ERA Water and the Highbury Landfill Authority Inc.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

Table 1 below sets out the Net Surplus (Deficit) of the respective Regional Subsidiaries for the year ended 30 June 2023, together with the Council's share of the Operating Result which has been accounted for in the Council's 2022-2023 Financial Statements.

TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)

Regional Subsidiary	Net Surplus / (Deficit)	Councils Share of Net Operating Surplus / (Deficit)	
		Percentage	\$
Eastern Health Authority	25,383	31.96%	8,112
Eastern Waste Management Authority	333,000	12.5%	41,625
ERA Water	(658,658)	33.33%	(219,553)
Highbury Landfill Authority	(340,835)	40.40%	(137,551)

Important points to highlight resulting from the 2022-2023 Financial year are:

- Eastern Health Authority
The Eastern Health Authority Inc. reported an Operating Surplus of \$25,383. The Operating Surplus is due to the combined impact of increased income arising from an increase in the Food Inspection service and Immunisation Service Program which the Eastern Health Authority provided during a full year program, instead of only a six month program as occurred during the 2021-2022 and an increase in the investment income due to higher interest rates.

- Eastern Waste Management Authority
For 2022-2023, East Waste reported an Operating Surplus of \$190,000 plus a gain of \$143,000 on the disposal of Plant & Equipment. The Operating Surplus is principally due to the combined impacts of an increase in the income as a result of the addition of the City of Unley from 1 July 2022 and savings in the depreciation expenses due to a delay in fleet acquisition. In addition, there are savings in fuel costs due to lower than expected terminal gate rate.

- ERA Water
ERA Water reported an Operating Deficit of \$658,658, similar to its Operating Deficit of \$642,529 that was reported in 2021-2022. ERA Water recorded a 29% increase in income during the 2022-2023 financial year compared to the previous financial year, primarily generated by other income and investment income offset with a 17% increase in its operating expenses resulting in an overall Deficit.

The capacity of the ERA Water Managed Aquifer Recharge (MAR), scheme continued to grow in 2022-2023 and the volume of water harvested and injected into the aquifer increased by around 20%, whereas the volume of extraction was lower than 2022-2022, largely due to a late start and early finish to the 2022-2023 irrigation season. There has also been a significant increase in the water balance which will provide a buffer for times of drought where seasonal capacity to harvest stormwater for injection is exceeded by water demand for irrigation.

- Highbury Landfill Authority Inc.
The Highbury Landfill Authority Inc. reported an Operating Deficit of \$340,835. To meet the legislative requirements associated with the post-closure of the landfill, the Highbury Landfill Authority Inc., is required to estimate the future costs to manage the post-closure phase of the landfill. A review of the adequacy of the provision to cover the estimated cost of monitoring the landfill has been undertaken, to ensure that the value of the provision reflects the latest information on future expenditure and interest rates. The Highbury Landfill Authority is now 13 years into the post-closure management period and the post-closure provision represents the net present value calculation of the future cash outflows to manage the site of the remaining 12 years. As a result of the review, the post-closure provision was increased by \$328,520. This adjustment has contributed to the reported Net Deficit.

OPTIONS

Not Applicable.

CONCLUSION

The Council's 2022-2023 Annual Financial Statements is reporting a Net Loss on Equity Accounted Council Businesses of \$307,366 (2021-2022: \$91,792 Net Loss).

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2023

Eastern Health Authority Inc.

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



**City of
Norwood
Payneham
& St Peters**

Our Ref: D23/10267

31 August 2023

Mr Mario Barone
Chief Executive Officer
City of Norwood Payneham & St Peters
175 The Parade
Norwood SA 5067

Dear Mario

RE: Eastern Health Authority Audited Financial Statements for year ending 30 June 2023

Please find enclosed a copy of Eastern Health Authority (EHA) General Purpose Financial Reports for the year ended 30 June 2023. The reports have been audited by EHA's Auditor, Bentleys.

The statements were considered by EHA's Audit Committee at its meeting on 16 August 2023 and referred to the Board of Management for adoption.

The statements were subsequently adopted by the Board of Management at its meeting on 30 August 2023.

If you need any more information or would like to discuss this further, please contact me on telephone 8132 3611.

Yours sincerely



Michael Livori
Chief Executive Officer

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2023

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EASTERN HEALTH AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Health Authority (EHA) to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of EHA's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.
- internal controls implemented by EHA provide a reasonable assurance that EHA's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect EHA's accounting and other records.

Michael Livori
CHIEF EXECUTIVE OFFICER

Cr Peter Cornish
CHAIRPERSON
EHA BOARD OF MANAGEMENT

Date:

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2023

		2023	2022
	Notes	\$	\$
INCOME			
Council Contributions	2	1,828,000	1,828,263
Statutory charges	2	136,026	111,391
User charges	2	457,619	295,541
Grants, subsidies and contributions - Operating	2	230,170	226,108
Investment income	2	15,866	4,320
Other income	2	7,255	3,585
Total Income		2,674,936	2,469,208
EXPENSES			
Employee costs	3	1,881,592	1,750,609
Materials, contracts & other expenses	3	571,267	516,677
Depreciation, amortisation & impairment	3	159,013	168,844
Finance costs	3	37,681	46,752
Total Expenses		2,649,553	2,482,882
OPERATING SURPLUS / (DEFICIT)		25,383	(13,674)
Other Comprehensive Income			
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		25,383	(13,674)

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2023

		2023	2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	644,769	640,883
Trade & other receivables	4	271,901	231,080
Total Current Assets		916,670	871,963
Non-current Assets			
Property, plant & equipment	5	1,104,793	1,214,249
Total Non-current Assets		1,104,793	1,214,249
Total Assets		2,021,463	2,086,212
LIABILITIES			
Current Liabilities			
Trade & other payables	6	121,916	133,225
Borrowings	6	111,865	140,794
Provisions	6	285,083	289,466
Total Current Liabilities		518,864	563,485
Non-current Liabilities			
Borrowings	6	881,032	961,297
Provisions	6	44,614	9,860
Total Non-current Liabilities		925,646	971,157
Total Liabilities		1,444,510	1,534,642
NET ASSETS		576,953	551,570
EQUITY			
Accumulated surplus		576,953	551,570
TOTAL EQUITY		576,953	551,570

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

Eastern Health Authority
Statement of Changes in Equity
for the year ended 30 June 2023

		Acc'd Surplus	TOTAL EQUITY
2023	Notes	\$	\$
Balance at end of previous reporting period		551,570	551,570
Net Surplus / (Deficit) for Year		25,383	25,383
Balance at end of period		576,953	576,953

		\$	\$
2022	Notes		
Balance at end of previous reporting period		565,244	565,244
Net Surplus / (Deficit) for Year		(13,674)	(13,674)
Balance at end of period		551,570	551,570

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

Eastern Health Authority
Statement of Cash Flows
for the year ended 30 June 2023

		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
<i>Receipts:</i>			
Council Contributions		1,828,000	1,828,263
Fees & other charges		136,026	111,391
User charges		418,158	227,946
Investment receipts		14,506	4,044
Grants utilised for operating purposes		230,170	226,108
Other revenues		7,633	3,585
<i>Payments:</i>			
Employee costs		(1,847,155)	(1,764,556)
Materials, contracts & other expenses		(586,184)	(536,431)
Finance payments		(38,517)	(48,367)
Net Cash provided by (or used in) Operating Activities		162,637	51,983
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(49,557)	(82,379)
Net Cash provided by (or used in) Investing Activities		(49,557)	(82,379)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(38,391)	(74,132)
Repayment of principal portion of lease liabilities		(70,803)	(37,485)
Net Cash provided by (or used in) Financing Activities		(109,194)	(111,617)
Net Increase (Decrease) in cash held		3,886	(142,013)
 Cash & cash equivalents at beginning of period	7	640,883	782,896
Cash & cash equivalents at end of period	7	644,769	640,883

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

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

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

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 Eastern Health Authority's (EHA) accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

EHA is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Rd, St Peters SA. These consolidated financial statements include EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on EHA as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

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

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

In other cases, AASB 1058 applies when EHA enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the EHA to acquire or construct a recognisable non-financial asset that is to be controlled by the EHA. In this case, EHA recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

4.2 Other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments also form part of Note 8.

6 Property, Plant & Equipment

6.1 Initial Recognition

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by EHA for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 5. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Depreciation of Non-Current Assets

Property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of EHA, 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 in Note 5. Depreciation periods for infrastructure assets have been estimated based on the best information available to EHA, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.5 Impairment

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

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

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

9 Provisions

9.1 Employee Benefits

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

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

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

Superannuation:

EHA makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and EHA's involvement with the schemes are reported in Note 11.

10 Leases

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

EHA as a lessee

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

i) Right-of-use assets

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

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

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

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

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

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 and amended standards and interpretations

EHA applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. New standards and amendments relevant to EHA are listed below. EHA has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Nil

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2 - INCOME

	Notes	2023 \$	2022 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		494,233	448,572
Cambelltown City Council		453,186	478,298
City of Norwood, Payneham & St Peters		584,210	571,786
City of Prospect		214,740	225,897
Town of Walkerville		81,631	103,710
		1,828,000	1,828,263
STATUTORY CHARGES			
Inspection Fees: Food		107,990	91,848
Inspection Fees: Legionella		10,027	8,524
SRF Licences		1,630	2,145
Fines & expiation fees		16,379	8,874
		136,026	111,391
USER CHARGES			
Immunisation: Clinic Vaccines		86,207	68,441
Immunisation: Service Provision		152,625	69,000
Immunisation: Worksite Vaccines		96,177	73,044
Immunisation: Clinic Service Fee		1,640	1,050
Food Auditing		120,970	84,006
		457,619	295,541
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		15,866	4,320
		15,866	4,320
OTHER INCOME			
Motor Vehicle Reimbursements		4,357	2,992
Sundry		2,898	593
		7,255	3,585
GRANTS, SUBSIDIES, CONTRIBUTIONS			
<i>Other grants, subsidies and contributions - Operating</i>			
Immunisation: School Programme		209,229	182,701
Immunisation: AIR		18,941	18,240
Immunisation: PHN Project		2,000	25,167
		230,170	226,108
		230,170	226,108
Sources of grants			
<i>Other</i>		230,170	226,108
		230,170	226,108

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3 - EXPENSE

		2023	2022
	Notes	\$	\$
EMPLOYEE COSTS			
Salaries and Wages		1,580,063	1,510,095
Employee leave expense		54,041	18,047
Superannuation - defined contribution plan contributions	11	172,557	144,032
Superannuation - defined benefit plan contributions	11	20,103	16,909
Workers' Compensation Insurance		20,160	16,451
Other - Agency staff and Consultant Medical Officer		34,668	45,075
Total Operating Employee Costs		1,881,592	1,750,609
Total Number of Employees		18	18
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,800	8,300
Bad and Doubtful Debts			4,251
Governance expenses		16,038	10,437
Lease Expenses - short term leases	10	26,942	15,783
Subtotal - Prescribed Expenses		51,780	38,771
<u>Other Materials, Contracts & Expenses</u>			
Accounting		3,775	5,127
Contractors		28,290	23,154
Energy		7,182	8,868
Fringe benefits tax		14,480	14,272
Human resources		8,794	15,657
Income protection		31,047	25,692
Insurance		39,010	30,085
IT licencing & support		151,411	147,883
Legal Expenses		14,321	13,560
Motor vehicle expenses		25,465	19,895
Parts, accessories & consumables		105,347	94,211
Printing & stationery		24,387	17,660
Staff training		20,974	13,410
Sundry		22,759	22,327
Telephone		16,248	17,758
Work health & safety consultancy		5,997	8,347
Subtotal - Other Materials, Contracts & Expenses		519,487	477,906
		571,267	516,677

