

City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Our purpose is wellbeing



City of Marion

General Purpose Financial Statements for the year ended 30 June 2015

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City of Marion

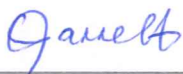
General Purpose Financial Statements for the year ended 30 June 2015

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 2015 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Kathy Jarrett
ACTING CHIEF EXECUTIVE OFFICER


Kris Hanna
MAYOR

27/10/15

Date: 27.10.15

Statement of Comprehensive Income
for the year ended 30 June 2015

\$ '000	Notes	2015	2014
Income			
Rates Revenues	2a	67,465	63,765
Statutory Charges	2b	1,749	1,715
User Charges	2c	1,689	1,571
Grants, Subsidies and Contributions	2g	7,694	5,391
Investment Income	2d	888	793
Reimbursements	2e	874	898
Other Income	2f	800	315
Net Gain - Equity Accounted Council Businesses	19	817	446
Total Income		81,976	74,894
Expenses			
Employee Costs	3a	31,757	31,532
Materials, Contracts & Other Expenses	3b	26,418	26,981
Depreciation, Amortisation & Impairment	3c	12,974	12,556
Finance Costs	3d	800	358
Total Expenses		71,949	71,427
Operating Surplus / (Deficit)		10,027	3,467
Asset Disposal & Fair Value Adjustments	4	(202)	(527)
Amounts Received Specifically for New or Upgraded Assets	2g	1,831	438
Physical Resources Received Free of Charge	2i	8,242	1,490
Net Surplus / (Deficit) ¹		19,898	4,868
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	3,556	30,242
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	-	(890)
Total Other Comprehensive Income		3,556	29,352
Total Comprehensive Income		23,454	34,220

¹ Transferred to Equity Statement

City of Marion

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	19,688	19,165
Trade & Other Receivables	5b	4,036	3,545
Other Financial Assets	5c	2,750	8,900
Inventories	5d	166	172
Total Current Assets		26,640	31,782
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	5,120	4,363
Infrastructure, Property, Plant & Equipment	7a	1,101,403	1,077,371
Other Non-Current Assets	6b	12,495	8,837
Total Non-Current Assets		1,119,018	1,090,571
TOTAL ASSETS		1,145,658	1,122,353
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	7,278	6,408
Borrowings	8b	1,671	1,572
Provisions	8c	5,155	4,932
Total Current Liabilities		14,104	12,912
Non-Current Liabilities			
Borrowings	8b	10,229	11,900
Provisions	8c	857	527
Total Non-Current Liabilities		11,086	12,427
TOTAL LIABILITIES		25,190	25,339
Net Assets		1,120,468	1,097,014
EQUITY			
Accumulated Surplus		360,929	340,053
Asset Revaluation Reserves	9a	740,335	736,779
Other Reserves	9b	19,204	20,182
Total Council Equity		1,120,468	1,097,014

Statement of Changes in Equity

for the year ended 30 June 2015

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2015					
Balance at the end of previous reporting period		340,053	736,779	20,182	1,097,014
a. Net Surplus / (Deficit) for Year		19,898	-	-	19,898
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	3,556	-	3,556
Other Comprehensive Income		-	3,556	-	3,556
Total Comprehensive Income		19,898	3,556	-	23,454
c. Transfers between Reserves		978	-	(978)	-
Balance at the end of period		360,929	740,335	19,204	1,120,468
2014					
Balance at the end of previous reporting period		333,847	707,427	21,520	1,062,794
a. Net Surplus / (Deficit) for Year		4,868	-	-	4,868
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	30,242	-	30,242
- Share of OCI - Equity Accounted Council Businesses	19	-	(890)	-	(890)
Other Comprehensive Income		-	29,352	-	29,352
Total Comprehensive Income		4,868	29,352	-	34,220
c. Transfers between Reserves		1,338	-	(1,338)	-
Balance at the end of period		340,053	736,779	20,182	1,097,014

