



# AUDIT COMMITTEE

## AGENDA & REPORTS

for the meeting

Friday 8 October 2021  
at 8.30 am

in the Colonel Light Room  
Adelaide Town Hall



<b>Membership:</b>	The Lord Mayor 1 Council Member 3 External Independent Members 2 Proxy Council Members
<b>Quorum:</b>	<b>3</b>
<b>Presiding Member</b>	Mr David Powell
<b>Members</b>	The Right Honourable the Lord Mayor [Sandy Verschoor] Ms Paula Davies Councillor Hyde 1 vacant position
<b>Proxy Members</b>	<i>Councillor Knoll [proxy for the Lord Mayor]</i> <i>Councillor Couros (Deputy Lord Mayor) [proxy for Councillor Hyde].</i>

## 1. Acknowledgement of Country

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

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

## 2. Confirmation of Minutes – 30/7/2021 & 15/9/2021

That the Minutes of the meeting of the City of Adelaide Audit Committee held on 30 July 2021 and the Minutes of the Special meeting of the City of Adelaide Audit Committee held on 15 September 2021, be taken as read and be confirmed as an accurate record of proceedings.

## 3. Presiding Member Reports

## 4. Reports

- 4.1. Audit & Risk Committee Terms of Reference [2019/02483] [Page 3]
- 4.2. Audited Financial Statements 2020-21 [2021/00122] [Page 15]
- 4.3. Matters Arising from the 2020-21 External Audit [2021/00122] [Page 181]

## 5. Emerging Key Risks

## 6. Independent Member Discussion

**7. Other Business**

**8. Item Seeking Exclusion of the Public**

**8.1.** Exclusion of the Public to Consider [2018/04291] [Page 201]:

For the following item seeking consideration in confidence:

8.1 Confidential Meeting with External Auditors 2020-21 [s 90(3) (b)]

**9. Confidential Item**

**9.1.** Confidential Meeting with External Auditors 2020-21 [2021/00122] [Page 204]

**10. Closure**

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# Audit & Risk Committee Terms of Reference

**ITEM 4.1** 08/10/2021  
**Audit Committee**

Strategic Alignment - Enabling Priorities

**Program Contact:**  
Mick Petrovski, Manager,  
Governance 8203 7119

2019/02483  
Public

**Approving Officer:**  
Amanda McIlroy, Chief Operating  
Officer

## EXECUTIVE SUMMARY

On 17 June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the Amendment Act) was assented to by The Governor of South Australia. The Amendment Act contains the most significant changes to local government legislation since the introduction of the *Local Government Act 1999 (SA)*.

In response to the amendments and specifically amendments to section 126 of the *Local Government Act 1999 (SA)*, the Audit Committee Terms of Reference have been reviewed and updated. Additional updates have been made based on best practice or to provide further clarity.

While the updated Terms of Reference do not materially change the functions of the Audit Committee, this report provides an opportunity to review the proposed changes and seeks a recommendation to Council to adopt the updated Terms of Reference.

The Audit Committee considered the updated Terms of Reference at its Special meeting held on 15 September 2021, provided feedback and deferred the item to the 8 October 2021 meeting.

## RECOMMENDATION

### That the Audit Committee

1. Supports Council adopting the Terms of Reference as contained in Attachment A to Item 4.1 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.
2. Notes the change in name from 'Audit Committee' to 'Audit and Risk Committee' in accordance with updated legislative provisions of section 126 of the *Local Government Act 1999 (SA)*.

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. On 17 June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the Amendment Act) was assented to by The Governor of South Australia. The Amendment Act contains the most significant changes to local government legislation since the introduction of the *Local Government Act 1999 (SA)*.
2. The commencement date of the Amendment Act is being proclaimed in stages, with some changes not implemented till 2023.
3. In response to the amendments (specifically amendments to section 126 of the *Local Government Act 1999 (SA)* (the Act)), it was timely to review the Terms of Reference for the Audit Committee. The Terms of Reference have subsequently been updated based on the updated legislative provisions, best practice and to provide further clarity.
4. In addition to these updates, the name of the Audit Committee is proposed to change to the 'Audit and Risk Committee' in accordance with the change proposed to section 126(1) of the Act.
5. The updated Terms of Reference do not change the purpose and function of the Audit Committee. The material changes are summarised in [link 1](#), however the remainder of the changes are simple formatting changes made to provide clarity. The current Terms of Reference can be viewed [here](#).
6. The Terms of Reference are intended to assist the Audit and Risk Committee, Council and its community understand the mandate in relation to the committee's specific responsibilities.
7. The Audit and Risk Committee will continue to provide an important independent role between Council and management and between Council and its community. The Audit and Risk Committee has no authority to act independently of Council and can only act in areas covered by its Terms of Reference.
8. The Audit and Risk Committee will continue to play a critical role in the financial reporting framework of the Council by overseeing and monitoring the participation of management and external auditors in the financial reporting process. The Audit and Risk Committee will continue to address issues such as the approach being taken by the Council and management to address risk, corporate and financial governance responsibilities and legal compliance in the areas of:
  - 8.1. Financial Reporting
  - 8.2. Internal Controls and Risk Management Systems
  - 8.3. Management Plans and Business Plans
  - 8.4. Internal Audit
  - 8.5. External Audit
  - 8.6. Other Functions
9. The Audit Committee considered the updated Terms of Reference at its Special meeting held on 15 September 2021. The Audit Committee provided feedback and deferred the item to the 8 October 2021 meeting. The revised Terms of Reference are provided in **Attachment A**.
10. Council will consider the adoption of the updated Terms of Reference at its meeting on 12 October 2021.
11. There is currently one independent member vacancy due to the resignation of Ross Haslam in June 2021. A recruitment process is currently underway for this position. Should Council adopt the updated Terms of Reference further recruitment for the additional independent member will be undertaken.
12. The annual Audit Committee self-assessment process to review effectiveness, performance and the Terms of Reference will take place later in 2022 to allow some time to elapse prior to their evaluation.

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## DATA AND SUPPORTING INFORMATION

**Link 1** – Summary of Changes

**Link 2** – Current Audit Committee Terms of Reference

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# ATTACHMENTS

## Attachment A – Audit & Risk Committee Terms of Reference

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- END OF REPORT -

## City of Adelaide

### Audit and Risk Committee Terms of Reference 2021

#### 1. Establishment and purpose

- 1.1. The Audit and Risk Committee is a formally appointed committee of the City of Adelaide (CoA), pursuant to Section 126 of the *Local Government Act 1999 (SA)* (the Act).
- 1.2. The purpose of the Audit and Risk Committee is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters.
- 1.3. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas which management has responsibility.
- 1.4. The Audit and Risk Committee does not have any delegated financial responsibility or any management functions and is, therefore, independent from management.
- 1.5. The Audit and Risk Committee will report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference to facilitate informed decision making in relation to discharging its legislative responsibilities and duties.

#### 2. Membership

- 2.1. Members of the Audit and Risk Committee are appointed by Council in accordance with section 126(2) of the Act and these Terms of Reference. The Committee shall consist of six members:
  - 2.1.1. The Lord Mayor
  - 2.1.2. One Councillor
  - 2.1.3. Four Independent Members.
- 2.2. Members of the Audit and Risk Committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the Audit and Risk Committee, including financial management, risk management, governance and ideally be familiar with the reporting requirements of Local Government.
- 2.3. Recruitment of Independent Members will be undertaken by Administration in accordance with approved recruitment best practice and relevant policies and procedures. Once completed, a recommendation(s) for appointment will be put to Council for decision.
- 2.4. Criteria used to select Members will have regard to diversity and representation principles.
- 2.5. Appointments of Independent Members shall be for a term of up to four years. Four years is the preferred term however consideration will be given to shorter terms to enable staggering of potential reappointment dates and to ensure there is continuity of experience on the committee.



Appointees may be reappointed by Council for a further term (or terms) however consecutive service cannot exceed 8 years.

- 2.6. Appointments of Council Members shall be for a term of two years. The appointees may be reappointed for another term which cannot exceed the term of Council.
- 2.7. New Members will be provided with appropriate induction training determined by the Chief Executive Officer or their delegate.
- 2.8. Training will be offered to all members on an ongoing basis where relevant to City of Adelaide business and as approved by the Chief Executive Officer.
- 2.9. Proxy members for the Lord Mayor and Council Member may be appointed to the Audit and Risk Committee by the Council. The proxies appointed will be able to act for either Lord Mayor or the Council Member appointed.