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3 - EXPENSE con't

	2023	2022
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	27,394	23,642
Office Equipment, Furniture & Fittings	3,752	14,247
Right of Use Assets	127,867	130,955
	<u>159,013</u>	<u>168,844</u>
FINANCE COSTS		
Interest on Loans	(836)	5,532
Interest on Leases	38,517	41,220
	<u>37,681</u>	<u>46,752</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 4 - CURRENT ASSETS

		2023	2022
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		199,093	159,713
Deposits at Call		445,676	481,170
		<u>644,769</u>	<u>640,883</u>
 TRADE & OTHER RECEIVABLES			
Accrued Revenues		1,729	369
Debtors - general		270,172	230,711
		<u>271,901</u>	<u>231,080</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5 -PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2022				2023			
		\$				\$			
Fair Value Level		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
	Buildings & Other Structures	-	472,846	(259,254)	213,592	-	472,846	(286,648)	186,198
	Office Equipment, Furniture & Fittings	-	268,730	(250,229)	18,501	-	281,287	(253,981)	27,306
	Right of Use Assets	-	1,325,000	(342,844)	982,156	-	1,362,000	(470,711)	891,289
	Total IPP&E	-	2,066,576	(852,327)	1,214,249	-	2,116,133	(1,011,340)	1,104,793
	Comparatives	-	2,070,032	(769,318)	1,300,714	-	2,066,576	(852,327)	1,214,249

This Note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2022	Carrying Amounts Movement During the Year							2023	
	\$	\$							\$	
	Carrying Amount	Additions		Disposals	Dep'n	Impair't	Transfers		Net Reval'n	Carrying Amount
		New / Upgrade	Renewals				In	Out		
	Buildings & Other Structures	213,592	-	-	-	(27,394)	-	-	-	-
Office Equipment, Furniture & Fittings	18,501	-	12,557	-	(3,752)	-	-	-	-	27,306
Right of Use Assets	982,156	-	37,000	-	(127,867)	-	-	-	-	891,289
Total IPP&E	1,214,249	-	49,557	-	(159,013)	-	-	-	-	1,104,793
Comparatives	1,300,714	-	82,379	-	(168,844)	-	-	-	-	1,214,249

This note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 6 - LIABILITIES

		2023		2022	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		60,791	-	75,708	-
Accrued expenses - employee entitlements		58,987	-	54,921	-
Accrued expenses - other		-	-	836	-
GST Payable		2,138	-	1,760	-
		121,916	-	133,225	-
BORROWINGS					
Loans		-	-	38,391	-
Leases Liabilities	10	111,865	881,032	102,403	961,297
		111,865	881,032	140,794	961,297
PROVISIONS					
LSL Employee entitlements (including oncosts)		136,974	44,614	165,971	9,860
AL Employee entitlements (including oncosts)		148,109	-	123,495	-
		285,083	44,614	289,466	9,860

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

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Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7 - 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	2023	2022
		\$	\$
Total cash & equivalent assets	4	644,769	640,883
Balances per Cash Flow Statement		<u>644,769</u>	<u>640,883</u>

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

Net Surplus (Deficit)	25,383	(13,674)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	159,013	168,844
Net increase (decrease) in unpaid employee benefits	34,437	(13,947)
	<u>218,833</u>	<u>141,223</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(40,443)	(42,179)
Net increase (decrease) in trade & other payables	(15,753)	(47,061)
Net Cash provided by (or used in) operations	<u>162,637</u>	<u>51,983</u>

(c) Financing Arrangements

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

Corporate Credit Cards	5,000	5,000
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The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8 - 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: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

Terms & conditions: Deposits are returning fixed interest rates of 4.3% (2022: 0.30%).

Carrying amount: approximates fair value due to the short term to maturity.

**Receivables - Fees & other
charges**

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

Terms & conditions: Unsecured, and do not bear interest. Although EHA is not materially exposed to any individual debtor, credit risk exposure is concentrated within the EHA's boundaries.

Carrying amount: approximates fair value (after deduction of any allowance).

**Receivables - other levels of
government**

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

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

Carrying amount: approximates fair value.

Liabilities - 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 EHA.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

**Liabilities - Interest Bearing
Borrowings**

Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 10

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2023	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	644,769	-	-	644,769	644,769
Receivables	273,003	-	-	273,003	271,901
Total	917,772	-	-	917,772	916,670
<u>Financial Liabilities</u>					
Payables	96,432	-	-	96,432	62,929
Lease Liabilities	111,865	464,492	576,357	1,152,714	992,897
Total	208,297	464,492	576,357	1,249,146	1,055,826

2022	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	640,883	-	-	640,883	640,883
Receivables	233,141	-	-	233,141	233,141
Total	874,024	-	-	874,024	874,024
<u>Financial Liabilities</u>					
Payables	77,861	-	-	77,861	77,861
Current Borrowings	38,391	-	-	38,391	38,391
Lease Liabilities	102,403	347,325	613,972	1,063,700	1,063,700
Total	218,655	347,325	613,972	1,179,952	1,179,952

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

	30 June 2023		30 June 2022	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates		-	4.75	122,523
		-		122,523

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

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 EHA is the carrying amount, net of any impairment. All EHA investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the EHA'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 EHA'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 EHA 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. EHA 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. EHA 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.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of EHA prepared on a simplified Uniform Presentation Framework basis, adjusted for timing differences associated with prepaid Federal assistance Grants required to be recognised as revenue on receipt in accordance with Australian Accounting Standards.

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.

	2023	2022
	\$	\$
Income		
<i>Council Contributions</i>	1,828,000	1,828,263
<i>Statutory charges</i>	136,026	111,391
<i>User charges</i>	457,619	295,541
<i>Grants, subsidies and contributions - Operating</i>	230,170	226,108
<i>Investment income</i>	15,866	4,320
<i>Other income</i>	7,255	3,585
	2,674,936	2,469,208
Expenses		
<i>Employee costs</i>	(1,881,592)	(1,750,609)
<i>Materials, contracts and other expenses</i>	(571,267)	(516,677)
<i>Depreciation, amortisation and impairment</i>	(159,013)	(168,844)
<i>Finance costs</i>	(37,681)	(46,752)
	(2,649,553)	(2,482,882)
Operating Surplus / (Deficit)	25,383	(13,674)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(49,557)	(82,379)
Add back Depreciation, Amortisation and Impairment	159,013	168,844
	109,456	86,465
Annual Net Impact to Financing Activities	134,839	72,791

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 10 - LEASES

EHA as a Lessee

Right of Use Assets

(include description of assets which are leased)

Set out below are the carrying amounts (written down value) of right of use assets recognised within Property, Plant & Equipment and the movements during the period:

Right of Use Assets (Carrying Value)	Building & Other Structures	Motor Vehicles	Office Equipment	Total
At 1 July 2022	912,000	70,156	-	982,156
Additions	-	37,000	-	37,000
Depreciation Charge	(96,000)	(31,867)	-	(127,867)
At 30 June 2023	816,000	75,289	-	891,289

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

	2023
Opening Balance 1 July 2022	1,063,670
Additions	37,000
Payments	(107,773)
Closing Balance 30 June 2023	992,897
Current	111,865
Non Current	881,032

The maturity analysis of lease liabilities is included in Note 8.

EHA and its associated entities (the group) had total cash outflows for leases of \$146,321.

The following are amounts recognised on profit or loss:

Depreciation expense right of use assets	127,867
Interest expense on lease liabilities	38,517
Expenses relating to short term leases	26,942
Total amount recognised in profit and loss	193,326

Eastern Health Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 11 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.5% in 2022-23; 10% in 2021-22). No further liability accrues to EHA as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. EHA makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021-22) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), EHA does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to EHA's contribution rates at some future time.

Contributions to Other Superannuation Schemes

EHA 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 EHA.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 12 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingencies, assets or liabilities not recognised in the financial statements for the year ended 30 June 2023.

Note 13 - EVENTS OCCURRING AFTER BALANCE DATE

There are no events subsequent to 30 June 2023 that need to be disclosed in the financial statements.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of EHA include the Chairperson, Board Members, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all the Key Management personnel were paid the following total compensation:

	2023	2022
	\$	\$
Salaries, allowances & other short term benefits	192,884	190,215
TOTAL	192,884	190,215

Amounts received from Related Parties during the financial year:

	2023	2022
	\$	\$
City of Burnside	494,233	448,572
Cambelltown City Council	453,186	478,298
City of Norwood, Payneham & St Peters	584,210	571,786
City of Prospect	214,740	225,897
Town of Walkerville	81,631	103,710
TOTAL	1,828,000	1,828,263

Amounts paid to Related Parties during the financial year:

	2023	2022
	\$	\$
City of Norwood, Payneham & St Peters	112,121	2,110,754
TOTAL	112,121	2,110,754

Description of Services provided to all related parties above:

Assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act 2011, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA; Take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils.



EASTERN HEALTH AUTHORITY

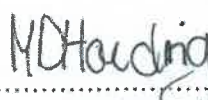
**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, Bentleys SA Audit Partnership, Chartered Accountants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


.....
Michael Livori
CHIEF EXECUTIVE OFFICER


.....
Madeleine Harding
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 23/8/23



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Paul Di Iulio
**CHIEF EXECUTIVE OFFICER
CAMPBELLTOWN CITY COUNCIL**

Date: **20.7.2023**



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'Chris Cowley', is positioned above a horizontal dotted line.

Chris Cowley
**CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE**

Date: 12/07/2023



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Mario Barone
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD PAYNEHAM & ST PETERS

Date: 11. 07. 2023.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink, appearing to read 'Chris White', is positioned above a horizontal dotted line.

Chris White
**CHIEF EXECUTIVE OFFICER
CITY OF PROSPECT**

Date: 11/7/23



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2023, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'Scott Reardon', is written over a horizontal dotted line.

Scott Reardon
**ACTING CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE**

Date: 11/07/2023

**Bentleys SA Audit Partnership**

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Certification of Auditor Independence

I confirm that, for the audit of the financial statements of Eastern Health Authority Inc for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Bentleys SA Audit Partnership

David Francis
Partner

Dated at Adelaide this 22nd day of August 2023

Attachment B

Regional Subsidiaries
Audited Financial Statements for the Year Ended 30 June 2023
Eastern Waste Management Authority Inc.