City of Marion

Statement of Cash Flows

for the year ended 30 June 2015

\$ '000	Notes	2015	2014 Restated
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		67,321	63,642
Statutory Charges		1,745	1,851
User Charges		1,789	1,726
Grants, Subsidies and Contributions (operating purpose)		7,502	8,957
Investment Receipts		888	798
Reimbursements		883	1,027
Other Receipts		5,800	2,185
<u>Payments</u>			
Payments to Employees		(31,100)	(31,190)
Payments for Materials, Contracts & Other Expenses		(30,818)	(28,642)
Finance Payments		(800)	(346)
Net Cash provided by (or used in) Operating Activities	11b	23,210	20,008
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,831	168
Sale of Replaced Assets		721	532
Sale of Surplus Assets		-	69
Distributions Received from Equity Accounted Council Businesses		817	75
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(10,546)	(6,982)
Expenditure on New/Upgraded Assets		(19,332)	(16,186)
Net Purchase of Investment Securities		6,150	(8,900)
Capital Contributed to Equity Accounted Council Businesses		(757)	-
Net Cash provided by (or used in) Investing Activities		(21,116)	(31,224)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	9,000
Proceeds from Bonds & Deposits		1	-
<u>Payments</u>			
Repayments of Borrowings		(1,572)	(1,063)
Net Cash provided by (or used in) Financing Activities		(1,571)	7,937
Net Increase (Decrease) in Cash Held		523	(3,279)
plus: Cash & Cash Equivalents at beginning of period	11	19,165	22,444
Cash & Cash Equivalents at end of period	11	19,688	19,165

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

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n/a - not applicable

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

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these 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 in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The City of Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

3 Income Recognition

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

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

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

6.3 Materiality

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

Category	Individual Threshold
Infrastructure	\$5,000
Land	N/a
Land Improvements	\$5,000
Buildings	\$5,000
Furniture and Fittings	\$3,000
Equipment	\$3,000
Other	\$3,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregated Threshold
Infrastructure	
Reserve Lighting	\$1,000,000
Reserve Pathways	\$1,000,000
Reserve Irrigation	\$1,000,000
Buildings	
Bus Shelters	\$1,000,000
Shelters/Gazebos	\$100,000
Fencing	\$100,000
Furniture and Fittings	\$25,000
Equipment	\$100,000
Other	
BBQs	\$100,000
Reserve Furniture	\$500,000
Cricket Practice Nets	\$100,000
Drink Fountains	\$50,000
Play Equipment Softfall	\$50,000
Reserve Bollards	\$500,000
Reserve Bins	\$100,000
City Band Instruments	\$100,000
Council Artwork	\$100,000
Library Stock	\$1,000,000

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

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are 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.

Furniture & Equipment

Office Equipment	3 to 15 years
Office Furniture	10 to 15 years
Vehicles and Road-making Equip	3 to 15 years
Other Plant & Equipment	7 to 25 years

Building & Other Structures

Buildings	15 to 80 years
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Infrastructure

Sealed Roads – Surface	25 years
Road Base	50 to 80 years
Road Formation	100 years
Kerb	80 years
Footpath – Bitumen/Rubber	25 years
Footpath – Concrete	50 years
Footpath – Paved	50 years
Other Road Structures	15 years
Traffic Signs	15 years
Bridges	80 years
Stormwater Pipes	60 to 100 years
Junction Boxes	100 years

Pollutant Traps	100 years
Box Culverts	100 years
Headwalls	100 years
Drainage Pits	100 years

Other Infrastructure

Wetland Assets	15-100 years
Car Parks	25 to 40 years
Irrigation	25 years
Lighting	15-40 years
Recreation Pathways	40 years
Sports Floodlights	25 years

Other Assets

Library Books - Paperbacks	7 years
Library Books - Hardcover	7 years
Other Library Stock incl. CD's, DVD's, Toys	3 to 7 years
Playground Equipment	20 years
Reserve Furniture	7-40 years
Band Instruments	60 years
Civic Art Structures	30 to 80 years

6.6 Impairment

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

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

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

6.7 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

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

Note 1. Summary of Significant Accounting Policies (continued)

qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme

has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

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

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

11 Equity Accounted Council Businesses

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

12 GST Implications

In accordance with Interpretation 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 interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

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

Note 1. Summary of Significant Accounting Policies (continued)

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

AASB 2014-10 - Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

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

Note 1. Summary of Significant Accounting Policies (continued)

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

AASB 2014-3 - Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

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. Refer to Cash Flow Statement, Note 3, and Note 5.