## **Role of the Audit and Risk Committee**

### **3. Financial Reporting**

- 3.1. Monitor the integrity of the financial statements of the Council, reviewing significant financial reporting issues and judgements which they contain.
- 3.2. Review any report obtained by Council under section 48(1) of the Act in accordance with Council's Prudential Management Policy.
- 3.3. Review and challenge where necessary:
  - 3.3.1. The consistency of, and any changes to, accounting policies both on a year on year basis.
  - 3.3.2. The methods used to account for significant or unusual transactions where different approaches are possible.
  - 3.3.3. Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
  - 3.3.4. The clarity of disclosure in the Council's financial reports and the context in which statements are made.
  - 3.3.5. All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to audit and risk management).

### **4. Internal Control and Risk Management Systems**

- 4.1. Keep under review the effectiveness of the Council's internal controls and risk management systems.
- 4.2. Review 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.

- 4.3. Receive reports on the activities of the Executive Strategic Risk and Internal Audit Group.
- 4.4. Monitor the responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor.

## **5. Management Plans and Business Plans**

- 5.1. Review and provide advice on the Council's Strategic Management Plans, Integrated Business Plan, Long Term Financial Plan and Asset Management Plans.
- 5.2. Monitor and review the effective delivery of these plans.

## **6. Internal Audit**

- 6.1. Monitor and review the effectiveness of the Council's Internal Audit Work Plan and function in the context of the Council's overall risk management system.
- 6.2. Receive Full Reports on all Internal Audit projects and monitor management's responsiveness to the findings and recommendation of the Internal Auditor.
- 6.3. Meet with the Internal Audit Partner at least once a year, without management being present, to discuss any issues arising from the Internal Audits carried out during the year. In addition, the Internal Audit Partner shall be given the right of direct access to the Lord Mayor and the Presiding Member of the Audit Committee.
- 6.4. Review the selection process for the Internal Auditor. Appointment of Internal Auditor is the responsibility of management in accordance with Council's procurement framework. If the Internal Auditor resigns, the Audit Committee shall investigate the issues leading to the resignation and decide whether any action is required.

## **7. External Audit**

- 7.1. Consider and make recommendations to the Council, in relation to the appointment, reappointment, scope of engagement and removal of the Council's External Auditor in accordance with section 128-130 of the Act.
- 7.2. Oversee the relationship with the External Auditor, including, but not limited to:
  - 7.2.1. Endorsing the audit timetable and audit plan.
  - 7.2.2. Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit.
  - 7.2.3. Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services.

- 7.2.4. Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business).
- 7.2.5. Monitoring the external auditor's compliance with legislative requirements on the rotation of individuals in accordance with section 128(6) of the Act.
- 7.2.6. Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Audit and Risk Committee's own internal quality procedures).
- 7.3. Meet as needed with the External Auditor and at least once a year meet without management being present to discuss issues arising from the External Audit.
- 7.4. Review the findings of the External Audit with the External Auditor, including a discussion on any major issues which arose during the audit, any accounting and audit judgements and levels of errors identified during the audit.
- 7.5. Review the Report to the Chief Executive Officer and management's response to the External Auditor's findings and recommendations.
- 7.6. Review any representation letter(s) requested by the External Auditor before they are signed by management.
- 7.7. Review the effectiveness of the External Audit and oversee actions to follow-up on matters raised by the External Auditor.

## 8. Other functions

- 8.1. Make recommendations to Council on the exercise of Council's powers under Section 130A of the Act, in relation to the conduct of Economy Audits that would not otherwise be addressed or included as part of an annual External Audit.
- 8.2. Review, advise and approve (where appropriate) relevant components of Council's Annual Report including:
  - 8.2.1. Annual financial statements for Council and subsidiaries.
  - 8.2.2. Internal control and risk statements (where appropriate).
- 8.3. Give due consideration to laws and regulations of the *Local Government Act 1999 (SA)*.

## 9. Presiding Member

- 9.1. Will be an Independent Member and appointed by Council for a term as decided by Council. Council may decide to extend the appointment noting a member cannot exceed two terms of appointment (as per clause 2.5).

- 9.2. The Audit and Risk Committee may make an appointment to the position of Deputy Presiding Member for a term as determined by the Audit and Risk Committee.
- 9.3. If the Presiding Member is absent from a meeting, the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member are absent from a meeting, then a member of the Audit and Risk Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.
- 9.4. Has responsibility, along with the Chief Executive Officer, for the execution of the 'Independence of External Auditor' declaration as part of the end of financial year audit process.
- 9.5. Will oversee and facilitate the conduct of meetings in accordance with the *Local Government Act 1999 (SA)*, the *Local Government (Procedures at Meetings) Regulations 2013* and these Terms of Reference.
- 9.6. Will ensure all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

## 10. Sitting Fees

- 10.1. Sitting fees will be reviewed and set by Council for within 6 months of the General Election. Professional fees will also be paid for the advice and attendance of the Internal and External Auditors at the Audit and Risk Committee. There are no associated sitting fees for the Lord Mayor or Councillor appointed to the Audit and Risk Committee.

## Meetings

### 11. Scheduling and Public Access

- 11.1. **Frequency of meetings** – the Audit and Risk Committee shall meet at least six times per year, on dates and times determined by the Audit and Risk Committee.
- 11.2. **Change to meeting schedule** - The Chief Executive Officer is authorised to vary the meeting schedule after liaison with the Audit and Risk Committee Presiding Member.
- 11.3. **Cancellation of meeting** - The Chief Executive Officer is authorised to not call a meeting of the Audit and Risk Committee within the meeting schedule should the Committee have no matters for consideration.
- 11.4. **Special Meeting** - A Special Meeting of the Audit and Risk Committee may be called in accordance with the section 87 of the *Local Government Act 1999 (SA)*.
- 11.5. **Public Access to Meetings** – In accordance with the principles of open, transparent and informed decision making, Audit and Risk Committee Meetings must be conducted in a place open to the public. All meetings (unless conducted via electronic means) will be held in the Colonel Light Room as per the City of Adelaide Standing Orders.

## 12. Notice and documents

- 12.1. Notice confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit and Risk Committee and made public, no later than three ordinary days before the date of the meeting. Supporting papers shall be sent to the Audit and Risk Committee Members (and to other attendees as appropriate) at the same time.
- 12.2. The agenda and minutes of Audit and Risk Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Act and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.
- 12.3. The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Audit and Risk Committee, including the names of those present and in attendance are included in the minutes and that the minutes otherwise comply with the *Local Government Act 1999 (SA)* and the *Local Government (Procedures at Meetings) Regulations 2013*.
- 12.4. Minutes of the Audit and Risk Committee meetings shall be circulated within five ordinary days after a meeting to all members of the Audit and Risk Committee and to all Council Members and will (as appropriate) be available to the public.

## 13. Meeting Procedures

- 13.1. The Council has resolved to apply Parts 1, 3 and 4 of the *Local Government (Procedures at Meetings) Regulations 2013* to the Audit and Risk Committee.
- 13.2. Insofar as the Act, the Regulations, the Code of Practice for Meeting Procedures (within the City of Adelaide Standing Orders) or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Audit and Risk Committee, the Audit and Risk Committee may determine its own procedure.
- 13.3. The quorum necessary for the transaction of business shall be half plus 1 of the total number of members appointed to the Audit and Risk Committee. Quorum will also only be met if the majority of members present are independent members. Quorum must be present within 30 minutes of the scheduled start time for the meeting to proceed. A duly convened meeting of the Audit and Risk Committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit and Risk Committee.
- 13.4. Only members of the Audit and Risk Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.
- 13.5. Proxy members (appointed as per clause 2.8) attend in an observer capacity only. A proxy member will have a vote when the member of the Audit and Risk Committee they are proxy for, is not present.

- 13.6. Subject to clause 13.3 (quorum) all decisions of the Audit and Risk Committee shall be made based on a majority of the members present.
- 13.7. Every member of the Committee has a deliberative vote only. In the event of a tied vote the person presiding at the meeting does not have a second or casting vote and the matter will be considered lost.
- 13.8. Any decision of the Committee which does not arise from a recommendation of a Council officer must be supported in the minutes of the meeting by clear reasons for the decision.
- 13.9. The Chief Executive Officer, Directors and other CoA employees may attend any meeting as observers or be responsible for preparing papers for the Audit and Risk Committee.
- 13.10. The Council's Internal and External Auditors may be invited to attend meetings of the Audit and Risk Committee.