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2023

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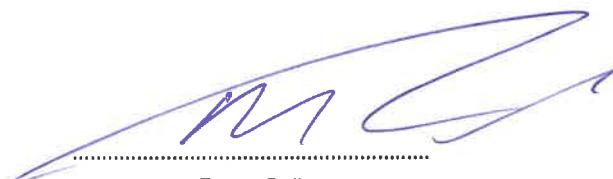
EASTERN WASTE MANAGEMENT AUTHORITY INC**Annual Financial Statements
for the financial year ended 30 June 2023****Certification of Financial Statements**

We have been authorised by Eastern Waste Management Authority Inc. to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Rob Gregory
Executive Officer



Fraser Bell
Chairperson

Date: 21 SEPTEMBER 2023

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Comprehensive Income for the year ended 30 June 2023

		2023	2022
	Notes	\$'000	\$'000
Income			
User charges	2	21,188	16,579
Investment income	2	46	10
Grants, subsidies and contributions		-	81
Other	2	1,078	932
Total Income		22,312	17,602
Expenses			
Employee costs	3	7,476	6,386
Materials, contracts & other expenses	3	12,184	9,303
Finance costs	3	354	246
Depreciation & amortisation	3	2,108	2,043
Total Expenses		22,122	17,978
Operating Surplus		190	(376)
Asset disposal & fair value adjustments	4	143	7
Net Surplus		333	(369)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		333	(369)

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Financial Position as at 30 June 2023

		2023	2022
	Notes	\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	5	3,953	2,001
Trade & other receivables	5	746	935
Inventory		43	50
Total Current Assets		4,742	2,986
Non-current Assets			
Property, Plant & Equipment	6	9,510	8,542
Total Non-current Assets		9,510	8,542
Total Assets		14,252	11,528
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,266	1,436
Provisions	7	871	778
Borrowings	7	2,306	1,940
Total Current Liabilities		4,443	4,154
Non-current Liabilities			
Borrowings	7	8,490	6,410
Provisions	7	136	114
Total Non-current Liabilities		8,626	6,524
Total Liabilities		13,069	10,678
Net Assets		1,183	850
EQUITY			
Accumulated Surplus		1,183	850
Total Equity		1,183	850

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Changes in Equity for the year ended 30 June 2023

	Accumulated Surplus \$'000	Total Equity \$'000
Balance at start of period - 1 July 2022	850	850
Net Surplus for Year	333	333
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2023	1,183	1,183
Balance at start of period - 1 July 2021	1,219	1,219
Net Surplus for Year	(369)	(369)
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2022	850	850

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Cash Flows for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Operating receipts		22,455	17,400
Investment receipts		46	9
Employee costs		(7,361)	(6,245)
Materials, contracts & other expenses		(12,397)	(9,613)
Finance payments		(304)	(258)
Net cash provided by operating activities	8	2,439	1,293
Cash Flows from Investing Activities			
Sale of replaced assets	4	145	86
Expenditure on renewal/replacement of assets	6	(587)	(2,305)
Expenditure on new/upgraded assets	6	(2,484)	(244)
Net cash used in investing activities		(2,926)	(2,463)
Cash Flows from Financing Activities			
Proceeds from Borrowings		4,525	2,031
Repayments of Borrowings		(1,815)	(1,791)
Repayment of lease liabilities		(271)	(237)
Net cash provided by (used in) financing activities		2,439	3
Net Increase (Decrease) in cash held		1,952	(1,167)
Cash & cash equivalents at beginning of period	5	2,001	3,168
Cash & cash equivalents at end of period	5	3,953	2,001

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

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 equivalents to International Financial Reporting Standards

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

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

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect, The City of Unley and the Corporation of the Town of Walkerville.

The eight Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

1.2 Historical Cost Convention

Except where 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 which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Eastern Waste Management Authority Inc. operates as a regional subsidiary and is incorporated under the SA Local Government Act 1999. Its principal place of business is at 1 Temple Court Ottoway.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

4 Cash, Cash Equivalents and other Financial Instruments

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

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 9.

5 Property, Plant & Equipment

5.1 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.

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".

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority 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.

5.3 Depreciation of Non-Current Assets

Property, plant and equipment assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Depreciation is recognised on a straight-line basis. 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 the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Asset Class	Estimated Useful Lives	Capitalisation Threshold
Plant, Machinery & Equipment	3-10 Years	>\$1,000
Buildings & Other Structures	5-20 Years	>\$1,000
Right-of-use-assets	Over period of expected lease	n/a

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

5.4 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).

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 the Authority 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.

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

The Authority recognises a liability for employee benefits relating to rostered day off (RDO) entitlements in Note 7 given entitlements are paid-out on termination of employment. Experience indicates that RDO entitlements are generally taken given there is a cap applied to the level of RDO entitlements allowed to be accrued.

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

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super and prior to that the Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently.

Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (10.5% in 2022/23; 10% in 2021/22). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of 'superannuation' salary.

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

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

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Contributions to Other Superannuation Schemes

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

8 Borrowings

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

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

9 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

10 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

11 New Accounting Standards

The Authority did not apply any new accounting standards during the financial year. There are no new accounting standards, interpretations or amendments which are expected to have a material impact on the accounting policies of the Authority for future periods.

12 Authority Membership

The City of Unley became a Member Council of the Authority in July 2022 and waste collection services commenced for the Council as from 1 August 2022. As a result of The City of Unley becoming a Member Council, additional staff have been employed and trucks ordered to meet the additional services being provided by the Authority.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

	2023	2022
Notes	\$'000	\$'000
Note 2 - Income		
User Charges		
Waste Collection Income	15,607	12,662
Waste Processing Income	5,326	3,677
Administration	255	240
Member Council Waste Collection Rebate	-	-
	21,188	16,579
Investment Income		
Interest on investments		
Local Government Finance Authority	46	10
	46	10
Other Income		
Bin Supply	382	409
Replacement Bins	681	474
Sundry	15	49
	1,078	932
Note 3 - Expenses		
Employee Costs		
Salaries and Wages	5,615	5,115
Employee leave expense	114	93
Superannuation	508	443
Wages Casual Agency	1,017	500
Workers' Compensation Insurance	128	148
Other	94	87
Total Employee Costs	7,476	6,386
Number of FTE Employees as at reporting date	63	61

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Note 3 - Expenses (cont.)

	Notes	2023 \$'000	2022 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		11	9
Board Expenses		41	23
Waste Processing Costs		5,354	3,676
Electricity		10	4
Fuel, Gas & Oil		2,041	1,529
Legal Expenses		23	91
Maintenance		2,828	2,323
Parts, Accessories & Consumables		11	17
Printing, Stationery & Postage		33	41
Professional Services		552	487
Registration & Insurance - Trucks		462	299
Sundry		818	804
		12,184	9,303
Finance Costs			
Interest on Loans		338	224
Interest on Leases		16	22
		354	246
Depreciation & Amortisation			
Buildings & Other Structures	6	81	54
Plant, Machinery & Equipment	6	1,768	1,733
Right-of-use assets	6	259	256
		2,108	2,043
Note 4 - Asset Disposals			
Proceeds from disposal		145	86
Less: Carrying amount of assets sold		(2)	(79)
Gain (Loss) on disposal		143	7
Note 5 - Current Assets			
Cash & Cash Equivalents			
Cash on Hand and at Bank		3,724	1,818
Deposits at Call		229	183
		3,953	2,001
Trade & Other Receivables			
Debtors - general		718	901
Accrued Income		28	34
		746	935

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements
for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 6 - Property, Plant & Equipment		
Buildings & Other Structures - At Cost	617	569
Accumulated Depreciation	(212)	(146)
	405	423
Plant, Machinery & Equipment - At Cost	19,747	18,929
Accumulated Depreciation	(10,966)	(11,386)
	8,781	7,543
Right-of-use-assets	1,346	1,339
Accumulated Depreciation	(1,022)	(763)
	324	576
Total Property, Plant & Equipment	9,510	8,542

	2022 \$'000							2023 \$'000
	Carrying Value	Additions		Disposal - Cost	Disposal - Accumulated Depreciation	Depreciation	Adjustment	Carrying Value
		New/Upgrade	Renewal					
Buildings & Other Structures	423	65	-	(17)	15	(81)	-	405
Plant, Machinery & Equipment	7,543	2,419	587	(2,188)	2,188	(1,768)	-	8,781
Right-of-use-asset	576	-	-	-	-	(259)	7	324
	8,542	2,484	587	(2,205)	2,203	(2,108)	7	9,510
2022 (\$'000)	8,098	244	2,304	(1,049)	970	(2,043)	18	8,542

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

	2023 \$'000		2022 \$'000	
Note 7 - Liabilities				
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & Services	1,111	-	1,047	-
Payments received in advance	80	-	80	-
Accrued expenses - other	75	-	309	-
	1,266	-	1,436	-
Borrowings				
Loans	2,017	8,413	1,673	6,050
Lease Liabilities	289	77	267	360
	2,306	8,490	1,940	6,410
Provisions				
Annual Leave	447	-	388	-
Rostered-Day-Off (RDO)	65	-	25	-
Long Service Leave	359	136	365	114
	871	136	778	114

Note 8 - Cash Flow Reconciliation

	2023 \$'000	2022 \$'000
Total cash & equivalent assets	3,953	2,001
Balances per Cash Flow Statement	3,953	2,001
(a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Net Surplus (Deficit)	333	(369)
Non-cash items in Statement of Comprehensive Income		
Depreciation	2,108	2,043
Net increase (decrease) in employee benefits	113	119
Net increase (decrease) accrued expenses	234	(12)
(Gain) / Loss on Disposal	(143)	(7)
Lease liability adjustment	7	(18)
	2,652	1,756
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	189	(235)
Net increase (decrease) in trade & other payables	(404)	(242)
Net increase (decrease) in other provisions	2	14
Net Cash provided by (or used in) operations	2,439	1,293
(b) Financing Arrangements		
Corporate Credit Cards	15	15
Cash Advance Debenture Facility - LGFA	1,000	1,000

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Note 9 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost.</p> <p>Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 4.3% (2022: 1.05%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Waste Collection Fees & Associated Charges	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals Interest bearing borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate.</p> <p>Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.65% (2022: 1.7% - 5.35%).</p>
Liabilities - Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 11.</p>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Note 9 (cont) - Financial Instruments

Liquidity Analysis

		Maturity			Non-	
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	interest bearing	Total
		\$000	\$000	\$000	\$000	\$000
2023						
Financial Assets						
Cash & Equivalents		3,953	-	-	-	3,953
Receivables		-	-	-	718	718
Total		3,953	-	-	718	4,671
Financial Liabilities						
Payables		-	-	-	1,111	1,111
Borrowings		2,017	6,998	1,781	-	10,796
Total		2,017	6,998	1,781	1,111	11,907
		Maturity			Non-	
		≤ 1 year	> 1 year ≤ 5 years	> 5 years	interest bearing	Total
		\$000	\$000	\$000	\$000	\$000
2022						
Financial Assets						
Cash & Equivalents		2,001	-	-	-	2,001
Receivables		-	-	-	901	901
Total		2,001	-	-	901	2,902
Financial Liabilities						
Payables		-	-	-	1,047	1,047
Borrowings		1,940	4,972	1,438	-	8,350
Total		1,940	4,972	1,438	1,047	9,397

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Note 10 - Capital Expenditure Commitments

The Authority has capital expenditure commitments totalling an estimated \$2.082 million as at reporting date.

Note 11 - Leases

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2022	576	576
Additions of right-of-use-assets	-	-
Depreciation Charge	(259)	(259)
Adjustment to right-of-use-assets	7	7
At 30 June 2023	324	324

Set out below are the carrying amounts of lease liabilities and the movements during the period:

At 1 July 2022	627
Additions	-
Accretion of interest	16
Payments	(269)
Adjustment to lease liability	7
At 30 June 2023	365
Current	289
Non-Current	76

Note 12 - Post Balance Date Events

There were no events after reporting date that occurred that require to be reported.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2023

Note 13 - Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 5 persons were paid the following total compensation:

	2023	2022
	\$'000	\$'000
Salaries, allowances & other short term benefits	599	483
Total	599	483

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	3,591	81	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	3,491	97	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	3,401	166	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	3,233	80	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,590	100	Provision of kerbside waste collection and hardwaste collection services
City of Unley	3,082	104	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	2,894	27	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	600	21	Provision of kerbside waste collection and hardwaste collection services

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

Attachment C

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2023

ERA Water

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



**City of
Norwood
Payneham
& St Peters**

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www.deannewbery.com.auDean Newbery
ABN: 48 007 865 081**INDEPENDENT AUDITOR'S REPORT****To the members of the Eastern Region Alliance Water Regional Subsidiary****Opinion**

We have audited the accompanying financial report of the Eastern Region Alliance Water Regional Subsidiary (the Entity), which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

Basis for Opinion

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

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

Emphasis of Matter

We draw attention to Note 1 regarding the Going Concern and Economic Dependency disclosure given the Authority's reliance on Constituent Council's ongoing financial support to ensure the Authority can meet its expected financial obligations. Our opinion is not modified in respect of this matter.