15 Disclaimer

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

City of Marion

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

Note 2. Income

\$ '000	Notes	2015	2014
(a). Rates Revenues			
General Rates			
General Rates		66,701	63,000
Less: Mandatory Rebates		(953)	(915)
Less: Discretionary Rebates, Remissions & Write Offs		(9)	(26)
Total General Rates		65,739	62,059
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,523	1,496
Total Other Rates		1,523	1,496
Other Charges			
Penalties for Late Payment		203	210
Total Other Charges		203	210
Total Rates Revenues		67,465	63,765
(b). Statutory Charges			
Development Act Fees		820	724
Town Planning Fees		81	109
Animal Registration Fees & Fines		435	432
Parking Fines / Expiation Fees		413	450
Total Statutory Charges		1,749	1,715
(c). User Charges			
Admission Fees		416	314
Hall & Equipment Hire		199	188
Rental Income		200	190
Sales - General		221	282
Sundry		653	597
Total User Charges		1,689	1,571

City of Marion

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

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		882	783
- Banks & Other		6	10
Total Investment Income		888	793
(e). Reimbursements			
Private Works		142	230
Other		732	668
Total Reimbursements		874	898
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		17	43
Donations & Contributions income		632	240
Sundry		151	32
Total Other Income		800	315
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,831	438
Other Grants, Subsidies and Contributions		6,257	5,391
Individually Significant Item - Additional Grants Commission Payment (refer (ii) below)		1,437	-
Total Grants, Subsidies, Contributions		9,525	5,829
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		6,319	3,790
State Government		2,474	1,801
Other		732	238
Total		9,525	5,829
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		1,437	-

In June 2015, Council received payment of the first two instalments of the 2015/16 Grant Commission (FAG) grant. This has had a material effect Council's operating result this year.

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

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		1,872	8,348
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Other		(645)	(7,335)
Subtotal		(645)	(7,335)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Other		2,998	859
Subtotal		2,998	859
Unexpended at the close of this reporting period		4,225	1,872
Net increase (decrease) in assets subject to conditions in the current reporting period		2,353	(6,476)
(i). Physical Resources Received Free of Charge			
Land & Improvements		766	-
Roads, Bridges & Footpaths		7,451	853
Stormwater Drainage		-	637
Buildings		15	-
Other Infrastructure		10	-
Total Physical Resources Received Free of Charge		8,242	1,490

City of Marion

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

Note 3. Expenses

\$ '000	Notes	2015	2014
(a). Employee Costs			
Salaries and Wages		26,840	28,108
Employee Leave Expense		2,849	1,326
Superannuation - Defined Contribution Plan Contributions	18	2,407	2,452
Workers' Compensation Insurance		825	694
Less: Capitalised and Distributed Costs		(1,164)	(1,048)
Total Operating Employee Costs		31,757	31,532
Total Number of Employees (full time equivalent at end of reporting period)		348	351
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		72	67
Bad and Doubtful Debts		-	1
Elected Members' Expenses		317	313
Operating Lease Rentals - Cancellable Leases		462	445
Subtotal - Prescribed Expenses		851	826
(ii) Other Materials, Contracts and Expenses			
Contractors		12,307	11,575
Energy		1,788	1,828
Maintenance		1,621	1,456
Legal Expenses		421	424
Levies Paid to Government - NRM levy		1,517	1,495
Levies - Other		194	140
Parts, Accessories & Consumables		2,928	3,111
Professional Services		717	1,320
Sundry		4,074	4,806
Subtotal - Other Material, Contracts & Expenses		25,567	26,155
Total Materials, Contracts and Other Expenses		26,418	26,981

City of Marion

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

Note 3. Expenses (continued)

\$ '000	Notes	2015	2014 Restated
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		3,799	3,581
Infrastructure		5,901	5,836
- Other		1,011	915
Plant & Equipment		1,352	1,348
Furniture & Fittings		41	114
Intangible Assets		68	75
Other Assets		911	800
Subtotal		13,083	12,669
(ii) Impairment			
Nil			
Less: Capitalised and Distributed costs		(109)	(113)
Total Depreciation, Amortisation and Impairment		12,974	12,556
(d). Finance Costs			
Interest on Loans		800	358
Total Finance Costs		800	358