#### **14. Reporting and Accountability**

- 14.1. The Audit and Risk Committee shall report to the Council after every meeting to identify and present advice and recommendations. The Presiding Member shall attend these meetings and talk on these matters, as and when required.
- 14.2. The Chief Executive Officer will identify matters, further to those matters covered elsewhere in these Terms of Reference, to be reported to the Audit Committee in detail where those matters are considered to be of material effect, have a material impact on the operation of Council as an elected body (eg impact on policies relating to Council Members) or have significant impact on Council's operations.
- 14.3. The Audit and Risk Committee Presiding Member shall present the Annual Financial Statements to Council and provide comment on the veracity of Council's financial statements and conduct of the external audit as required by section 8 of these Terms of reference.
- 14.4. At least once a year, ensure the Audit and Risk Committee will review its own performance, membership, and Terms of Reference to ensure it is operating at maximum effectiveness. The Presiding Member will provide a report to Council summarising its activities for the year including any recommended changes it considers necessary to the Council for approval. The Presiding Member will be present at that meeting of Council to support the report submitted
- 14.5. The Chief Executive Officer may undertake a review of the effectiveness and performance of the Audit and Risk Committee including a review of the Terms of Reference. This review must be undertaken by an external party appointed by the Chief Executive Officer in consultation with the Lord Mayor. The Council will be informed that a review is being undertaken and the outcome of the review.

#### **15. Other Matters**

- 15.1. The Chief Executive Officer shall provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

- 15.2. The Audit and Risk Committee shall have access, at the Council's expense, to legal advice or other professional advice on any matter within its Terms of Reference.
- 15.3. All members of the Committee, even independent members must, comply with the Code of Conduct for Council Members comply with the conflict of interest provisions of the Act. In particular, sections 62 (general duties), 63 (code of conduct) and 73, 74, 75 and 75A (conflicts of interest), must be observed.

Item 4.1 - Attachment A

# Audited Financial Statements 2020-21

**ITEM 4.2 08/10/2021**  
**Audit Committee**

Strategic Alignment - Strong Economies

2021/00122  
Public

**Program Contact:**  
Grace Pelle, Manager, Finance &  
Procurement 8203 7343

**Approving Officer:**  
Amanda McIlroy, Chief Operating  
Officer

## EXECUTIVE SUMMARY

As governed by the *Local Government (Financial Management) Regulations 2011 (SA)*, the Annual Financial Statements of Council must include a statement signed by the Chief Executive Officer and the Principal Member of Council.

The purpose of this report is to consider and approve for certification the Audited Financial Statements of Council for the year ended 30 June 2021.

## RECOMMENDATION

### THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL

#### That Council:

1. Considers that the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2020-21, contained in Attachment A to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.
2. Receives the City of Adelaide's Consolidated Financial Statements for 2020-21, contained in Attachment A to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor.
3. Considers it is appropriate that the representation letter requested by the external auditor, contained in Attachment B to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
4. Notes the Certification of Auditor Independence contained in Attachment C to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 by the Chief Executive Officer and the Presiding Member of the Audit Committee.
5. Notes the Adelaide Economic Development Agency Financial Statements for 2020-21, contained in Attachment D to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, have been reviewed by the Adelaide Economic Development Agency Board out of session, and certified by the Chair of the Board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide, and
  - 5.1. Considers the Financial Statements for 2020-21 present fairly the financial position of the Adelaide Economic Development Agency.
  - 5.2. Notes the Certification of Auditor Independence in relation to Adelaide Economic Development Agency, contained in Attachment E to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
  - 5.3. Notes the representation letter requested by the external auditor of the Adelaide Economic Development Agency, contained in Attachment F to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.



6. Notes the Rundle Mall Management Authority Financial Statements for 2020-21, contained in Attachment G to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, have been reviewed by the Adelaide Economic Development Agency Board out of session, and certified by the Chair of the Board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide, and
    - 6.1. Considers the Financial Statements for 2020-21 present fairly the financial position of the Rundle Mall Management Authority.
    - 6.2. Notes the Certification of Auditor Independence in relation to Rundle Mall Management Authority, contained in Attachment H to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
    - 6.3. Notes the representation letter requested by the external auditor of the Rundle Mall Management Authority, contained in Attachment I to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
  7. Notes the Adelaide Park Lands Authority Financial Statements for 2020-21, contained in Attachment J to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, are included in the Consolidated Financial Statements of the City of Adelaide, and
    - 7.1. Considers the Financial Statements for 2020-21 present fairly the financial position of the Adelaide Park Lands Authority and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority.
    - 7.2. Considers it is appropriate that the representation letter requested by the external auditor of the Adelaide Park Lands Authority, contained in Attachment K to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
    - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment L to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
  8. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2020-21 as contained in Attachment M to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021. Council's equity interest of 8% is included in the Consolidated Financial Statements of the City of Adelaide.
  9. Recommends the 2020-21 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority, Brown Hill and Keswick Creeks Stormwater Board and Council Solutions Regional Authority be presented to Council for noting on 12 October 2021.
  10. Notes the 2020-21 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments N, O and P to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2021-2024 Strategic Plan	<b>Strategic Alignment – Strong Economies</b> Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debts, and assets.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	<i>Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2011 (SA)</i>
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. The Consolidated Financial Statements for the year ended 30 June 2021 have been prepared in accordance with the *Local Government Act 1999* (SA) (the Act) and the *Local Government (Financial Management) Regulations 2011* (SA) (the Regulations) and all applicable Australian Accounting Standards. The format used in these statements is prescribed by legislation to be in accordance with the Model Financial Statements, approved by the Minister for Local Government in June 2021.
2. As per the Regulations, the Financial Statements of Council must include a statement signed by the Chief Executive Officer and the Principal Member of Council. The Chief Executive Officer and the Lord Mayor have been authorised by Council to certify the Annual Financial Statements in their final form.
3. The role of the external auditor is to provide an audit opinion to Council with respect to the audited financial statements. The external auditor, Mr Paul Gosnold of BDO, has completed the audit of the financial statements and in his report on matters arising from the audit (Audit Completion Report) has provided audit clearance for the Consolidated Financial Statements as part of a separate report to the Audit Committee.
4. Audit clearance is subject to BDO conducting a subsequent event review up to the date of signing of the Consolidated Financial Statements of the Corporation together with the required Letter of Representation being signed by the relevant parties, subsequent to the Audit Committee meeting on 8 October 2021.
5. The Financial Statements of the Adelaide Economic Development Agency for the year ended 30 June 2021 have been audited by the appointed auditor BDO and reviewed by the Adelaide Economic Development Agency Board out of session. The signed Financial Statements are included in **Attachment D** for presentation to Council in accordance with the Act and the Regulations.
6. The Financial Statements of the Rundle Mall Management Authority for the year ended 30 June 2021 have been audited by the appointed auditor BDO and reviewed by the Adelaide Economic Development Agency Board out of session. The signed Financial Statements are included in **Attachment G** for presentation to Council in accordance with the Act and the Regulations.
7. The Financial Statements of the Adelaide Park Lands Authority for the year ended 30 June 2021 have been audited by the appointed auditor BDO and will be signed by the Lord Mayor as Chair of Adelaide Park Lands Authority at the Audit Committee meeting on 8 October 2021. The signed Financial Statements are included in **Attachment J** for presentation in accordance with the Act and the Regulations.
8. The Financial Statements of the Brownhill and Keswick Creeks Stormwater Board for the year ended 30 June 2021 have been approved by the Brownhill and Keswick Creeks Stormwater Board and signed by nominated board members and the appointed auditor, Luke Williams. The signed Brownhill and Keswick Creeks Stormwater Board Financial Statements are included in **Attachment M** for presentation to Council in accordance with the Act and the Regulations.

### Consolidated Financial Statements

9. The statutory Consolidated Financial Statements of the Corporation, prepared in accordance with the Regulations and the relevant Australian Accounting Standards (AASB), have been completed for the 2020-21 year (**Attachment A**).
10. The Consolidated Financial Statements comprise the following:
  - 10.1. Council Certification.
  - 10.2. Statement of Comprehensive Income.
  - 10.3. Statement of Financial Position.
  - 10.4. Statement of Changes in Equity.
  - 10.5. Statement of Cash Flows.
  - 10.6. Notes to and forming part of the Financial Statements; and
  - 10.7. Independent Audit Report.
  - 10.8. In addition, the Financial Statements are required to be accompanied by the Certification Statement of Independence of the City of Adelaide Auditor by the Chief Executive Officer and the Presiding Member of the Audit Committee, as well as the Audit Certificate of Audit Independence.