Responsibility of the Board and Those Charged with Governance for the Financial Report

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

In preparing the financial report, the Board is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going

concern basis of accounting unless the Board either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERY



JIM KEOGH

Director

26/09/2023



ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*The Corporation of the Town of Walkerville
The City of Norwood Payneham and St Peters
The City of Burnside*

ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2023

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ERA Water Regional Subsidiary

General Purpose Financial Statements
for the year ended 30 June 2023

Certification of Financial Statements

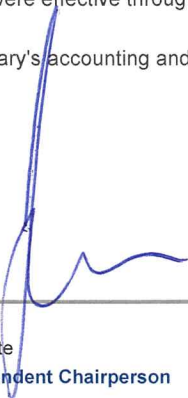
We have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of ERA Water Regional Subsidiary's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by ERA Water Regional Subsidiary provide a reasonable assurance that ERA Water Regional Subsidiary's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect ERA Water Regional Subsidiary's accounting and other records.



Andrew Aitken
General Manager



Jeff Tate
Independent Chairperson

Date: 21 SEPTEMBER 2023

ERA Water Regional Subsidiary

Statement of Comprehensive Income

for the year ended 30 June 2023

\$	Notes	2023	2022
Income			
User Charges	2a	883,232	731,967
Investment Income	2b	34,004	15,996
Other Income	2c	44,218	-
Total Income		961,455	747,963
Expenses			
Employee Costs	3a	117,121	103,544
Materials, Contracts & Other Expenses	3b	589,309	489,142
Depreciation, Amortisation & Impairment	3c	470,210	468,775
Finance Costs	3d	443,473	329,031
Total Expenses		1,620,113	1,390,492
Operating Surplus / (Deficit)		(658,658)	(642,529)
Amounts Received Specifically for New or Upgraded Assets		-	-
Net Surplus / (Deficit)		(658,658)	(642,529)
Total Comprehensive Income		(658,658)	(642,529)

ERA Water Regional Subsidiary

Statement of Financial Position
for the year ended 30 June 2023

\$	Notes	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	4,284	175,282
Trade & Other Receivables	4b	82,525	59,649
Prepayments		1,662	8,227
Subtotal		88,471	243,158
Total Current Assets		88,471	243,158
Non-Current Assets			
Other Non-Current Assets	5	19,686,494	20,141,187
Total Non-Current Assets		19,686,494	20,141,187
TOTAL ASSETS		19,774,965	20,384,345
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	205,191	173,918
Provisions	6c	2,501	577
Subtotal		207,692	174,495
Total Current Liabilities		207,692	174,495
Non-Current Liabilities			
Borrowings	6b	14,716,081	15,300,000
Total Non-Current Liabilities		14,716,081	15,300,000
TOTAL LIABILITIES		14,923,773	15,474,495
Net Assets		4,851,192	4,909,850
EQUITY			
Accumulated Surplus		4,251,192	4,909,850
Capital Contributed - Constituent Councils		600,000	-
Total Council Equity		4,851,192	4,909,850

ERA Water Regional Subsidiary

Statement of Changes in Equity
for the year ended 30 June 2023

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Capital Contributed	Total Equity
\$					
2023					
Balance at the end of previous reporting period		4,909,850	-	-	4,909,850
Restated Opening Balance		4,909,850	-	-	4,909,850
Contributed / (Reduction) in Equity		-	-	600,000	600,000
a. Net Surplus / (Deficit) for Year		(658,658)	-	-	(658,658)
b. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(658,658)	-	-	(658,658)
c. Transfers between Reserves		-	-	-	-
Balance at the end of period		4,251,192	-	600,000	4,851,192

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Capital Contributed	Total Equity
\$					
2022					
Balance at the end of previous reporting period		5,552,379	-	-	5,552,379
Restated Opening Balance		5,552,379	-	-	5,552,379
a. Net Surplus / (Deficit) for Year		(642,529)	-	-	(642,529)
b. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(642,529)	-	-	(642,529)
c. Transfers between Reserves		-	-	-	-
Balance at the end of period		4,909,850	-	-	4,909,850

ERA Water Regional Subsidiary

Statement of Cash Flows
for the year ended 30 June 2023

\$	Notes	2023	2022
Cash Flows from Operating Activities			
<u>Receipts</u>			
User Charges		860,379	712,070
Investment Receipts		33,983	14,571
Reimbursements		-	2,225
Other Receipts		44,217	-
<u>Payments</u>			
Payments to Employees		(115,197)	(106,242)
Payments for Materials, Contracts & Other Expenses		(586,987)	(431,324)
Finance Payments		(407,957)	(329,031)
Net Cash provided by (or used in) Operating Activities		(171,562)	(137,731)
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(15,517)	(44,691)
Net Cash provided by (or used in) Investing Activities	7	(15,517)	(44,691)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	251,498
Contributions from Constituent Councils		600,000	-
<u>Payments</u>			
Repayments of Borrowings		(583,919)	-
Net Cash provided by (or used in) Financing Activities		16,081	251,498
Net Increase (Decrease) in Cash Held		(170,998)	69,077
plus: Cash & Cash Equivalents at beginning of period	7	175,282	106,205
Cash & Cash Equivalents at end of period	7	4,284	175,282
Total Cash, Cash Equivalents & Investments		4,284	175,282

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Contents of the Notes accompanying the Financial Statements

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ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

ERA Water is a Local Government Authority Section 43 Regional Subsidiary under the control of the Corporation of the Town of Walkerville, the City of Norwood, Payneham & St Peters and the City of Burnside. The principal accounting policies adopted by ERA Water Regional Subsidiary (ERA Water) in the preparation of these financial statements are set out below.

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Going Concern Basis

The Authority has an operating loss for FY2023 and the 10-year Long Term Financial Plan indicates that its operations are financially unsustainable without the support of its Constituent Councils.

The board of management notes that the Authority has borrowings that it will continue to manage. The Authority has a statutory guarantee from its Constituent Councils to meet all of its financial obligations and accordingly has prepared their financials on a going concern basis.

1.3 Historical Cost Convention

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

1.4 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 ERA Water's accounting policies.

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

1.5 Economic Dependency

Per Section 5.2 of the Authority's Charter, there may be a requirement for additional financial contributions to be made by Constituent Councils if there is insufficient working capital available to meet ERA Water's financial obligations into the future. The Authority may be reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

1.6 Rounding

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

2 The Local Government Reporting Entity

ERA Water is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 175 The Parade, Norwood SA 5067.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when ERA Water 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.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

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

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

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 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 ERA Water, best reflects the consumption of the service potential embodied in those assets.

5.4 Impairment

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

5.5 Borrowing Costs

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

5.6 Connection Costs

In previous reporting periods, expenditure relating to direct connections to a number of reserves was expensed on the basis that the infrastructure for the most part sits on customer land. Despite connection infrastructure sitting on customer land, ERA Water has certain responsibilities in relation to the future upkeep, maintenance and renewal of connection infrastructure. Accordingly, there is an argument that costs which were expensed in previous reporting periods should have been capitalised.

During FY2024, ERA Water will undertake a review of previously expensed connection costs to determine if they meet the definition of an asset and to consider whether or not they should be retrospectively capitalised.

6 Payables

6.1 Goods & Services

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

6.2 Payments Received in Advance & Deposits

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

7 Borrowings

Borrowings are 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".

In line with AASB 101, the disclosure of all CAD facility loan balances in the current financial year and comparative figures were reclassified from current liabilities to non-current liabilities as there is no expectation these facilities will be repaid in the next 12 months.

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.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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.

10 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Significant uncertainty exists in the estimation of the future restoration and/or closure costs and accordingly, no provisions for such costs have been made at this time.

11 Construction Contracts

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

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, ERA Water reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period and have found none requiring adoption. ERA Water has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Local Government entities.

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7)

14 Comparative Figures

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

15 Disclaimer

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

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income

\$	Notes	2023	2022
(a). User Charges			
Water Sales including annual supply charges		883,232	731,967
Total User Charges		883,232	731,967
(b). Investment Income			
Interest Income		202	77
LGFA distribution		33,802	15,919
Total Investment Income		34,004	15,996
(c). Other Income			
Insurance Claim		44,219	-
Total Other Income		44,219	-
Note 3. Expenses			
(a). Employee Costs			
Salaries and Wages		103,069	93,574
Movement in Leave Provision		1,924	(654)
Superannuation		12,128	10,624
Total Operating Employee Costs		117,121	103,544
(b). Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		6,825	6,363
Electricity		143,871	102,981
Insurance		51,730	40,524
Maintenance and Repairs		197,088	224,885
Professional Services		136,044	72,546
Other		53,751	41,843
Total Materials, Contracts and Other Expenses		589,309	489,142
(c). Depreciation, Amortisation and Impairment			
Depreciation		470,210	468,775
Total Depreciation, Amortisation and Impairment		470,210	468,775
(d). Finance Costs			
Interest Expense		443,473	329,031
Total Finance Costs		443,473	329,031

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

\$	Notes	2023	2022
Note 4. Current Assets			
(a). Cash & Cash Equivalents			
Cash at Bank		2,341	145,129
Local Government Finance Authority		1,943	30,153
Total Cash & Cash Equivalents		4,284	175,282
(b). Trade & Other Receivables			
Trade debtors		41,485	43,116
GST Receivable		41,040	16,533
Subtotal		82,525	59,649
Total Trade & Other Receivables		82,525	59,649

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5. Non-Current Assets

	Asset Movements during the Reporting Period							
	as at 30/6/2022			Asset Additions			as at 30/6/2023	
\$	Cost	Acc. Dep'n	Written Down Value	New / Upgrade	Depreciation	Cost	Acc. Dep'n	Written Down Value
Civil Assets	13,352,019	774,739	12,577,280	15,517	220,408	13,367,536	995,147	12,372,389
Electronic Assets	1,316,245	155,438	1,160,807	-	43,378	1,316,245	198,816	1,117,429
Instrumentation & Control Assets	304,960	59,282	245,678	-	20,331	304,960	79,613	225,347
Mechanical Assets	2,275,090	405,651	1,869,439	-	113,755	2,275,090	519,406	1,755,684
Sunk Construction Costs	4,346,233	222,486	4,123,748	-	62,089	4,346,233	284,575	4,061,658
Information Technology	1,454	705	748	-	291	1,454	996	458
Water Treatment Equipment	199,170	35,683	163,487	-	9,958	199,170	45,641	153,529
Total Infrastructure, Property, Plant & Equipment	21,795,171	1,653,984	20,141,187	15,517	470,210	21,810,688	2,124,194	19,686,494
Comparatives	21,758,509	1,185,209	20,573,300	36,662	468,775	21,795,171	1,653,984	20,141,187

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 6. Liabilities

		2023	2023	2022	2022
\$	Notes	Current	Non Current	Current	Non Current

(a). Trade and Other Payables

Trade and Other Payables		32,123	-	78,137	-
Accrued Expenses - Finance Costs		123,178	-	87,662	-
Accrued Expenses - Other		18,662	-	6,325	-
Accrued Expenses - Employment liabilities		31,228	-	1,794	-
Total Trade and Other Payables		205,190	-	173,918	-

(b). Borrowings

Loans		-	14,716,081	-	15,300,000
Total Borrowings		-	14,716,081	-	15,300,000

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

	2023	2022
LGFA Cash Advance Debenture Facility	14,716,081	15,300,000
Undrawn balance	583,919	-

ERA's Maturity Date on current CAD facilities held is as follows:

Deal	Settlement	End Date
ERA Water CA 2 Cash Advance	1,000,000	15/03/2033
ERA 3 CAD	2,300,000	17/06/2034
ERA CAD	12,000,000	15/12/2031

Note: ERA Water has agreed to a recapitalisation proposal which has resulted in an equity injection of \$600,000 from Constituent Councils to ensure that ERA Water has sufficient capital to meet its future liabilities, at least for a further 12 months.