City of Marion

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

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2015	2014 Restated
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		721	533
Less: Carrying Amount of Assets Sold		(923)	(1,103)
Gain (Loss) on Disposal		(202)	(570)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		-	69
Less: Carrying Amount of Assets Sold		-	(26)
Gain (Loss) on Disposal		-	43
Net Gain (Loss) on Disposal or Revaluation of Assets		(202)	(527)

Note 5. Current Assets

(a). Cash & Cash Equivalents			
Cash on Hand and at Bank		888	365
Short Term Deposits & Bills, etc.		18,800	18,800
Total Cash & Cash Equivalents		19,688	19,165
(b). Trade & Other Receivables			
Rates - General & Other		1,568	1,465
Rates Postponed for State Seniors		80	39
Accrued Revenues		200	249
Debtors - General		1,021	567
GST Recoupment		720	657
Prepayments		447	568
Total Trade & Other Receivables		4,036	3,545
(c). Other Financial Assets (Investments)			
Other Financial Assets (Term Deposits with over 90 days to maturity)		2,750	8,900
Total Other Financial Assets (Investments)		2,750	8,900
(d). Inventories			
Stores & Materials		166	172
Total Inventories		166	172

The cash balance initially reported in 2013/14 was \$28,065,000, \$8,900,000 has been reclassified into "Other Financial Assets" as its maturity date was greater than 3 months and the cash balance has been adjusted to \$19,165,000. The balance of "Other Financial Assets" before reclassification was nil.

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

Note 6. Non-Current Assets

\$ '000	Notes	2015	2014
(a). Equity Accounted Investments in Council Businesses			
Southern Region Waste Resource Authority	19	5,019	4,241
Council Solutions	19	101	122
Total Equity Accounted Investments in Council Businesses		5,120	4,363
(b). Other Non-Current Assets			
Capital Works-in-Progress		12,323	8,576
Computer Software & Licences		1,113	1,146
Less Accumulated Amortisation		(941)	(885)
Total Other		12,495	8,837
Total Other Non-Current Assets		12,495	8,837

City of Marion

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

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

		as at 30/6/2014						Asset Movements during the Reporting Period						as at 30/6/2015					
		Fair Value Level	At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions			WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
					Dep'n	Impairment		New / Upgrade	Renewals	Dep'n							Impairment		
\$ '000																			
Land	2	341,724	194	-	-	341,918	955	-	(240)	-	(3,799)	-	2	341,485	1,150	-	-	342,635	
Buildings & Other Structures	3	143,444	-	58,348	-	85,096	11,465	1,159	(3)	(3)	(1,843)	-	-	144,967	12,625	65,517	-	92,075	
Infrastructure	3	689,591	2,105	91,745	-	599,951	10,600	5,875	-	-	(5,901)	-	4,760	706,392	1,514	92,621	-	615,285	
- Other	3	44,008	-	10,314	-	33,694	532	1,083	(52)	(52)	(1,011)	-	2,081	48,171	1,497	13,341	-	36,327	
Plant & Equipment		-	12,670	5,595	-	7,075	94	1,906	(585)	(585)	(1,352)	-	-	-	13,114	5,976	-	7,138	
Furniture & Fittings		-	1,263	980	-	283	142	-	(41)	-	(41)	-	-	-	1,405	1,021	-	384	
Other Assets	3	13,445	-	4,091	-	9,354	40	524	(4)	(4)	(911)	(1,444)	-	13,664	176	6,281	-	7,559	
Total Infrastructure, Property, Plant & Equipment		1,232,212	16,232	171,073	-	1,077,371	23,828	10,547	(884)	(13,015)	(3,287)	6,843	6,843	1,254,679	31,481	184,757	-	1,101,403	
Comparatives		1,177,203	23,388	165,118	-	1,035,473	17,676	7,702	(1,128)	(12,594)	-	30,242	30,242	1,232,212	16,232	171,073	-	1,077,371	

Note 7a (ii). Investment Property

Nil

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

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

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

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.