## Statement of Comprehensive Income

11. The major year on year movements in the Statement of Comprehensive Income are as follows:
- 11.1. Income decreased by \$1.8m (1.77%) over the previous year and includes the following movements:
- 11.1.1. Rates revenue net increase of \$2.8m driven by changes in valuations by 2.27%, growth in new developments, additions, and alterations of 1.4% and a 2.9% growth in the number of assessments from 2019-20.
  - 11.1.2. Decrease in Grants, subsidies and contributions decreasing by \$3.1m due to the prior year result including tranche funding for 88 O'Connell of \$5m.
  - 11.1.3. A reduction of \$1.0m in statutory charges, primarily due to expiations as a result of reduced city visitations with the impacts of COVID.
  - 11.1.4. Decrease in the level of reimbursements received by \$0.8m.
- 11.2. Operating expenditure increased by \$13.2m (6.1%) over the previous year and includes the following movements:
- 11.2.1. Employee costs decreased by \$5.3m. The decline is in relation to the operational savings found during organisational reshape that decreased FTE and associated employee costs.
  - 11.2.2. Materials, Contracts and Other Expenses decreased by \$12.4m compared to 2019-20, primarily due to the reduction in Contractor spend by \$6.4m, Energy & Water reduction of \$1.4m, reduction in the use of professional services by \$3.3m and a reduction in expenditure on parts and consumables of \$1.6m. These reductions in spend were due to a deliberate hold on spending in these discretionary areas to assist with the financial impacts of COVID. Additionally, the achievement of \$20m in savings were also identified in these areas.
  - 11.2.3. Depreciation, Amortisation, and Impairment had a net increase of \$4.9m. The revaluation of the buildings asset category generated an overall uplift of approximately \$16m, and urban elements of \$12.9m. This contributed to higher depreciation costs in 2020-21 by comparison.
  - 11.2.4. Finance costs decreased by \$0.4m as a result of a lower interest rate on borrowings.
- 11.3. Other non-operating items:
- 11.3.1. There was a decrease of \$7.6m relating to loss on disposal of Assets renewed or replaced \$3.6m, assets surplus to requirement \$2.1m, and Investment Property Fair Value decrease \$0.8m.
  - 11.3.2. A total of \$2.7m was received in grants, subsidies, or contributions towards new or upgraded assets, an increase of \$1.5m compared to 2019-20.
- 11.4. Other Comprehensive Income includes the following movements:
- 11.4.1. There was an additional uplift in the revaluation reserve of \$32.0m for 2020-21. The revaluation program for 2020-21 focused on buildings and urban elements. Valuations were conducted by external specialists using internal and external data sources.

## Statement of Financial Position

12. Total Assets have increased by \$41m from 2020-21, largely due to the increase in Infrastructure, Property, Plant & Equipment of \$36.6m as a result of new assets and revaluations net of disposals and depreciation. The remaining increase is predominantly due to an increase in cash and debtors of \$4m resulting from deferrals and hardship assistance measures in place in response to COVID-19.
13. Total Liabilities have increased by \$2.9m. This is primarily due to a reduction in employee provisions of \$1.4m in direct relation to the employee reductions as a result of organisational reshape. Remaining increase is a result of increase in trade payables due to timing issues, offset by favourable movements in borrowings.

## Statement of Changes in Equity

14. Net equity increased by \$38.1m to the prior year, predominantly due to the increase in asset revaluation reserves.

## Statement of Cash Flows

15. Council generated \$52.8m from its Operating Activities during the year compared to \$20.6m during 2019-20. This is reflective of reduction in employee costs and contractor expenditure as noted above.

16. During the year Council invested \$35.6m on the upgrade, renewal and acquisition of assets compared with \$32.3m in 2019-20. The increase is due to the decision to place some projects on hold in 2019-20 which recommenced in 2020-21.

#### **Preliminary End of Year vs End of Year Final Position**

17. The preliminary end of year position estimated to be up to \$15m deficit. Compared to a final operating deficit of \$6.9m, a favourable variance of \$8.1m.
18. At the time of reporting, it was noted that there was the potential for changes to the estimated result for proposed adjustments regarding provisions, impairments of major assets (estimated to be \$6m), asset revaluations and assets held for sale.
19. As a result of the finalisation of the audit, the proposed adjustment items have been finalised and the impact on the operating result was minimal, presenting a favourable position in comparison to the estimate which included a provision for these items.

#### **Representation Letter requested by the External Auditor**

20. As per the Audit Committee's Terms of Reference, it is recommended that the Audit Committee review any representation letter(s) requested by the external auditor before they are signed by management. The copy of the representation letter required by the external auditors, BDO is included as **Attachment B**.
21. The presentation of this representation letter is standard practice of any audit and provides the auditor confirmation from management, that, amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied. It is planned that this representation letter be signed by relevant parties, following approval of the Audit Committee, subsequent to the meeting on 8 October 2021.

#### **Certification Statement of Independence of Council Auditor**

22. Section 21(2) of the Regulations requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the council auditor is independent of the Council for the relevant financial year (**Attachment C**).
23. Section 22(5) of the Regulations requires the auditor of a Council to provide a written statement attesting to their independence. Council's Auditor, BDO, have provided a statement of Audit Independence in the Audit Completion Report, as prescribed in the Regulations.

#### **Rundle Mall Management Authority/Adelaide Economic Development Agency**

24. The Rundle Mall Management Authority (RMMA) was enacted on 9 November 2008 as a subsidiary of Council with its primary role of promoting Rundle Mall.
25. The Adelaide Economic Development Agency (AEDA) was enacted on 18 January 2021 as a subsidiary of Council effectively taking over the role of promoting Rundle Mall and thereby dissolving the RMMA subsidiary.
26. AEDA also has taken on the function of economic development and business support for the City of Adelaide.
27. The 2020-21 Financial Statements for AEDA (**Attachment D**) reflect a net deficit of \$1.5m for the year. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2020-21.
28. The 2020-21 Financial Statements for RMMA (**Attachment G**) reflect a net surplus of \$1.5m for the year. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2020-21.
29. The operating result of the individual entities reflect income and expense recognition requirements in accordance with accounting standards. As a combination, the overall operations of AEDA have provided a break even result (**Attachment O**).
30. The 2020-21 Financial Statements for RMMA and AEDA were reviewed by the AEDA Board out of session.
31. Given the requirements of the Act and the terms of reference of the Audit Committee, it is considered appropriate for the Audit Committee to recommend that the Annual Financial Statements of RMMA and AEDA together with any Letter of Representation be signed by the relevant parties.
32. Section 22(3) of the Regulations requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Auditor is independent of RMMA and AEDA for the relevant financial year (**Attachment H & E**).
33. As per the Audit Committee's Terms of Reference, it is recommended that the Audit Committee review any representation letter(s) requested by the external auditor before they are signed by management. The copy of the representation letter required by the external auditors, BDO is included (**Attachment I & F**).

### Adelaide Park Lands Authority

34. The Adelaide Park Lands Authority (APLA) was enacted on 14 December 2006 as a subsidiary of Council with its primary role of providing policy and advice to Council and the State Government regarding the management of the Park Lands.
35. The 2020-21 Financial Statements for APLA (**Attachment J**) reflect a nil net surplus for the year. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2020-21.
36. The 2020-21 Financial Statements for APLA will be forwarded to the Minister for Environment and Water, Hon. David Speirs MP following review of the Financial Statements by the Audit Committee at its meeting on 8 October 2021 as part of APLA's Annual Report.
37. Given the requirements of the Act and the terms of reference of the Audit Committee, it is considered appropriate for the Audit Committee to recommend that the Annual Financial Statements of APLA together with any Letter of Representation be signed by the relevant parties.
38. As per the Audit Committee's Terms of Reference, it is recommended that the Audit Committee review any representation letter(s) requested by the external auditor before they are signed by management. The copy of the representation letter required by the external auditors, BDO is included (**Attachment K**).
39. Section 22(3) of the Regulations requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the APLA Auditor is independent of APLA for the relevant financial year (**Attachment L**).

### Brownhill and Keswick Creeks Stormwater Board

40. Brownhill and Keswick Creeks Stormwater Board is a regional subsidiary under section 43 and schedule 2 of the Act and given that City of Adelaide is a constituent Council it is a subsidiary of the City of Adelaide under the Act.
41. Brownhill and Keswick Creeks Stormwater Board was established by several constituent Councils, comprising the Cities of Adelaide, Burnside, Mitcham, Unley, and West Torrens. Its Charter was endorsed by The South Australian Government and Gazetted on 27 February 2018. The City of Adelaide's equitable interest is 8.0%, its annual contribution is 8.0% of capital works and 20.0% of operating expenditure of the Regional Subsidiary.
42. The 2020-21 Financial Statements for the Brownhill and Keswick Creeks Stormwater Board (**Attachment M**) reflect a net deficit of \$49k for the year. The City of Adelaide's share of the net deficit is \$4k and this has been accounted for in the Consolidated Financial Statements along with the recognition of a capital contribution of \$451k.