(c). Provisions

Employee Entitlements		2,501	-	577	-
Total Provisions		2,501	-	577	-

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7. Reconciliation to Statement of Cash Flows

\$	2023	2022
(a). Reconciliation of Cash		
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Total Cash & Equivalent Assets	4,284	175,282
Balances per Statement of Cash Flows	4,284	175,282
(b). Reconciliation of Change in Net Assets to Cash from Investing Activities		
Net Surplus/(Deficit)	(658,658)	(642,529)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	470,210	468,775
Net increase (decrease) in unpaid employee benefits	1,924	(653)
Non Cash Asset acquisitions	-	8,026
	(186,523)	(166,381)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(22,876)	5,848
Net (Increase)/Decrease in Other Current Assets	6,565	(352)
Net Increase/(Decrease) in Trade & Other Payables	31,273	23,154
Net Cash provided by (or used in) operations	(171,562)	(137,731)

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8. Financial Instruments

Recognised Financial instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Rates:

All deposits are at call earning rates of between 1.05% and 4.30% as at 30 June 2023 (1.05% as at 30 June 2022).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost.

Terms & Conditions:

Unsecured, and do not bear interest. At the balance date, ERA Water is not materially exposed to any individual debtor.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms and conditions

Interest is charged at a range of both fixed and variable rates ranging from 1.66% to 6.05% as at 30 June 2023 (1.66% to 2.8% as at 30 June 2022)

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8. Financial Instruments

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2023					
Financial Assets					
Cash & Equivalents	4,284	-	-	4,284	4,284
Receivables	82,525	-	-	82,525	82,525
Total Financial Assets	86,809	-	-	86,809	86,809
Financial Liabilities					
Trade and other payables	205,191	-	-	205,191	205,191
Non-Current Borrowings	-	-	14,716,081	14,716,081	14,716,081
Total Financial Liabilities	205,191	-	14,716,081	14,921,272	14,921,272

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2022					
Financial Assets					
Cash & Equivalents	175,282	-	-	175,282	175,282
Receivables	59,649	-	-	59,649	59,649
Total Financial Assets	234,931	-	-	234,931	234,931
Financial Liabilities					
Payables	172,124	-	-	172,124	172,124
Non-Current Borrowings	-	-	15,300,000	15,300,000	15,300,000
Total Financial Liabilities	172,124	-	15,300,000	15,472,124	15,472,124

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

	30 June 2023		30 June 2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	3.49%	14,716,081	2.46%	15,300,000
		14,716,081		15,300,000

Financial Liabilities

Financial liabilities do not include employee benefits such as wages payable, superannuation payable, or income tax withheld.

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 ERA Water.

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 ERA Water is the carrying amount, net of any allowance for doubtful debts. All ERA Water investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of ERA Water'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 ERA Water 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. ERA Water also has available a borrowing facility that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. At the balance date, ERA Water has a combination of variable and fixed rate facilities of varying maturities.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9. Uniform Presentation of Finances

\$	2023	2022
The following is a high level summary of both operating and capital investment activities of ERA Water prepared on a simplified Uniform Presentation Framework basis. All Councils and Subsidiaries in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
Income		
User Charges	883,232	731,967
Investment Income	34,004	15,996
Other Income	44,219	-
	<u>961,455</u>	<u>747,963</u>
Expenses		
Employee Costs	117,121	103,544
Materials, Contracts & Other Expenses	589,309	489,142
Depreciation, Amortisation & Impairment	470,210	468,775
Finance Costs	443,473	329,031
	<u>1,620,113</u>	<u>1,390,492</u>
Operating Surplus / (Deficit)	(658,658)	(642,529)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	470,210	468,775
Proceeds from Sale of Replaced Assets	-	-
Subtotal	470,210	468,775
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(15,517)	(44,691)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	-	-
Subtotal	(15,517)	44,691
Net Lending / (Borrowing) for Financial Year	(203,965)	(218,445)

Note 10. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

POTENTIAL INSURANCE LOSSES

ERA Water insures against known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance. ERA Water is not aware of any such insurance claims at the reporting date. Other potential claims not reported to ERA Water may have existed at reporting date.

PIPE REMEDIATION OR DAMAGE

ERA Water owns a network of pressurised underground pipes which could result in damage to public or private infrastructure in the event of failure. Further more, there may be long term remediation liabilities attached to some of ERA Water's pipeline assets. The cost of these potential liabilities cannot be reliably estimated and have not been included in these financial statements.

Note 11. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the authorised for issue date is [insert date].

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

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12. Expenditure Commitments

Capital Commitments

No known capital commitments exist at the balance date.

Other Expenditure Commitments

ERA Water has contracts in place with 3rd party contractors for business as usual operations and maintenance services.

Note 13. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

At the Balance Date, the Key Management Personnel of the Authority include Andrew Aitken (current Acting General Manager), Terry Sutcliffe (former Acting General Manager) and the members of the ERA Water Board including:

- Jeff Tate (Chairperson)
- Mark Piggott (Councillor - City of Norwood, Payneham and St Peters)
- Anthony Vanstone (Councillor - Corporation of the Town of Walkerville)
- Chris Cowley (CEO - City of Burnside)
- General Manager(s)
- Terry Sutcliffe
- Andrew Aitken (Current)

In all, six persons were paid a total of \$125,891.50 of remuneration for services provided to ERA Water.

Key Management Personal Remuneration	2023	2022
Salaries, allowances & other short term benefits	\$ 125,891.50	\$ 115,554
Post- employment benefits	\$ -	\$ -
Long-term benefits	\$ -	\$ -
Termination benefits	\$ -	\$ -
TOTAL	\$ 125,891.50	\$ 115,554

Transactions with related parties:

The related parties disclosed below are equity owners of the Authority and are referred to as Constituent Councils. Constituent Councils have representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No single Constituent Council individually has control of ERA Water.

Amounts received from related parties:

Town of Walkerville provided ERA Water with Board and Audit Committee secretarial support and a location to hold ERA Water board meetings.

City of Norwood Payneham & St Peters provided furnished office accommodation for ERA Water General Manager for the whole of the financial year and funded part of the cost of bookkeeping and financial management support provided to ERA Water by a third party.

There are no invoices that remain payable by related parties outside of ordinary trading terms.

Related Party	Sale of Water	Outstanding from Related Parties	Description of Services Provided
Town of Walkerville	\$ 44,740.30	\$ 2,265.60	Water Sales
City of Norwood, Payneham and St Peters	\$ 114,334.08	\$ 5,380.90	Water Sales
City of Burnside	\$ 289,321.98	\$ 6,513.60	Water Sales
TOTAL	\$ 448,396.36	\$ 14,160.10	



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2023, the Subsidiary's Auditor, Dean & Newbery Pty Ltd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Michael Parkinson
ERA Water Audit Committee Chairperson

Date: 16 Aug 2023

Andrew Aitken
ERA Water General Manager

Date: 16 AUGUST 2023

HEAD OFFICE214 Melbourne Street
North Adelaide SA 5006PO Box 755
North Adelaide SA 5006T: (08) 8267 4777
www.deannewbery.com.auDean Newbery
ABN: 48 007 865 081**Auditor's Independence Declaration under Section 22 of the Local Government
(Financial Management) Regulations 2011 to the Eastern Region Alliance
Water Regional Subsidiary**

I confirm that, for the audit of the financial statements of the Eastern Region Alliance Water Regional Subsidiary for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants (including Independence Standards), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

**JIM KEOGH
DIRECTOR**

Signed on the 7th day of September 2023,
at 214 Melbourne Street, North Adelaide, South Australia 5006

ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2023, the Subsidiary's Auditor, Dean & Newbery Pty Ltd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read "Chris Cowley", is positioned above a horizontal dotted line.

Chris Cowley
**CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE**

Date: 15 August 2023

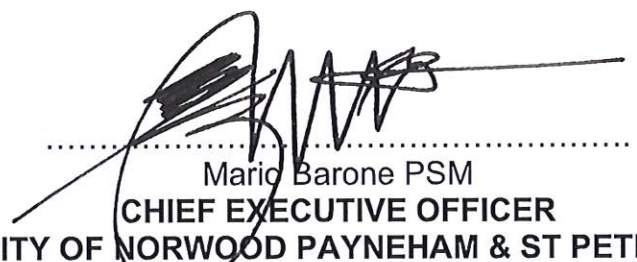
ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2023, the Subsidiary's Auditor, Dean & Newbery Pty Ltd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
Mario Barone PSM
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD PAYNEHAM & ST PETERS

Date: 15. 08. 2023.

ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2023, the Subsidiary's Auditor, Dean & Newbery Pty Ltd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read "Scott Reardon", is positioned above a dotted line.

.....
Scott Reardon
**ACTING CHIEF EXECUTIVE OFFICER
TOWN OF WALKERVILLE**

Date: 15/08/2023

HEAD OFFICE

214 Melbourne Street
North Adelaide SA 5006

PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
www.deannewbery.com.au

Dean Newbery
ABN: 48 007 865 081

INDEPENDENT AUDITOR'S REPORT

To the members of the Eastern Region Alliance Water Regional Subsidiary

Opinion

We have audited the accompanying financial report of the Eastern Region Alliance Water Regional Subsidiary (the Entity), which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

Basis for Opinion

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

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

Emphasis of Matter

We draw attention to Note 1 regarding the Going Concern and Economic Dependency disclosure given the Authority's reliance on Constituent Council's ongoing financial support to ensure the Authority can meet its expected financial obligations. Our opinion is not modified in respect of this matter.

Responsibility of the Board and Those Charged with Governance for the Financial Report

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

In preparing the financial report, the Board is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going

concern basis of accounting unless the Board either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERY



JIM KEOGH

Director

26/09/2023

Attachment D

Regional Subsidiaries Audited Financial Statements for the Year Ended 30 June 2023

Highbury Landfill Authority Inc.