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

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

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent 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.

Transition to AASB 13 - Fair Value Measurement

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

Fair value hierarchy level 2 valuations: Land is 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 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves: The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

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

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

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

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. A desktop revaluation was carried out by independent valuation for the reporting period, 30 June 2015

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Currently there are no assets that require this treatment.

Buildings & Other Structures

A desktop revaluation was carried out by independent valuation for this reporting period, 30 June 2015.

Infrastructure

Infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) were valued by independent valuation as at 30 June 2015.

A desktop revaluation was carried out by independent valuation for this reporting period, 30 June 2015 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other Assets

A desktop revaluation was carried out by independent valuation for this reporting period, 30 June 2015, apart from Library Stock which is valued by Council Officers at written down replacement cost on an annual basis.

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

Note 8. Liabilities

\$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
(a). Trade and Other Payables					
Goods & Services		5,945	-	5,254	-
Payments Received in Advance		-	-	4	-
Accrued Expenses - Employee Entitlements		1,286	-	1,100	-
Accrued Expenses - Other		39	-	50	-
Deposits, Retentions & Bonds		1	-	-	-
Other		7	-	-	-
Total Trade and Other Payables		7,278	-	6,408	-
(b). Borrowings					
Loans		1,671	10,229	1,572	11,900
Total Borrowings		1,671	10,229	1,572	11,900
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		5,155	857	4,932	527
Total Provisions		5,155	857	4,932	527

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

Note 9. Reserves

\$ '000	1/7/2014	Increments (Decrements)	Transfers	Impairments	30/6/2015
(a). Asset Revaluation Reserve					
Land	242,530	2	-	-	242,532
Buildings & Other Structures	72,967	(1,843)	-	-	71,124
Infrastructure	-	4,760	-	-	4,760
- Stormwater drainage	97,742	-	-	-	97,742
- Other	-	2,081	-	-	2,081
- Roads, Bridges, Footpaths	318,547	-	-	-	318,547
Other Assets	5,883	(1,444)	-	-	4,439
JV's / Associates - Other Comprehensive Income	(890)	-	-	-	(890)
Total Asset Revaluation Reserve	736,779	3,556	-	-	740,335
Comparatives	707,427	29,352	-	-	736,779

\$ '000	1/7/2014	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2015
(b). Other Reserves					
Open Space Reserve	1,288	241	(672)	-	857
Grants/Carry Forward Projects Reserve	15,865	15,156	(15,810)	-	15,211
Asset Sustainability Reserve	3,029	316	(209)	-	3,136
Total Other Reserves	20,182	15,713	(16,691)	-	19,204
Comparatives	21,520	16,986	(18,324)	-	20,182

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Open Space Reserve

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Development Act (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy (pending). Interest revenues earned on contributions provided by developers are transferred to the Fund.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

Note 9. Reserves (continued)

\$ '000

Grants/Carry Forward Projects Reserve

Purpose - this reserve was created for:

Grants received in advance - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

Unexpended Grants - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following year.

Carryovers - typically represents unspent capital and service improvements budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the original purpose.

Asset Sustainability Reserve

Purpose - this is a reserve fund established to:

I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of \$2 million will be retained in the Asset Sustainability Reserve for this purpose.

II. Assist Council fund its Long Term Asset Management objectives.

III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings
IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.

V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

Note 10. Assets Subject to Restrictions

\$ '000

Notes

2015

2014

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 & Financial Assets

Unexpended amounts received from Federal Government

Other

Total Cash & Financial Assets

Total Assets Subject to Externally Imposed Restrictions

3,334

3,334

3,334

1,872

1,872

1,872

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2015	2014
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	19,688	19,165
Balances per Statement of Cash Flows		19,688	19,165
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		19,898	4,868
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		12,974	12,556
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(817)	(446)
Physical Resources Received Free of Charge		-	(1,490)
Net Increase/(Decrease) in Unpaid Employee Benefits		553	342
Non-Cash Asset Acquisitions		(8,242)	(270)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,831)	(168)
Net (Gain) Loss on Disposals		202	527
		22,737	15,919
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(491)	2,950
Net (Increase)/Decrease in Inventories		6	134
Net (Increase)/Decrease in Other Current Assets		89	69
Net Increase/(Decrease) in Trade & Other Payables		869	936
Net Cash provided by (or used in) operations		23,210	20,008
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	8,242	1,490
- Non-Cash Grants & Contributions		-	270
Amounts recognised in Income Statement		8,242	1,760
Total Non-Cash Financing & Investing Activities		8,242	1,760
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate Credit Cards		75	75
LGFA Cash Advance Debenture Facility		11,000	11,000