### Internal Financial Controls

43. As per the Act, section 129(1) (b), the external auditor of Council must undertake an audit of the financial controls exercised by the Council during the relevant financial year in relation to revenue, expenditure, assets, and liabilities. The auditor must provide an audit opinion on these internal financial controls to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with the Australian Accounting Standards.
44. In forming an opinion under section 129(3) (a), the auditor must give due consideration to the adequacy of the Council's policies, practices, and procedures of internal control under section 125 of the Act. The Council must ensure that appropriate measures are taken to implement and maintain the internal controls in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives.

### Summary of Financial Results

45. Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)* requires a separate report on financial results to be presented to Council, including the audited financial results for the previous financial year compared with the estimated financial results set out in the budget. These must be presented in a manner consistent with the Model Financial Statements.
46. The report on the financial results comparing the audited financial results for the City of Adelaide and its subsidiaries for the 2020-21 financial year with the estimated financial results set out in the 2020-21 budget are contained in **Attachments N, O and P**.

### Other Items

47. It is considered that the Consolidated Financial Statements give a true and fair view of the Corporation of the City of Adelaide's financial position as at 30 June 2021.

48. Following delivery of the external auditor BDO's final Audit Completion Report, discussions with the Auditors without management present and review of the Annual Financial Statements, it is considered appropriate for the Audit Committee to recommend that the Consolidated Financial Statements together with any Letter of Representation be signed by the relevant parties.
49. In addition, it is proposed that the Audit Committee recommends the presentation of the Consolidated Financial Statements of the City of Adelaide, Financial Statements of the Adelaide Central Market Authority, the Rundle Mall Management Authority, the Adelaide Park Lands Authority, the Council Solutions Regional Authority and the Brownhill and Keswick Creeks Stormwater Board to Council on 12 October 2021.

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## ATTACHMENTS

**Attachment A** – Audited Financial Statements CoA 2020-21

**Attachment B** – Audit Representation Letter CoA 2020-21

**Attachment C** – Certification of Auditor Independence CoA 2020-21

**Attachment D** – Audited Financial Statements AEDA 2020-21

**Attachment E** – Certification of Auditor Independence AEDA 2020-21

**Attachment F** – Audit Representation Letter AEDA 2020-21

**Attachment G** – Audited Financial Statements RMMA 2020-21

**Attachment H** – Certification of Auditor Independence RMMA 2020-21

**Attachment I** – Audit Representation Letter RMMA 2020-21

**Attachment J** – Audited Financial Statements APLA 2020-21

**Attachment K** – Audit Representation Letter APLA 2020-21

**Attachment L** – Certification of Auditor Independence APLA 2020-21

**Attachment M** – Audited Financial Statements Brownhill & Keswick Creeks Stormwater Board 2020-21

**Attachment N** – 2020-21 Report on financial results for City of Adelaide

**Attachment O** – 2020-21 Report on financial results for Adelaide Economic Development Agency and Rundle Mall Management Authority Combined

**Attachment P** – 2020-21 Report on financial results for Adelaide Park Lands Authority

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- END OF REPORT -

# City of Adelaide

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*Adelaide. Designed for Life.*





# City of Adelaide

## General Purpose Financial Statements

for the year ended 30 June 2021

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## City of Adelaide

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### 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 2021 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.

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Clare Mockler  
Chief Executive Officer

Sandy Verschoor  
Lord Mayor

Date:

Date:

## City of Adelaide

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Rates	2a	118,510	115,634
Statutory Charges	2b	10,709	11,770
User Charges	2c	61,250	61,036
Grants, Subsidies and Contributions	2g	5,432	8,560
Investment Income	2d	276	231
Reimbursements	2e	665	1,443
Other income	2f	540	539
<b>Total Income</b>		<b>197,382</b>	<b>199,213</b>
<b>Expenses</b>			
Employee costs	3a	74,410	79,757
Materials, Contracts and Other Expenses	3b	71,353	83,794
Depreciation, Amortisation and Impairment	3c	56,808	51,869
Finance Costs	3d	1,740	2,121
Net loss - Equity Accounted Council Businesses	18(a)	4	18
<b>Total Expenses</b>		<b>204,315</b>	<b>217,559</b>
<b>Operating Surplus / (Deficit)</b>		<b>(6,933)</b>	<b>(18,346)</b>
Physical Resources Received Free of Charge	2i	450	-
Asset Disposal & Fair Value Adjustments	4	(6,527)	1,092
Amounts Received Specifically for New or Upgraded Assets	2g	2,698	1,205
<b>Net Surplus / (Deficit)</b>		<b>(10,312)</b>	<b>(16,049)</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I, PP&E	9a	48,206	16,222
Net Actuarial Gain/(Loss) on Defined Benefit Plan		203	(47)
<b>Total Amounts which will not be reclassified subsequently to operating result</b>		<b>48,409</b>	<b>16,175</b>
<b>Total Other Comprehensive Income</b>		<b>48,409</b>	<b>16,175</b>
<b>Total Comprehensive Income</b>		<b>38,097</b>	<b>126</b>

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

## City of Adelaide

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	1,912	945
Trade & Other Receivables	5b	16,299	14,117
Other Financial Assets (Investments)	5c	–	51
Inventories	5d	506	576
Non-Current Assets Held for Sale	19	958	–
<b>Total current assets</b>		<b>19,675</b>	<b>15,689</b>
<b>Non-current assets</b>			
Financial Assets	6a	376	308
Equity Accounted Investments in Council Businesses	6b	1,119	672
Other Non-Current Assets	6c	2,107	2,161
Infrastructure, Property, Plant & Equipment	7a(i)	1,897,255	1,860,634
Investment Property	7a(ii)	2,870	2,860
<b>Total non-current assets</b>		<b>1,903,727</b>	<b>1,866,635</b>
<b>TOTAL ASSETS</b>		<b>1,923,402</b>	<b>1,882,324</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	24,843	18,557
Borrowings	8b	4,690	4,837
Provisions	8c	13,320	14,606
<b>Total Current Liabilities</b>		<b>42,853</b>	<b>38,000</b>
<b>Non-Current Liabilities</b>			
Trade & Other Payables	8a	1,293	293
Borrowings	8b	85,163	87,896
Provisions	8c	1,816	1,955
<b>Total Non-Current Liabilities</b>		<b>88,272</b>	<b>90,144</b>
<b>TOTAL LIABILITIES</b>		<b>131,125</b>	<b>128,144</b>
<b>Net Assets</b>		<b>1,792,277</b>	<b>1,754,180</b>
<b>EQUITY</b>			
Accumulated surplus		806,973	818,558
Asset revaluation reserves	9a	982,216	934,010
Other reserves	9b	3,088	1,612
<b>Total Council Equity</b>		<b>1,792,277</b>	<b>1,754,180</b>
<b>Total Equity</b>		<b>1,792,277</b>	<b>1,754,180</b>

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

## City of Adelaide

### Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2021</b>					
Balance at the end of previous reporting period		818,558	934,010	1,612	1,754,180
Net Surplus / (Deficit) for Year		(10,312)	–	–	(10,312)
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	48,206	–	48,206
- Defined Benefit Actuarial Gain		–	–	203	203
<b>Other comprehensive income</b>		<b>–</b>	<b>48,206</b>	<b>203</b>	<b>48,409</b>
<b>Total comprehensive income</b>		<b>(10,312)</b>	<b>48,206</b>	<b>203</b>	<b>38,097</b>
Transfers between Reserves		(1,273)	–	1,273	–
<b>Balance at the end of period</b>		<b>806,973</b>	<b>982,216</b>	<b>3,088</b>	<b>1,792,277</b>
<b>2020</b>					
Balance at the end of previous reporting period		834,607	917,788	1,659	1,754,054
Net Surplus / (Deficit) for Year		(16,049)	–	–	(16,049)
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	16,222	–	16,222
- Defined Benefit Actuarial Gain		–	–	(47)	(47)
<b>Other comprehensive income</b>		<b>–</b>	<b>16,222</b>	<b>(47)</b>	<b>16,175</b>
<b>Total comprehensive income</b>		<b>(16,049)</b>	<b>16,222</b>	<b>(47)</b>	<b>126</b>
<b>Balance at the end of period</b>		<b>818,558</b>	<b>934,010</b>	<b>1,612</b>	<b>1,754,180</b>