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

HIGHBURY LANDFILL AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2023

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HIGHBURY LANDFILL AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2023

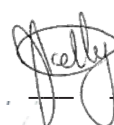
CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Trevor Hockley
Executive Officer



James Kelly
Chairperson

Date: 17 August 2023

HIGHBURY LANDFILL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
INCOME			
Interest Received	2	-	-
Sundry Income	2	20,328	20,454
LGFA Investment Income	2	378	199
Highbury Closure Provision	2	-	457,724
Total Income		20,706	478,377
EXPENSES			
Materials, contracts & other expenses	3	3,300	3,000
Depreciation, amortisation & impairment	3	25,218	25,218
Finance Payments		4,503	5,514
Highbury Closure Provision	3	328,520	-
Total Expenses		361,541	33,732
OPERATING SURPLUS / (DEFICIT)		(340,835)	444,645
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(340,835)	444,645

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

HIGHBURY LANDFILL AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

		2023	2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	141,933	216,772
Trade & other receivables	4	25,778	25,031
Total Current Assets		<u>167,711</u>	<u>241,803</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	85,859	111,077
Total Non-current Assets		<u>85,859</u>	<u>111,077</u>
Total Assets		<u>253,570</u>	<u>352,880</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	36,138	111,385
Borrowings	6	28,597	27,554
Provisions	6	345,202	204,952
Total Current Liabilities		<u>409,937</u>	<u>343,891</u>
Non-current Liabilities			
Borrowings	6	76,317	104,913
Provisions	6	2,146,621	2,142,546
Total Non-current Liabilities		<u>2,222,938</u>	<u>2,247,459</u>
Total Liabilities		<u>2,632,875</u>	<u>2,591,350</u>
NET ASSETS		<u>(2,379,305)</u>	<u>(2,238,470)</u>
EQUITY			
Accumulated Surplus		(2,379,305)	(2,238,470)
TOTAL EQUITY		<u>(2,379,305)</u>	<u>(2,238,470)</u>

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

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2023

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
2023			
Balance at end of previous reporting period		(2,238,470)	(2,238,470)
Net Surplus / (Deficit) for Year		(340,835)	(340,835)
Member Council Contributions - Recurrent Funding of Provision			
- City of Burnside		100,812	100,812
-City of Norwood Payneham & St. Peters		80,714	80,714
-Corporation of the Town of Walkerville		18,474	18,474
Balance at end of period		(2,379,305)	(2,379,305)

2022			
Balance at end of previous reporting period		(2,883,115)	(2,883,115)
Net Surplus / (Deficit) for Year		444,645	444,645
Member Council Contributions - Recurrent Funding of Provision			
-City of Burnside		100,812	100,812
-City of Norwood Payneham & St. Peters		80,714	80,714
-Corporation of the Town of Walkerville		18,474	18,474
Balance at end of period		(2,238,470)	(2,238,470)

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

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

		2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
<u>Receipts</u>			
Operating Receipts		40,840	35,358
Investment receipts		378	199
<u>Payments</u>			
Operating Payments to Suppliers		(203,079)	(184,063)
Finance payments		(4,712)	(5,716)
Net Cash provided by (or used in) Operating Activities	7	(166,573)	(154,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	-
Net Cash provided by (or used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Member Council Contributions		119,286	289,465
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(27,552)	(26,549)
Net Cash provided by (or used in) Financing Activities		91,734	262,916
Net Increase (Decrease) in cash held		(74,839)	108,694
Cash & cash equivalents at beginning of period	7	216,772	108,078
Cash & cash equivalents at end of period	7	141,933	216,772

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

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Highbury Landfill Authority (the Authority) is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Member Councils and their respective percentages of equity are as follows:

Constituent Council	Equity Share %
City of Burnside	50.406%
City of Norwood Payneham & St Peters	40.357%
Corporation of the Town of Walkerville	9.237%

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 2011*.

The following is a summary of the material accounting policies adopted by the Authority in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Competitive Neutrality

The Authority does not undertake any commercial (for profit) activities.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board of the Authority to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Flare	10%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) 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).

(d) Cash And Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition.

(e) Investments

Investments represent monies on deposit at twenty-four hour call and on fixed deposit for twelve months or less.

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Critical Accounting Estimates and Judgments

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key assumptions from the provision calculated:

The provision provides for ongoing administrative costs to be paid per annum to recognise the costs associated with running the Authority and post closure obligations.

The provision has been calculated based on the assumption that the minimum requirements for ongoing operation of the flare will be met with gas collected.

The provision calculation has been based on a 25 year period. The remaining life of the provision is 12 years. This period may be required to be longer if the site poses unacceptable environmental risks.

The Authority is expected to engage in the purchase of a Flare in FY24 for the on-going post closure remediation of the Landfill site.

Highbury Landfill Authority**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2023****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(j) Going Concern Basis**

The Board of Management of HLA notes the accumulated deficit of \$2,379,305. The Authority is required to manage the post-closure of the Highbury landfill and the Authority has a statutory guarantee from its Member Councils to meet all financial obligations and accordingly has prepared the financial statements on a going concern basis.

(k) New Accounting Standards

There were no new accounting standards implemented during the financial year. There are no proposed changes in future accounting standards, interpretations or guidance statements which are expected to have a material impact on the accounting policies of the Authority in future periods as at the time of preparing the financial statements.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 2 - INCOME

		2023	2022
	Notes	\$	\$
OPERATING INCOME			
Interest Income		-	-
Sundry Income		20,328	20,454
LGFA Investment Income		378	199
Movement in Provision	6	-	457,724
		<u>20,706</u>	<u>478,377</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 3 - EXPENSES

	Notes	2023 \$	2022 \$
Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the financial reports		3,300	3,000
Movement in Provision		328,520	-
Depreciation			
Plant & Equipment		25,218	25,218
Total Expenses		357,038	28,218

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 4 - CURRENT ASSETS

	Notes	2023 \$	2022 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		140,351	215,568
LGFA Investment Account		1,582	1,204
		<u>141,933</u>	<u>216,772</u>
TRADE & OTHER RECEIVABLES			
Trade Receivables		21,717	21,856
GST Receivable		4,061	3,175
Total		<u>25,778</u>	<u>25,031</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2022	CARRYING AMOUNT MOVEMENTS DURING YEAR							2023
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation
		New/Upgrade	Renewals				In	Out	
Land	1,800	-	-	-	-	-	-	-	-
Plant & Equipment	109,277	-	-	-	25,218	-	-	-	-
TOTAL PROPERTY, PLANT & EQUIPMENT	111,077	-	-	-	25,218	-	-	-	-
Comparatives	136,295	-	-	-	25,218	-	-	-	-

This Note continues on the following pages.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2022				2023			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	-	1,800	-	1,800	-	1,800	-	1,800
Plant & Equipment	-	330,270	(220,993)	109,277	-	330,270	(246,211)	84,059
TOTAL PROPERTY, PLANT & EQUIPMENT	-	332,070	(220,993)	111,077	-	332,070	(246,211)	85,859
<i>Comparatives</i>		332,070	(195,775)	136,295	-	332,070	(220,993)	111,077

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 6 - LIABILITIES

	Notes	2023		2022	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		23,292	-	17,916	-
Accrued Expenses - other		4,095	-	4,004	-
Capital Contributions Received in Advance		8,751	-	89,465	-
		<u>36,138</u>	<u>-</u>	<u>111,385</u>	<u>-</u>

The Authority has recorded a liability to recognise that a Member Council has pre-paid their annual Member Council Contributions relating to FY2023 & FY2024 prior to 30 June 2022. As at 1 July 2022, the Authority has converted the liability to an equity contribution to be recognised in FY2023. The remaining amount is to be converted to an equity contribution in FY2024.

BORROWINGS

Loans	28,597	76,317	27,554	104,913
	<u>28,597</u>	<u>76,317</u>	<u>27,554</u>	<u>104,913</u>

PROVISIONS

Provision for Highbury Post Closure	345,202	2,146,621	204,952	2,142,546
	<u>345,202</u>	<u>2,146,621</u>	<u>204,952</u>	<u>2,142,546</u>

Movements in Provisions - 2023 year only

(current & non-current)	
Opening Balance	2,347,498
(Less) Payments recorded & accrued	(184,196)
Add (Less) Remeasurement Adjustments	328,520
Closing Balance	<u>2,491,822</u>

The Authority has an ongoing environmental obligation to manage the post-closure phase for the landfill for at least 25 years. A provision for the Highbury Landfill closure has been accrued. A net present value (NPV) calculation has then been made by estimating cash flows to manage the Highbury site in accordance with best practice for a 25 year period that commenced on 1 July 2009. The cash outflows have been escalated at an inflation forecast of 3.5% per annum (2022:2.5%) and the discount rate used is equivalent to the 10 year Commonwealth Bond rate - indicative rates as at 30 June 2023. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.

In 2012, the Board of the Highbury Landfill Authority resolved to have the cash flow estimates and assumptions in the provision spreadsheet reviewed by Golders Associates. Their summary conclusion was that the provision appears to be reasonable based on available information.

The Audit Committee of the Highbury Landfill Authority has recommended that the provision be reviewed annually and that the provision be independently reviewed every 3 years. A review by Golder Associates was undertaken of the 2021 year-end provision and was found to be reasonable. The provision is due for further review during the 2024 Financial Year.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 7 - 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	2023 \$	2022 \$
Total cash & equivalent assets	4	<u>141,933</u>	<u>216,772</u>
Balances per Cash Flow Statement		<u>141,933</u>	<u>216,772</u>

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

Net Surplus (Deficit)	(340,835)	444,645
Non-cash items in Income Statement		
Movement in Post Closure Provision	328,520	(457,724)
Depreciation, amortisation & impairment	<u>25,218</u>	<u>25,218</u>
	12,903	12,139
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(747)	(2,749)
Net increase (decrease) in trade & other payables	5,467	12,187
Net increase (decrease) in other provisions	<u>(184,196)</u>	<u>(175,799)</u>
Net Cash provided by (or used in) operations	<u>(166,573)</u>	<u>(154,222)</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 8 - 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 realisable value; Interest is recognised when earned.
	Terms & conditions: Deposits are returning fixed interest rates of 4.3% (2022:0.55%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.
	Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at a fixed rate of 3.75% (2022:3.75%).
	Carrying amount: approximates fair value.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2023	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	141,933	-	-	141,933	141,933
Receivables	25,778	-	-	25,778	25,778
Total	167,711	-	-	167,711	167,711
Financial Liabilities					
Payables	36,138	-	-	36,138	36,138
Current Borrowings	32,265	-	-	32,265	28,597
Non-Current Borrowings	-	80,663	-	80,663	76,317
Total	68,403	80,663	-	149,066	141,052

2022	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	216,772	-	-	216,772	216,772
Receivables	25,031	-	-	25,031	25,031
Total	241,803	-	-	241,803	241,803
Financial Liabilities					
Payables	111,385	-	-	111,385	111,385
Current Borrowings	32,265	-	-	32,265	27,554
Non-Current Borrowings	-	112,928	-	112,928	104,913
Total	143,650	112,928	-	256,578	243,852

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates.

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

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 9 - UNIFORM PRESENTATION OF FINANCES

	2023 \$	2022 \$
Income		
Sundry Income	20,328	20,454
LGFA Investment Income	378	199
Highbury Closure Provision	-	457,724
	<u>20,706</u>	<u>478,377</u>
Expenses		
Materials, contracts & other expenses	3,300	3,000
Depreciation, amortisation & impairment	25,218	25,218
Finance Payments	4,503	5,514
Highbury Closure Provision	328,520	-
	<u>361,541</u>	<u>33,732</u>
Operating Surplus / (Deficit)	(340,835)	444,645
Net Outlays on Existing Assets		
Add back Depreciation, Amortisation and Impairment	25,218	25,218
	<u>25,218</u>	<u>25,218</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	-
Amounts received specifically for New and Upgraded Assets	-	-
	<u>-</u>	<u>-</u>
Annual Net Impact to Financing Activities Surplus/(Deficit)	(315,617)	469,863

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2023****Note 10 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

There were no contingent assets or liabilities to 30 June 2023 that need to be disclosed in the financial statements.

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2023****Note 11 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2023 that need to be disclosed in the financial statements.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Note 12 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Board and Chief Executive Officer under section 112 of the Local Government Act 1999. In all, one entity (TJH Management Services Pty Ltd) was paid the following total compensation management and administrative services:

	2023
Contractor Payments	\$ 79,380.30
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ -
TOTAL	\$ 79,380.30

Transactions with Related Parties

Related Party Entity	Sale of Goods & Services (\$)	Equity Contributions (\$)	Amounts Outstanding from Related Parties (\$)	Descriptions of Services provided to Related Parties
City of Burnside	-	100,812	-	Rehabilitation of landfill site
City of Norwood, Payneham & St.Peters	-	80,714	-	Rehabilitation of landfill site
Corporation of the Town of Walkerville	-	18,474	-	Rehabilitation of landfill site

The Related Parties disclosed above are equity owners of the Authority and as referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial operating decisions of the Authority. No one Member Council individually has control of those policies.