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

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

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
\$ '000										
Leader in the Delivery of the Community Vision										
Development Assessment	1,164	900	3,602	3,559	(2,438)	(2,659)	9	5	-	-
Crime Prevention	2	16	336	492	(334)	(476)	1	15	-	-
Community Support & Development	3,391	2,741	9,412	8,953	(6,021)	(6,212)	1,729	1,523	122,759	115,290
Public & Environment Health	93	274	855	1,420	(762)	(1,146)	47	238	-	-
General Inspection	867	894	1,519	1,468	(652)	(574)	3	1	-	-
Public Infrastructure	2,341	1,951	15,909	15,597	(13,568)	(13,646)	2,193	1,696	683,592	658,902
Open Space	285	543	11,301	11,508	(11,016)	(10,965)	111	275	257,390	258,302
Public Conveniences	7	3	437	428	(430)	(425)	4	-	2,805	2,711
Strategic Projects	14	15	1,218	1,710	(1,204)	(1,695)	5	8	3	4,761
Asset Management	-	-	-	-	-	-	-	-	12,564	12,680
Neighbourhood Centres	541	404	2,178	2,069	(1,637)	(1,665)	243	155	7,138	7,305
Cultural Development	389	423	3,141	3,234	(2,752)	(2,811)	29	13	15,556	15,889
Libraries	604	620	6,806	6,727	(6,202)	(6,107)	523	531	12,736	9,707
Waste & Recycling	915	137	7,144	7,135	(6,229)	(6,998)	2	6	5,100	4,241
Trees	-	-	-	-	-	-	-	-	-	5
Economic Development	84	121	564	560	(480)	(439)	63	-	-	-
Total Leader in the Delivery of the Community Vision	10,697	9,042	64,422	64,860	(53,725)	(55,818)	4,962	4,466	1,119,643	1,089,793
Organisation of Excellence										
Governance	113	94	4,604	4,278	(4,491)	(4,184)	-	-	6	46
Service Quality	29	25	134	130	(105)	(105)	29	25	555	610
Total Organisation of Excellence	142	119	4,738	4,408	(4,596)	(4,289)	29	25	561	656
Treasury	71,137	65,733	2,789	2,159	68,348	63,574	2,703	900	25,454	31,904
Total Functions/Activities	81,976	74,894	71,949	71,427	10,027	3,467	7,694	5,391	1,145,658	1,122,353

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.

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

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

Leader in the Delivery of the Community Vision – “Broad Horizons, Bright Future”

PUBLIC INFRASTRUCTURE

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

WASTE & RECYCLING

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

OPEN SPACE

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

LIBRARIES

Providing opportunities for learning and social activities for all ages and interests

ASSET MANAGEMENT

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

COMMUNITY SUPPORT & DEVELOPMENT

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

COMMUNITY DEVELOPMENT

Recreation, sport and leisure facilities, services and activities that provide opportunities for community members to socialise and undertake physical activity

DEVELOPMENT ASSESSMENT

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

CULTURAL DEVELOPMENT

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kaurna Cultural Centre providing cultural and artistic experiences for the community

TREES

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

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

Note 12b. Components of Functions (continued)

\$ '000

NEIGHBOURHOOD CENTRES

Providing opportunities for learning and social activities for all ages and interests

PUBLIC & ENVIRONMENTAL HEALTH

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

ECONOMIC DEVELOPMENT

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

STRATEGIC PROJECTS

Major projects such as the Marion South Plan and State Aquatic Centre aimed at providing improved services and facilities for the Community

CRIME PREVENTION

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

GENERAL INSPECTION

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

PUBLIC CONVENIENCES

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

Organisation of Excellence

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

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

Note 12b. Components of Functions (continued)