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

## City of Adelaide

### Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Operating Receipts		198,572	198,532
Investment Receipts		276	231
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(144,238)	(176,079)
Finance Payments		(1,740)	(2,121)
Payments for Materials, Contracts & Other Expenses		8	–
<b>Net cash provided by (or used in) Operating Activities</b>	10b	<b>52,878</b>	<b>20,563</b>
<b>Cash flows from investing activities</b>			
Amounts Received Specifically for New/Upgraded Assets		2,698	1,205
Sale of Replaced Assets		815	279
Sale of Surplus Assets		1,405	112
Repayments of Loans by Community Groups		–	78
Distributions Received from Equity Accounted Council Businesses		–	124
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(23,205)	(15,482)
Expenditure on New/Upgraded Assets		(12,425)	(16,865)
Net Purchase of Investment Securities		(17)	–
Capital contributed to Equity Accounted Council Businesses		(451)	(185)
<b>Net cash provided (or used in) investing activities</b>		<b>(31,180)</b>	<b>(30,734)</b>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		87,900	113,700
Proceeds from Bonds & Deposits		1,007	–
<u>Payments</u>			
Repayments of Borrowings		(104,800)	(103,550)
Repayment of Finance Lease Liabilities		(4,838)	(4,731)
Repayment of Bonds & Deposits		–	(372)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(20,731)</b>	<b>5,047</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>967</b>	<b>(5,124)</b>
plus: Cash & Cash Equivalents at beginning of period		945	6,069
<b>Cash and cash equivalents held at end of period</b>	10a	<b>1,912</b>	<b>945</b>
Additional Information:			
plus: Investments on hand – end of year	6b	376	359
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>2,288</b>	<b>1,304</b>

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

## City of Adelaide

### Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

#### Contents of the Notes accompanying the General Purpose Financial Statements

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## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (1) Basis of Preparation

###### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 08 October 2021

###### 1.2 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.

###### 1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include:

1. Reduction in net income due to closure or reduction of services provided during the pandemic, including the Aquatic Centre, Off Street Parking, Expiations and On-Street Parking.
2. Payment of stimulus packages and investment in a wide range of initiatives to boost economic activity within the city to help City businesses and residents recover.
3. Hardship subsidies offered to ease rate and rental payments and costs of additional cleansing services to keep our City Safe.
3. Reduction in expenditure in relation to cancelled events.

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2021/22 financial year but these have been largely taken into account during the development of the budget process for 2021/22 including, but not limited to expected reduction in net income resulting from lower visitation to the city as well as further stimulus / sponsorship packages to be offered to stimulate the city economy. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

###### 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 Adelaide is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 25 Pirie Street, Adelaide. 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.

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

1. Adelaide Central Market Authority
2. Adelaide Economic Development Agency (From 14 January 2021)



## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

3. Adelaide Park Lands Authority
4. Rundle Mall Management Authority (Until 14 January 2021)

Other entities in which Council has an interest but does not control are reported in Note 18.

#### (3) Income Recognition

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 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 Council to acquire or construct a recognisable non-financial asset that is to be controlled by Council. In this case, Council recognises the excess as a liability that is recognised over time in surplus and deficit when (or as) the entity satisfies its obligations under the transfer.

Expiation fees are recognised as income when control over the expiation fee is obtained. Accordingly, uncollected expiation fees are not recognised as income until payment is received. This recognises that Council does not have control over the assets comprising the expiation fees until payment is received or awarded to Council by the judicial system.

#### (4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

#### (5) Inventories

Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

#### (6) Non-Current Assets Held for Sale

Non-Current Assets which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

#### (6) Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

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 reporting date are recognised as Infrastructure, Property, Plant and Equipment.

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

##### 6.3 Subsequent Recognition

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

##### 6.4 Depreciation of Non-Current Assets

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

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

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.

##### *Plant, Furniture & Equipment*

Office Furniture & Equipment	3 to 20 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant & Equipment	3 to 25 years

##### *Buildings*

Structure – other	30 to 150 years
Structure – Heritage	300 years
Other Building Components	10 to 100 years

##### *Infrastructure*

Sealed Roads – Surface	10 to 25 years
Sealed Roads – Structure	30 to 80 years
Bridges – Major	20 to 100 years
Bridges – Minor	25 to 75 years
Footpaths and Bikeways	20 to 70 years
Kerb and Water Table	60 to 120 years
Stormwater Drainage Networks	50 to 125 years
Culverts	80 years
Weir Components	25 to 100 years
Basins	50 to 80 years
Earth retaining structures	30 to 80 years
Gross pollutant traps	80 years
Irrigation	15 to 25 years
Traffic Signals	10 to 30 years
Lighting and Electricals	25 to 30 years
Electrical Switch Boards	30 years
CCTV	5 to 10 years
Sports Fields	15 to 50 years

continued on next page ...

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

Park Land and Open Space Assets	10 to 80 years
Statues & Monuments	Indefinite
Urban Elements	5 to 80 years
<i>Other Assets</i>	
Library Books	1 to 7 years
Civic Collection	indefinite
Right-of-Use Assets	3 to 15 years

#### 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 Council 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.

#### (7) Investment property

Investment property comprises land and / or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a capitalisation method.

Annual changes in the fair value of Investment Properties are recorded in the Statement of Comprehensive Income as part of "Investment Income".

Full revaluations are carried out every three to five years with an appropriate management review each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/2021.

#### (8) Payables

##### 8.1 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.

##### 8.2 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.

#### (9) 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 Statement of Comprehensive Income 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".

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (10) Employee Benefits

###### 10.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate 1.52% (2020, 0.92%)

Weighted average settlement period 10 years (2020, 10 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.

###### 10.2 Superannuation

Council in respect of its employees supports two schemes; Local Government Superannuation Scheme and Corporation of the City of Adelaide Superannuation Plan. Both Schemes are managed by Statewide Super.

The Local Government Superannuation Scheme has two types of membership, each of which is funded differently. The Corporation of the City of Adelaide Superannuation Plan is closed to new members and supports Defined Benefit membership only. 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 17.

##### (11) 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. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

##### (12) Leases

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.

###### 12.1 Council as a lessee

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

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.

The right-of-use assets are also subject to impairment.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

##### ii) Lease Liabilities

At the commencement date of the lease, 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, Council uses its incremental borrowing rate or the interest rate implicit in the lease.

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

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 expense on a straight-line basis over the lease term.

##### iv) Leases with a variable value

Council leases the Light Square Car Park from the Department of Further Education Employment, Science and Technology under a lease which commenced 9 January 1983 for a period of 60 years. This lease contains variable payment terms that are linked to the car park's net profit at the reporting date. Variable lease payments for this lease are recognised in the Statement of Comprehensive Income in the period in which the condition that triggers those payments occurs.

#### 12.2 Council as a lessor

Leases in which Council does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (13) 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 18.

#### (14) 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.

#### (15) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

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##### **Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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 Councils.

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2022**

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2023**

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

##### **(16) 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.

##### **(17) Disclaimer**

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

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Income

\$ '000	2021	2020
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	120,133	119,316
Less: Mandatory Rebates	(5,482)	(5,453)
Less: Discretionary Rebates, Remissions & Write Offs	(1,924)	(3,261)
<b>Total General Rates</b>	<b>112,727</b>	<b>110,602</b>
<b>Other Rates (Including Service Charges)</b>		
Natural Resource Management Levy	1,902	1,875
Rundle Mall Separate Rate	3,840	3,850
Less: Rundle Mall Separate Rate Waived	–	(962)
Building Upgrade Finance	41	41
<b>Total Other Rates (Including Service Charges)</b>	<b>5,783</b>	<b>4,804</b>
<b>Other Charges</b>		
Penalties for Late Payment	–	228
<b>Total Other Charges</b>	<b>–</b>	<b>228</b>
<b>Total Rates</b>	<b>118,510</b>	<b>115,634</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	1,635	1,721
Animal Registration Fees & Fines	29	32
Parking Fines / Expiation Fees	8,062	8,852
Other Fees, Fines, Penalties and Expiations	190	120
Encroachments Fees	191	469
Food Inspections Fees / Fines	23	28
Outdoor Dining Fees	–	69
Residential Parking Permits	50	47
Section 7 Searches	100	95
Temporary Parking Control Permits	393	283
Water Systems Fees	36	54
<b>Total Statutory Charges</b>	<b>10,709</b>	<b>11,770</b>

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## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Income (continued)