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www.deannewbery.com.auDean Newbery
ABN: 48 007 865 081**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE Highbury Landfill Authority****Opinion**

We have audited the financial report of the Highbury Landfill Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

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

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

Other Information other than the Financial Report and Auditor's Report Thereon

The Authority is responsible for the other information. The other information comprises the information included in the Authority's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. The Authority's responsibility includes establishing and maintaining internal control relevant to preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERRY



SAMANTHA CRETEN
DIRECTOR

Signed on the 18th day of August 2023,
at 214 Melbourne Street, North Adelaide



**City of
Norwood
Payneham
& St Peters**

File Number: qA111243
Enquiries To: Mario Barone
Direct Telephone: 8366 4520

14 August 2023

Mr Trevor Hockley
Executive Officer
Highbury Landfill Authority
C/- PO Box 289
Brooklyn Park SA 5032

Via email: trevor@tjhms.com.au

**CHIEF
EXECUTIVE'S
OFFICE**

Dear Trevor

I, Mario Barone, Chief Executive Officer of the City of Norwood Payneham & St Peters, a Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011* in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Yours sincerely

Mario Barone PSM
CHIEF EXECUTIVE OFFICER

175 The Parade,
Norwood SA 5067

PO Box 204
Kent Town SA 5071

Telephone
8366 4555

Email
townhall@npsp.sa.gov.au

Website
www.npsp.sa.gov.au



**Community
Well-being is...**
Social Equity
Cultural Vitality
Economic Prosperity
Environmental
Sustainability

9 August 2023

Mr Trevor Hockley
Executive Officer
Highbury Landfill Authority
via email: trevor@tjhms.com.au

Dear Trevor,

**RE: Highbury Landfill Authority Audited Financial Statements
FY23 - Auditor Independence**

I, Chris Cowley, CEO of the City of the City of Burnside, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Yours sincerely,


Chris Cowley
Chief Executive Officer

**The Corporation of the Town of Walkerville**

ABN 49 190 949 882

66 Walkerville Terrace, Gilberton SA 5081

PO Box 55, Walkerville SA 5081

File Number: 40.1.3.9

Please Quote Ref: OLT202361403

Contact Officer: EA to Mayor & CEO, Emma Spencer

Telephone: (08) 8342 7100

Facsimile: (08) 8269 7820

Email: walkerville@walkerville.sa.gov.auwww.walkerville.sa.gov.au

08 August 2023

**TREVOR HOCKLEY
Highbury Landfill Authority
C/- PO BOX 289
BROOKLYN PARK SA 5032**

Dear Mr Hockley,

I Scott Reardon, Chief Executive Officer of the Town of Walkerville, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Yours sincerely

Scott Reardon
Acting Chief Executive Officer

HIGHBURY LANDFILL AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Highbury Landfill Authority for the year ended 30 June 2023, the Authority's Auditor, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


Trevor Hockley
Executive Officer
Corinne Garrett
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 17 August 2023

HEAD OFFICE214 Melbourne Street
North Adelaide SA 5006PO Box 755
North Adelaide SA 5006T: (08) 8267 4777
www.deannewbery.com.auDean Newbery
ABN: 48 007 865 081**Auditor's Independence Declaration under Section 22 of the Local Government
(Financial Management) Regulations 2011 to the Highbury Landfill Authority**

I confirm that, for the audit of the financial statements of the Highbury Landfill Authority for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

**SAMANTHA CRETEN
DIRECTOR**

Signed on the 18th day of August 2023,
at 214 Melbourne Street, North Adelaide, South Australia 5006

6.4 REVIEW OF FINANCIAL CONTROLS – UPDATE ON AUDIT RECOMMENDATIONS

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of this report is to provide the Audit & Risk Committee with an update regarding the Review of Financial Controls that has been undertaken by the Council's Auditors, Galpins.

BACKGROUND

Pursuant to Section 129 of the *Local Government Act 1999* (the Act), in addition to providing an opinion on a Council's Financial Statements, the Council's Auditor must provide the Council with an audit opinion regarding its Internal Controls.

In respect to the Internal Controls, pursuant to Section 125 of the Act, a Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained, in order to assist the Council to carry out its activities in an efficient and orderly manner, to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets and to secure (as far as possible) the accuracy and reliability of Council records.

It should be noted that the audit opinion is restricted to financial controls as set out in Section 129 of the Act and relate to the Internal Controls that have been exercised by the Council during the 2022-2023 financial year in respect to the receipt, expenditure, investment of money, the acquisition and disposal of property and incurring of liabilities.

At its meeting held on 18 September 2023, following consideration of the *Financial Controls Review*, the Committee resolved the following:

1. *That the Auditor's Report on the Council's Financial Controls and the 2022-2023 Interim Management Letter, as contained in Attachment A, be received and noted.*
2. *That the Committee notes that implementation of the recommendations contained in the Auditor's Report on the Council's Financial Controls and Interim Management Letter is being progressed and notes that a report will be provided to the Audit & Risk Committee at its next scheduled meeting on 23 October 2023 and subsequent quarterly meetings.*

This report provides an update to the Committee in respect to the recommendations set out in the *Financial Controls Review*.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Appropriate financial controls are fundamental to an organisation's financial governance framework. Undertaking the review has provided the Chief Executive Officer and the Audit & Risk Committee, with an overview of the current situation and recommendations to address the weaknesses that have been identified.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

As part of the interim audit which has been undertaken, the Council's Auditor, Galpins, has reviewed and tested 100 Internal Controls, with 82 operating effectively, 5 representing a High Risk Weakness and 10 representing a Moderate Risk Weakness.

As outlined in the interim audit report presented to the Committee on 18 September 2023, a total of 18 recommendations were identified as areas requiring improvement and corrective actions. Since that time, significant progress has been made in addressing these recommendations.

Details of the progress made in addressing these recommendations are set out in Table 1 below.

TABLE 1 – STATUS UPDATE

Business cycles	Controls	Operating Effectively	2023 Findings					
	Reviewed	2023	H	Comment from the Council	M	Comment from the Council	L	Comment from the Council
General Ledger	11	8	2	1 Completed + 1 Not completed	1	In Progress	-	
Fixed Assets	16	13	1	Completed	1	Completed	1	Completed
Purchasing & Procurement/Contracting	10	7	-		3	In Progress	-	
Accounts Payable (AP)	13	12	-		-		1	Completed
Rates / Rates Rebates	10	8	-		2	In Progress	-	
Banking	5	4	1	Completed	-		-	
Accounts Receivable (AR)	6	5	1	Completed	-		-	
Credit Cards	5	1	-		3	Completed	1	Completed
Payroll	19	19	-		-		-	
Receipting	5	5	-		-		-	
Total	100	82	5		10		3	

Staff have reviewed the recommendations set out in the *Financial Controls Review* and concur with the recommendations as set out in the Auditor's report. Since then, staff have been working towards implementing more robust internal control procedures. All new and/or updated procedures have been communicated to staff and relevant training has been provided where required.

Completed Recommendations

Of the 18 recommendations contained within the *Financial Controls Review*, 11 recommendations have been addressed and completed.

The recommendations which have been completed relate to controls regarding the General Ledger, Fixed Assets, Banking, Accounts Receivable and Credit Cards.

The systems have been implemented on the basis of the recommendations and have resulted in significant improvements in these areas.

Recommendations in Progress

The implementation of six (6) recommendations is currently in progress. It is anticipated that these recommendations will be completed over the next few months to ensure completion by the time of the next audit, which is scheduled to occur in May 2024.

The recommendations in progress mostly relate to the area of Purchasing, Procurement and Contracting. The Council has recently appointed a Procurement Officer who is currently working through these recommendations.

Outstanding Recommendations

One (1) recommendation is yet to be addressed. The recommendation as set out in the *Financial Controls Review*, relates to the independent review of the Balance Sheet.

A system will be put in place regarding this recommendation with implementation to occur following the appointment of the position of Accountant, which is currently in the process of being recruited.

OPTIONS

Not Applicable.

CONCLUSION

The *Financial Controls Review* has provided a sound basis for considering and making improvements to the Council's Internal Financial Controls where required.

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

6.5 REVIEW OF FINANCE POLICIES

REPORT AUTHOR: General Manager, Governance & Community Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA61370
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of the report is to present two (2) policies which have been reviewed to the Audit & Risk Committee for adoption.

BACKGROUND

Policies, Codes of Practice and Codes of Conduct are important components of a Council's governance framework. Policies set directions, guide decision making and inform the community about how the Council will normally respond and act to various issues.

When a decision is made in accordance with a Council policy or code, both the decision-maker and the community can be assured that the decision reflects the Council's overall aims and principles of action.

Accordingly, policies and codes can be used in many contexts to:

- reflect the key issues and responsibilities facing a Council;
- provide a policy context and framework for developing more detailed objectives and management systems;
- guide staff and ensure consistency in delegated and day-to-day decision-making; and
- clearly inform the community of a Council's response to various issues.

It is therefore important that policies remain up to date and consistent with any position adopted by the Council.

A review of all Finance related policies has commenced to ensure that all policies are relevant, contemporary and legislatively compliant and these will be presented to the Audit & Risk Committee for endorsement as each policy is reviewed.

The following Policies are now scheduled to be reviewed:

1. Bad Debt Write-Off Policy (**Attachment A**); and
2. Credit Cards Policy (**Attachment B**).

Where required, the Policies have been amended to ensure that the Policies meet current standards and reflect the Council's position on the respective matters.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

DISCUSSION

Bad Debt Write-Off Policy

The *Bad Debt Write-Off* is an existing Policy.

The objective of the *Bad Debt Write-Off Policy* is to provide a framework for the management of debts that are owed to the Council. The Policy applies to general debts which are not related to a property or rates.

The Council's Chief Executive Officer is delegated pursuant to Section 143 of the *Local Government Act 1999*, to approve the writing-off of a bad debt up to a maximum of \$5,000. The writing-off of any debts exceeding this amount must be approved by the Council.

However, following the review of the current Policy, it is proposed to increase the delegation to the Chief Executive Officer to write-off a bad debt up to a maximum of \$10,000. The proposed increase is minor in dollar terms, ensures a more efficient process and reflects a contemporary approach in terms of writing off smaller debts.

Other than this proposed change, only minor amendments and formatting changes are recommended.

A copy of the draft *Bad Debt Write-Off Policy* is contained within **Attachment A**.

Credit Cards Policy

The *Credit Cards Policy* is an existing Policy.

The objective of this Policy is to provide guidance with respect to the use of Council issued Credit Cards to Council Staff.

Whilst the Council has allocated a credit card to a very limited number of staff (6 staff members in total), for operational purposes, it is nonetheless important to ensure that a robust system is in place to ensure that all Credit Card holders are aware of the Council's position regarding the use of credit cards.

Whilst the changes to the Policy are minor, provision has been made within the draft Policy to ensure that direct debit payments are not set up using credit cards.

A copy of the draft *Credit Cards Policy* is contained within **Attachment B**.

OPTIONS

The Committee can determine not to endorse the draft Policies, however as the draft Policies are required and have been prepared to meet legislative requirements, and manage particular finance matters, it is recommended that the Committee endorses the draft Policies as presented.

CONCLUSION

A comprehensive financial policy framework is essential for public accountability, transparency and consistency in Council decision making.

Policies should be supported by a comprehensive set of documented procedures detailing the specific staff responsibilities and processes to be followed to give effect to the policies and ensure that sound financial management practices are in place. Without such documented financial policies and procedures, the Council could be subject to criticism, (rightly or wrongly), that their financial management framework lacks transparency, legislative compliance or does not reflect contemporary standards.