\$ '000

Excellence in Governance

Elected Member Support

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections, council receptions and Sister City activities

Strategic, corporate and sustainability planning and policy development

To ensure that Council is progressing towards achieving the Community Vision 2020 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Federal Government partners

Financial services

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

Risk management policy, development and internal audit

Activities to ensure that Council is continuously improving its management systems

External relations, communication and community engagement

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council

Service Quality

Customer service

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region

Information technology

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

Information Management

Enables Council to keep adequate and appropriate records of activities and decisions

Employer of Choice

Human Resources

Services that provide support for staff to undertake their roles to deliver the Community Vision

Work Health & Safety

Services to ensure that work is undertaken in a manner that is safe for the staff and community

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 2.05% and 2.65% (2014: 3.0% and 3.40%). Short term deposits have an average maturity of 72 days and an average interest rate of 3.0% (2014: 61 days and 3.15%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 2% (2014: 2%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

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 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 fixed (or variable - describe) rates between 5.80% and 6.85% (2014: 5.80% and 6.85%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2015					
Financial Assets					
Cash & Equivalents	19,688	-	-	19,688	19,688
Receivables	1,221	-	-	1,221	1,221
Other Financial Assets	2,750	-	-	2,750	2,750
Total Financial Assets	23,659	-	-	23,659	23,659

Financial Liabilities					
Payables	7,278	-	-	7,278	7,278
Current Borrowings	2,383	-	-	2,383	1,671
Non-Current Borrowings	-	6,625	6,886	13,511	10,229
Total Financial Liabilities	9,661	6,625	6,886	23,172	19,178

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2014					
Financial Assets					
Cash & Equivalents	19,165	-	-	19,165	19,165
Receivables	816	-	-	816	816
Other Financial Assets	8,900	-	-	8,900	8,900
Total Financial Assets	28,881	-	-	28,881	28,881

Financial Liabilities					
Payables	11,336	527	-	11,863	11,867
Current Borrowings	2,383	-	-	2,383	1,572
Non-Current Borrowings	-	7,438	8,456	15,894	11,900
Total Financial Liabilities	13,719	7,965	8,456	30,140	25,339

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

	30 June 2015		30 June 2014	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.20%	11,900	6.2%	13,472
		11,900		13,472

Net Fair Value

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

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

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Note 14. Commitments for Expenditure

\$ '000

Notes

2015

2014

Capital Commitments

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

Land	90	66
Buildings	177	909
Infrastructure	1,155	1,254
Plant & Equipment	63	-
Other	400	38
	1,885	2,267

These expenditures are payable:

Not later than one year	1,885	2,267
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	1,885	2,267

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

Note 15. Financial Indicators

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

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

1. Operating Surplus Ratio

Operating Surplus	10,027	15%	6%	9%
Rates - General & Other Less NRM levy	65,942			

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

1a. Adjusted Operating Surplus Ratio

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

8,590	13%	8%	9%
65,942			

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(1,284)	(2%)	(8%)	(18%)
Total Operating Revenue	81,976			

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

3. Asset Sustainability Ratio

Net Asset Renewals	9,825	76%	57%	80%
Infrastructure & Asset Management Plan required expenditure	12,974			

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

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

Note 16. Uniform Presentation of Finances

\$ '000	2015	2014
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	81,976	74,894
less Expenses	(71,949)	(71,427)
Operating Surplus / (Deficit)	10,027	3,467
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	10,547	6,982
less Depreciation, Amortisation and Impairment	(12,974)	(12,556)
less Proceeds from Sale of Replaced Assets	(721)	(532)
Subtotal	(3,148)	(6,106)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	19,332	16,186
less Amounts Received Specifically for New and Upgraded Assets	(1,831)	(168)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	(69)
Subtotal	17,501	15,949
Net Lending / (Borrowing) for Financial Year	(4,326)	(6,376)

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

Note 17. Operating Leases

\$ '000

2015

2014

Lease Payment Commitments of Council

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

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

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

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

No lease contains any escalation clause

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

Not later than one year	324	276
Later than one year and not later than 5 years	446	298
Later than 5 years	-	-
	770	574