\$ '000	2021	2020
<b>(c) User Charges</b>		
Parking Fees	10,695	9,952
Property Lease	9,805	10,947
Sundry	192	153
Adelaide Aquatic Centre Charges	4,551	4,900
Adelaide Golf Links Charges	3,234	2,232
Adelaide Town Hall Charges	313	1,017
Bus Ticket Sales	7	10
Compost Sales	678	613
Event Fees	81	150
Library Centre	6	9
Off-Street Parking	27,341	26,285
Park Lands Events Fees	665	754
Property Recovery	3,321	3,741
Rundle Mall	361	273
<b><u>Total User Charges</u></b>	<b><u>61,250</u></b>	<b><u>61,036</u></b>
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	51	35
- Banks & Other	16	28
Investment Property Rental Income	192	198
Financial Instrument - Fair Value Increase / (Decrease)	17	(30)
<b><u>Total Investment Income</u></b>	<b><u>276</u></b>	<b><u>231</u></b>
<b>(e) Reimbursements</b>		
Private Works	455	1,181
Other	210	262
<b><u>Total Reimbursements</u></b>	<b><u>665</u></b>	<b><u>1,443</u></b>
<b>(f) Other income</b>		
Insurance & Other Recoupments	301	326
Sundry	239	213
<b><u>Total Other income</u></b>	<b><u>540</u></b>	<b><u>539</u></b>



## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Income (continued)

\$ '000	2021	2020
<b>(g) Grants, Subsidies, Contributions</b>		
Amounts Received Specifically for New or Upgraded Assets	2,698	1,205
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>	<b>2,698</b>	<b>1,205</b>
Other Grants, Subsidies and Contributions	3,416	1,811
Untied - Financial Assistance Grant	948	669
Roads to Recovery	256	255
Home and Community Care Grant	287	288
Library and Communications	478	533
Sundry	47	4
State Government Grant - 88 O'Connell Street	-	5,000
<b>Total Other Grants, Subsidies and Contributions</b>	<b>5,432</b>	<b>8,560</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>8,130</b>	<b>9,765</b>

The functions to which these grants relate are shown in Note 11.

In the prior year, Council received the second tranche of funding under a grant agreement with the State Government governing the acquisition and development of 88 O'Connell Street This has been reported as State Government Grant - 88 O'Connell Street.

#### (i) Sources of grants

Commonwealth Government	2,371	871
State Government	5,613	8,790
Other	146	104
<b>Total</b>	<b>8,130</b>	<b>9,765</b>

#### (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:

<b>Unexpended at the close of the previous reporting period</b>	14	14
<b>Unexpended at the close of this reporting period</b>	<b>14</b>	<b>14</b>

#### (i) Physical Resources Received Free of Charge

Other	450	-
<b>Total Physical Resources Received Free of Charge</b>	<b>450</b>	<b>-</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 3. Expenses

\$ '000	Notes	2021	2020
<b>(a) Employee costs</b>			
Salaries and Wages		67,212	66,914
Employee Leave Expense		5,804	9,147
Superannuation - Defined Contribution Plan Contributions	17	6,020	6,718
Workers' Compensation Insurance		1,478	1,701
Income Protection Insurance		344	331
Less: Capitalised and Distributed Costs		(6,448)	(5,054)
<b>Total Operating Employee Costs</b>		<b>74,410</b>	<b>79,757</b>
Number of Employees (full time equivalent at end of reporting period)		657	628
Number of Employees (temporary full time equivalent at end of reporting period)		89	122
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration		67	63
Bad and Doubtful Debts		344	419
Elected Members' Expenses		486	474
Election Expenses		28	68
Operating Lease Rentals - Non-Cancellable Leases	16		
- Minimum Lease Payments		(6)	-
Lease Expense - Low Value Assets / Short Term Leases		34	87
Lease Expense - Variable Payments		766	767
Other		35	53
<b>Subtotal - Prescribed Expenses</b>		<b>1,754</b>	<b>1,931</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 3. Expenses (continued)

\$ '000	Notes	2021	2020
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		17,329	23,854
Energy		5,504	5,812
Maintenance		7,954	8,629
Legal Expenses		1,531	1,445
Levies Paid to Government - including NRM levy		2,354	2,241
Levies - Other		41	41
Parts, Accessories & Consumables		4,774	6,353
Professional Services		4,134	7,419
Advertising and Promotion		2,581	2,681
Bank Charges and Cash Collection		988	994
Catering		133	312
Cleaning		3,094	2,904
Communications		325	452
Contractual Expenses		278	510
Water		2,088	3,169
Entertainment - Council and Civic Events		8	18
External Plant Hire		601	763
Insurance		2,165	2,075
Investment Property Expenses		156	153
Minor Plant and Equipment		513	380
Printing, Freight and Postage		459	565
Rates and Taxes		261	409
Registrations		204	210
Searches		278	490
Security		1,839	2,267
Sponsorships, Contributions and Donations		6,975	4,719
Subscriptions		1,670	1,255
Training and Development		244	455
Waste Services		1,674	1,512
Other		129	306
Less: Capitalised and Distributed Costs		(685)	(530)
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>69,599</b>	<b>81,863</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>71,353</b>	<b>83,794</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 3. Expenses (continued)

\$ '000	2021	2020
<b>(c) Depreciation, Amortisation and Impairment</b>		
<b>(i) Depreciation and Amortisation</b>		
Buildings	12,160	8,412
Infrastructure		
- Stormwater and Drainage	2,704	2,708
- Bridges	2,090	2,157
- Footpaths	6,682	6,627
- Footpath Landscaping	-	214
- Kerb & Water Table	1,412	1,406
- Public Lighting	5,121	4,001
- Roads	7,924	7,889
- Ticket Machines	307	329
- Traffic Signals	3,535	1,355
- Urban Elements	2,634	2,886
Right-of-use Assets	5,286	5,408
Plant & Equipment	2,212	1,701
Furniture & Fittings	2,411	3,681
Library Books	98	323
Park Land Improvements	2,232	1,646
<b>Subtotal</b>	<b>56,808</b>	<b>50,743</b>
<b>(ii) Impairment</b>		
Right-of-Use Assets	-	1,123
Office, Furniture and Equipment	-	3
<b>Subtotal</b>	<b>-</b>	<b>1,126</b>
<b>Total Depreciation, Amortisation and Impairment</b>	<b>56,808</b>	<b>51,869</b>
<b>(d) Finance Costs</b>		
Interest on Loans	830	1,138
Interest on Leases	910	983
<b>Total Finance Costs</b>	<b>1,740</b>	<b>2,121</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	815	279
Less: Carrying Amount of Assets Sold	(4,472)	(3,627)
<b>Gain (Loss) on Disposal</b>	<b>(3,657)</b>	<b>(3,348)</b>
<b>(ii) Assets Surplus to Requirements</b>		
Proceeds from Disposal	1,405	112
Less: Carrying Amount of Assets Sold	(3,510)	(4,559)
<b>Gain (Loss) on Disposal</b>	<b>(2,105)</b>	<b>(4,447)</b>
<b>Fair Value Adjustments</b>		
Investment Property - Fair Value Increase / (Decrease)	(765)	(5)
Revaluation Decrements Previously Expensed, now Recouped	-	8,892
<b>Total Fair Value Adjustments</b>	<b>(765)</b>	<b>8,887</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(6,527)</b>	<b>1,092</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 5. Current Assets

\$ '000	2021	2020
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	1,502	541
Deposits at Call	410	404
<b><u>Total Cash &amp; Cash Equivalent Assets</u></b>	<b><u>1,912</u></b>	<b><u>945</u></b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	7,094	7,707
Accrued Revenues	2,689	1,734
Debtors - General	4,724	2,633
GST Recoupment	644	209
Prepayments	1,709	1,593
Deferred Rent	320	827
<b>Subtotal</b>	<b><u>17,180</u></b>	<b><u>14,703</u></b>
Less: Allowance for Doubtful Debts	(881)	(586)
<b><u>Total Trade &amp; Other Receivables</u></b>	<b><u>16,299</u></b>	<b><u>14,117</u></b>
<b>(c) Other Financial Assets (Investments)</b>		
Ergo Apartments - Shared Equity Loans	-	51
<b><u>Total Other Financial Assets (Investments)</u></b>	<b><u>-</u></b>	<b><u>51</u></b>
Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.		
<b>(d) Inventories</b>		
Stores & Materials	359	395
Trading Stock	118	151
Other	29	30
<b><u>Total Inventories</u></b>	<b><u>506</u></b>	<b><u>576</u></b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 6. Non-Current Assets