The requirement on the Council's Auditors to provide an opinion on the adequacy of the Council's internal financial controls further emphasises the need for an explicit, clearly documented, framework of policies and procedures.

COMMENTS

To ensure compliance with Section 125 of the *Local Government Act 1999*, the Council must have in place, appropriate policies, practices and procedures, which assist the Council to carry out its activities in an efficient and orderly manner. To achieve this objective, it is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

There is no legislative requirement to consult in respect to these policies.

RECOMMENDATION

That the Audit & Risk Committee recommends to the Council that the following be adopted:

- Bad Debt Write-Off Policy (**Attachment A**); and
- Community Information Policy (**Attachment B**).

Attachment A

Review of Finance Policies

Bad Debt Write-Off Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Bad Debt Write-Off

POLICY MANUAL: Finance

BACKGROUND

Section 132A(a) of the *Local Government Act 1999* (the Act), requires a Council to have policies, practices and procedures to ensure compliance with any statutory requirements; and to achieve and maintain standards that reflect good administrative practices.

OBJECTIVE

The objective of this Policy is to provide a framework for the management of debts that are owed to the Council.

This Policy therefore seeks to ensure that the circumstances and procedure for writing-off debts which are owed to the Council reflects a consistent and fair process.

DISCUSSION

There are two (2) types of debts that can be owed to the Council:

- Rate Debts - those that are charges or charged against a property (predominantly rates); and
- General Debts - those that are not charged against a property. (These debts generally relate to services that have been provided to a citizen).

This Policy applies to general debts which are not related to a property or rates.

The Council provides a number of services to citizens for the payment of a fee or charge in accordance with the Council's Schedule of Fees & charges which is considered and adopted by the Council as part of the Annual Budget process.

A number of fees and charges are levied after the provision of the service, consistent with industry practice, which requires a debtors invoice to be issued, which the debtor is then required to pay.

After the expiry of the Council's trading terms, there are numerous steps that the Council can take to recover any outstanding monies that are owed from debtors. This can include reminder notices, other verbal or written communication and negotiation of payment arrangements and can also escalate to include refusal of further services and referral of the debt to a specialist debt collector.

There will also be situations, as a result of various circumstances where difficulty will be experienced with recovering a debt, and the debt collection process can reach a point where it is inappropriate, overly expensive or uneconomic to pursue further action. In these situations, it may be more cost effective for the Council to write off the debts, rather than pursuing further action.

Section 143 of the Act [makes provision for a Council to write off any debts to the Council:](#)

- (1) *A council may write off any debts owed to the council-*
 - (a) *if the council has no reasonable prospect of recovering the debts; or*
 - (b) *if the costs of recovery are likely to equal or exceed the amount to be recovered.*
- (2) *A council must not write off a debt under subsection (1) unless the chief executive officer has certified-*
 - (a) *that reasonable attempts have been made to recover the debt; or*
 - (b) *that the costs of recovery are likely to equal or exceed the amount to be recovered.*
- (3) *If a council delegates the power to write off debts under this section, the council must set an amount above which the delegation will not apply.*

~~This Policy has been developed to provide guidance to the Council and delegated staff when exercising the powers set out in Section 143.~~

KEY PRINCIPLES

[As part of the management of the Council's financial resources, only debts that have been authorised in accordance with this Policy are written-off.](#)

KEY TERMS

[Council means the City of Norwood Payneham & St Peters Council.](#)

[Debt means an amount of money that is owed to the Council.](#)

[Debtor means a natural person \(which includes a company or corporation\) obligated or allegedly obligated to pay a debt to the Council.](#)

POLICY

Outstanding debts owed to the Council will be pursued and when necessary legal action undertaken to recover the debt.

The ~~Chief Financial Officer~~[Service Manager](#) will undertake an annual review of outstanding accounts greater than one hundred and fifty (150) days to determine the recoverability of the debt.

Recommendations to write-off debts will be made following consultation with the staff member responsible for the raising of the debt and a review of the debt recovery processes which have been undertaken.

Debts will only be written-off in circumstances where the following applies:

- it is not economical to pursue recovery of the debt further; or
- there is no reasonable prospect of the debt being recovered; or
- the debt has been raised in error and recovery is not legally enforceable; or
- the debt cannot be proved; or
- advice from a solicitor and/ or collection agent, confirming that the debt cannot be pursued.

If a debt is written-off, the amount of the debt together with any collection costs, will be debited to the relevant cost centre, as a bad debt expense.

The Council's Chief Executive Officer is delegated pursuant to Section 143 of the *Local Government Act 1999*, to approve the writing-off of a bad debt up to a maximum of ~~\$5,000.~~ \$10,000. The writing-off of any debts exceeding this amount must be approved by the Council.

In each case, when a debt is recommended to be written-off, details of the debt recovery action undertaken and the reasons as to why the debt cannot be recovered, will be documented and maintained on the Council's Document Management System. The Chief Executive Officer will review and certify that all appropriate action has been taken prior to approving the write-off of debt.

Debts written-off during the financial year, by the Chief Executive Officer under Delegated Authority, will be advised to the Council as part of the Budget Review process.

REVIEW PROCESS

The Council will review this Policy within 36 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is [the Council's Chief Financial Officer Services Manager, telephone 8366 4548 or via email: \[naxenova@npsp.sa.gov.au\]\(mailto:naxenova@npsp.sa.gov.au\) telephone 8366 4585.](#)

ADOPTION OF THE POLICY

This Policy was adopted by Council on 7 May 2001.
 This Policy was reviewed and adopted by Council on 5 September 2005.
 This Policy was endorsed by the Audit Committee on 25 October 2010.
 This Policy was adopted by the Council on 6 December 2010.
 This Policy was endorsed by the Audit Committee on 25 February 2013.
 This Policy was adopted by the Council on 4 March 2013.
 This Policy was endorsed by the Audit Committee on 26 October 2015.
 This Policy was adopted by the Council on 2 November 2015.
 This Policy was endorsed by the Audit Committee on 23 October 2017.
 This Policy was adopted by the Council on 6 November 2017.
 This Policy was endorsed by the Audit Committee on 24 February 2020.
 This Policy was adopted by the Council on 2 March 2020.
[This Policy was endorsed by the Audit & Risk Committee on 2023.](#)

TO BE REVIEWED

[February 2023](#)
[July 2026](#)

Attachment B

Review of Finance Policies

Credit Cards Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

POLICY MANUAL: Finance

Section 125 of the *Local Government Act 1999* (the Act), requires a Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Credit Cards [Policy](#) forms part of the Council's internal controls framework in accordance with the Act.

The objective of intent of this Policy is to provide guidance with respect to the use of Council issued Credit Cards to Council Staff.

The City of Norwood Payneham & St Peters operates in an environment which is subject to public scrutiny. The Council is required to ensure that cash resources are allocated and used in an effective manner to minimize rate increases to its rate payers and to ensure the continuation of service provision to the community in the most efficient and cost-effective manner.

The use of credit cards to make small value purchases is considered to be a cost-effective purchasing method.

Corporate Credit cardholders must have regard to the following principles when using their Corporate Credit Cards:

- a. the business purpose of the expenditure was clearly justified at the time with the expenditure being necessary for the Council to carry out its functions in an efficient manner;
- b. the transaction was compliant with the relevant Council policies and within the staff member's financial delegations;
- c. the transaction record is properly documented and explains the nature of the expense.

Council Credit Cards will may be issued only to a staff member ~~n~~-approved and person on the authority of the Chief Executive Officer.

All credit card holders ~~are required to should~~ sign a declaration confirming knowledge and agreement with ~~the~~ Council's policy and procedures prior to being provided ~~with~~ a credit card and authority to use ~~the~~ credit card.

Council Credit Cards are not to be issued to short-term contractors, consultants, or contract personnel, who have contracts that provide for them to be reimbursed for costs which they may incur.

Council Credit Cards must not be used to incur personal expenditure, or expenditure on behalf of other organisations, even if it will be reimbursed at a later date.

The Card ~~H~~holder is the staff member whose name appears on the Corporate Credit Card.

The Card Holder is responsible and must be aware of all transactions and activities that incur on their Credit Card. A cardholder has a responsibility for ensuring their usage of their credit card complies with all relevant policies, the cardholder conditions of use and must have sufficient financial delegation.

It is the ~~C~~ard ~~H~~holder's responsibility to adhere to the following requirements:

- ensure use of the credit card is within the Council's Expenditure Policy;
- sign the Credit Card immediately upon receipt;
- keep the Credit Card and associated Pin Number in a safe and secure place;
- keep card holder and account details up to date;
- ~~retain~~ all original tax invoices, sales vouchers and receipts and attach these to the Monthly Statement;
- ~~a~~ Missing ~~R~~eceipt form is required to be completed in the event of a need to be filled in case of lost receipt;
- reconcile Statements, providing the appropriate account number, description of transaction, including the business purpose, for each item on the Statement ~~and for the expenditure to be costed to and~~ submitted to their manager for authorisation during the monthly reconciliation period; and
- notifying the bank and relevant Finance staff if the Credit Card is lost or stolen.

Credit cards are not to be used to set up direct debit payments of any kind.

The ~~C~~ard ~~H~~holder's Manager is responsible to review and question ~~the~~ transactions that appear inappropriate, unusual and to ensure that the ~~that~~ expenditure incurred is within the expenditure delegation of ~~the~~ staff member requesting the payment of expenditure via the credit card prior to ~~before~~ signing the Credit Card Monthly Reconciliation.

Misuse of a Council Credit Card may lead to the Card being cancelled and the staff member may be required to pay restitution to the Council and disciplinary action may be taken against the staff member.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is ~~the~~ Council's Chief Financial ~~Officer~~Manager, telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was originally adopted by the Council on 2 April 2012 and has been reviewed on a regular basis (annually/biannually), since that time endorsed by the Audit Committee on 26 March 2012.
~~This Policy was adopted by the Council on 2 April 2012.~~
~~This Policy was endorsed by the Audit Committee on 25 February 2013.~~
~~This Policy was adopted by the Council on 4 March 2013.~~
~~This Policy was endorsed by the Audit Committee on 24 February 2014.~~
~~This Policy was adopted by the Council on 3 March 2014.~~
~~This Policy was endorsed by the Audit Committee on 25 May 2015.~~

~~This Policy was adopted by the Council on 1 June 2015.~~
~~This Policy was endorsed by the Audit Committee on 29 February 2016.~~
~~This Policy was adopted by the Council on 7 March 2016.~~
~~This Policy was reviewed by the Audit Committee on 26 February 2018.~~
~~This Policy was adopted by the Council on 5 March 2018.~~
~~This Policy was reviewed by the Audit Committee on 24 February 2020.~~
~~This Policy was adopted by the Council on 2 March 2020.~~
~~This Policy was reviewed by the Audit Committee on 26 October 2020~~
~~This Policy was adopted by the Council on 2 November 2020~~
~~This Policy was reviewed by the Audit Committee on 24 October 2022~~
~~This Policy was adopted by the Council on 7 November 2022~~

This Policy was reviewed by the Audit Committee on 2023

TO BE REVIEWED

October 20254

7. CONFIDENTIAL REPORTS

7.1 COUNCIL RELATED MATTER

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999*, the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider

- (a) Information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999*, the Council orders that the report, discussion and minutes be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed.

7.2 COUNCIL RELATED MATTER

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999*, the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider

- (a) Information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999*, the Council orders that the report, discussion and minutes be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed.

8. OTHER BUSINESS
(Of an urgent nature only)

9. NEXT MEETING
Monday 20 November 2023 (Special Meeting)

10. CLOSURE