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

Note 18. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit 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 2013/14) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

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

Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2015	2014	2015	2014
Joint Ventures	817	446	5,120	4,363
Total	817	446	5,120	4,363

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	2015	2014
Southern Region Waste Resource Authority (SRWRA)	5,019	4,241
Council Solutions	101	122
Total Carrying Amounts - Joint Ventures & Associates	5,120	4,363

Southern Region Waste Resource Authority (SRWRA)

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2015, the net assets of SRWRA total \$16,728,000. The City of Marion interest, totalling \$5,019,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

Council Solutions

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

The City of Marion's share of Council Solutions Operating Result is comprised of 16.67% of the joint venture Operating Deficit \$120,000 and 16.67% share of the joint venture's equity \$608,000.

City of Marion

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

Note 19a. Interests in Other Entities (continued)

\$ '000

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014
Southern Region Waste Resource Authority (SRWRA)	30%	30%	30%	30%	30%	33%
Council Solutions	17%	16.67%	17%	16.67%	17%	16.67%

(c) Movement in Investment in Joint Venture or Associate

	Southern Region Waste Resource Authority (SRWRA)		Council Solutions	
	2015	2014	2015	2014
Opening Balance	4,241	4,821	122	61
Share in Operating Result	838	385	(21)	61
Share in Other Comprehensive Income	-	(890)	-	-
Distributions Received	(60)	(75)	-	-
Council's Equity Share in the Joint Venture or Associate	5,019	4,241	101	122

(d). Share of Joint Operations Expenditure Commitments

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

(i) Capital Expenditures Payable

Not later than one year	1,806	2,200
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	1,806	2,200

(ii) Operating Expenditures Payable

Not later than one year	-	18
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	-	18

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

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

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

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

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

1. LAND UNDER ROADS

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

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.

2. POTENTIAL INSURANCE LOSSES (continued)

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$305,000 (2014: \$505,000) at reporting date.

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

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 3 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2015, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 13/10/15.

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

Independent Auditor's Report to the Members of the Corporation of the City of Marion

We have audited the accompanying financial report of the Corporation of the City of Marion, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of cash flow and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements as set out on pages 1 to 43.

The Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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



Opinion

In our opinion, the financial report of the Corporation of the City of Marion presents fairly, in all material respects, the Corporation of the City of Marion's financial position as at 30 June 2015 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Penny Woods", enclosed within a circular scribble.

Penny Woods
Partner
Chartered Accountants
Adelaide, 27 October 2015

Independent Assurance Report to the members of Corporation of the City of Marion

We have been engaged by the Corporation of the City of Marion (the "Council") to conduct a reasonable assurance engagement relating to the Council's compliance with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2014 to 30 June 2015 are in accordance with legislative provisions.

The Council's Responsibility for the Internal Controls

The Council is responsible for compliance with the material requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express a conclusion on the Council's compliance with the *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, to express a conclusion whether, in our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2014 to 30 June 2015. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Inherent Limitations

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

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

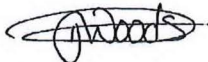
Independence

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

Conclusion

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2014 to 30 June 2015 are in accordance with legislative provisions

Debitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Penny Woods
Partner
Adelaide, 27 October 2015

City of Marion

General Purpose Financial Statements for the year ended 30 June 2015

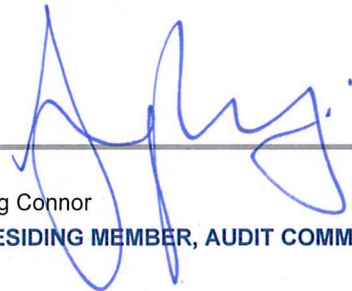
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2015, the Council's Auditor, Deloitte Touche Tohmatsu 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*.



Adrian Skull
CHIEF EXECUTIVE OFFICER



Greg Connor
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 13.10.15

City of Marion
245 Sturt Road
STURT SA 5047

27 October 2015

Dear Members

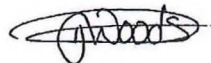
City of Marion

In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the City of Marion.

I confirm that, for the audit of the financial statements of City of Marion for the 30 June 2015 financial year, 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, and in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Penny Woods
Partner
Chartered Accountants