\$ '000		2021	2020
<b>(a) Financial Assets</b>			
<b>Other Financial Assets (Investments)</b>			
Ergo Apartments - Shared Equity Loans at Fair Value through Surplus/(Deficit)		376	308
<b>Total Other Financial Assets (Investments)</b>		<b>376</b>	<b>308</b>
<b>Total Financial Assets</b>		<b>376</b>	<b>308</b>
<b>(b) Equity Accounted Investments in Council Businesses</b>			
	Notes	2021	2020
The Brown Hill and Keswick Creeks Stormwater Board	18(a)	1,119	672
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>1,119</b>	<b>672</b>
<b>(c) Other Non-Current Assets</b>			
<b>Other</b>			
Employee Entitlements (unfunded superannuation asset)		1,815	1,612
Deferred Rent		292	549
<b>Total Other</b>		<b>2,107</b>	<b>2,161</b>
<b>Total Other Non-Current Assets</b>		<b>2,107</b>	<b>2,161</b>

## City of Adelaide

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property

## (a(i)) Infrastructure, Property, Plant &amp; Equipment

	Fair Value Level	as at 30/06/20				Asset movements during the reporting period													as at 30/06/21						
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	WIP Transfers	Adjustments & Transfers	Projected Related Expenditure (Note 3b)	Reclassification	Gifted Assets	TfIs from/to "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Reversal of prior period Revaluation Decrements to the P&L (Note 4)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	
Capital Work in Progress		-	14,963	-	14,963	-	13,897	25,824	-	-	(34,586)	(455)	(3,751)	-	-	-	-	-	-	-	-	15,898	-	-	15,898
<b>Land</b>																									
Land - Other	2	207,470	-	-	207,470	-	-	-	-	-	-	-	-	(4,100)	-	-	-	-	-	-	17,860	221,230	-	-	221,230
Community Land	3	12,640	-	-	12,640	-	-	-	-	-	-	-	-	4,100	-	-	-	-	-	-	1,840	18,580	-	-	18,580
Land - Crown	3	-	388,400	-	388,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,400	-	-	388,400
<b>Buildings</b>																									
Buildings	2	342,793	-	(151,205)	191,588	-	-	-	(6,632)	-	4,915	-	(30,977)	-	(958)	(420)	-	-	-	-	316,849	-	(159,334)	157,515	
Buildings	3	178,792	-	(79,607)	99,185	-	-	-	(901)	(5,528)	5,931	-	30,977	-	-	-	-	-	-	-	16,004	237,550	-	(91,881)	145,669
Park Land & Open Space Assets	3	24,045	-	(8,358)	15,687	-	-	-	(125)	(2,232)	2,438	-	28,862	-	-	-	-	-	-	-	58,269	-	(13,636)	44,633	
<b>Infrastructure</b>																									
- Stormwater and Drainage	3	271,531	-	(136,058)	135,473	-	-	-	(62)	(2,704)	1,706	-	-	-	-	-	-	-	-	-	272,877	-	(138,463)	134,414	
- Bridges	3	179,281	-	(115,225)	64,056	-	-	-	(970)	(2,090)	583	-	-	-	-	-	-	-	-	-	178,520	-	(116,942)	61,578	
- Footpaths	3	289,130	-	(80,652)	208,478	-	-	-	(1,543)	(6,682)	5,321	-	-	-	-	-	-	-	-	-	291,713	-	(86,139)	205,574	
- Footpath Landscaping	3	8,895	-	(360)	8,535	-	-	-	-	-	-	-	(8,534)	-	-	-	-	-	-	-	-	-	-	-	
- Kerb & Water Table	3	117,209	-	(46,051)	71,158	-	-	-	(492)	(1,412)	2,145	-	-	-	-	-	-	-	-	-	118,198	-	(46,801)	71,397	
- Public Lighting	3	140,938	-	(70,160)	70,778	-	-	-	(243)	(5,121)	1,472	-	-	-	-	-	-	-	-	-	141,860	-	(74,973)	66,887	
- Roads	3	291,670	-	(95,153)	196,517	-	-	-	(820)	(7,924)	3,179	-	-	-	-	-	-	-	-	-	292,414	-	(101,462)	190,952	
- Ticket Machines	3	2,508	-	(944)	1,564	-	-	-	-	(307)	-	-	-	-	-	-	-	-	-	-	2,508	-	(1,251)	1,257	
- Traffic Signals	3	60,234	-	(34,215)	26,019	-	-	-	(295)	(3,535)	1,315	-	-	-	-	-	-	-	-	-	59,996	-	(36,491)	23,505	
- Urban Elements	3	93,283	-	(13,646)	79,637	-	-	-	(1,523)	(2,634)	847	-	-	(58,075)	-	-	-	-	-	-	12,922	55,852	-	(24,679)	31,173
- Public Art	3	-	-	-	-	-	-	-	-	-	515	-	37,747	450	-	-	-	-	-	-	38,712	-	-	38,712	
<b>Other</b>																									
Right-of-Use Assets		-	45,864	(6,531)	39,333	-	-	-	(5,286)	-	18,858	-	-	-	-	-	-	-	-	-	64,580	-	(11,675)	52,905	
Library Books		-	8,420	(6,410)	2,010	-	-	-	(98)	-	9	-	-	-	-	-	-	-	-	-	-	8,429	(6,508)	1,921	
Furniture & Fittings		-	48,104	(42,953)	5,151	-	-	-	(512)	(2,411)	1,302	-	-	-	-	-	-	-	-	-	-	44,890	(41,359)	3,531	
Plant & Equipment		-	20,662	(9,981)	10,681	-	110	-	(498)	(2,212)	2,095	-	-	-	-	-	-	-	-	-	-	21,280	(11,104)	10,176	
Civic Collection		-	11,311	-	11,311	-	-	-	-	-	38	-	-	-	-	-	-	-	-	-	-	11,348	-	11,348	
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>2,220,419</b>	<b>537,724</b>	<b>(897,509)</b>	<b>1,860,634</b>	<b>-</b>	<b>14,007</b>	<b>25,824</b>	<b>(7,984)</b>	<b>(56,808)</b>	<b>-</b>	<b>(775)</b>	<b>18,403</b>	<b>(3,751)</b>	<b>-</b>	<b>450</b>	<b>(958)</b>	<b>(420)</b>	<b>-</b>	<b>48,626</b>	<b>2,369,708</b>	<b>490,245</b>	<b>(962,698)</b>	<b>1,897,255</b>	
Comparatives		2,525,542	510,818	(1,218,996)	1,817,364	45,864	21,386	19,284	(8,186)	(50,743)	(1,126)	-	(356)	(7,963)	-	-	-	(842)	8,891	17,064	2,220,419	537,724	(897,509)	1,860,634	



## City of Adelaide

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7. Infrastructure, Property, Plant &amp; Equipment &amp; Investment Property

## (a(ii)) Investment Property

	Fair Value Level	as at 30/06/20				Asset movements during the reporting period							as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	WIP Transfers	Revaluation Increments/ Decrements to P&L - Investment Properties (Note 4)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Buildings & Structures	2	2,860	-	-	2,860	-	-	-	775	(765)	-	-	2,870	-	-	2,870
<b>Total Investment Property</b>		<b>2,860</b>	<b>-</b>	<b>-</b>	<b>2,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>775</b>	<b>(765)</b>	<b>-</b>	<b>-</b>	<b>2,870</b>	<b>-</b>	<b>-</b>	<b>2,870</b>
Comparatives		2,865	-	-	2,865	-	-	-	-	(5)	-	-	2,860	-	-	2,860

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

##### (b) 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 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

###### Information on Valuations

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

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

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.

###### 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

Much of the land under Council's care and control has been declared as community land under the provisions of the Local Government Act 1999.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

Council's principal role as a provider of services to the community, promotes alignment with strategic outcomes as opposed to outright revenue generation. 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" incorporating such restrictions as mentioned above.

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

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.

##### Park Land & Open Space Assets

Park Land and Open Space assets were valued by Council officers at current replacement cost during the reporting period ended 30 June 2016.

##### Land

Land, excluding Park Lands and Land under Roads were valued using the market approach during the reporting period ended 30 June 2021 by independent valuers.

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

##### Buildings

Building assets were valued using the market or current replacement cost approach with the most recent valuation conducted during the reporting period ended 30 June 2021 by independent valuers. Acquisitions subsequent to the most recent valuation have been measured at cost.

##### Infrastructure

###### *Bridges*

Bridge assets are revalued periodically by independent valuers. The most recent valuation was completed during the period ended 30 June 2020. Bridge assets are valued at current replacement cost less depreciation.

###### *Footpaths*

Footpaths were valued by Council officers at current replacement cost during the reporting period ended 30 June 2018.

###### *Kerb and Water Table*

Kerb and Water Table were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2019 and was based on unit rates to replace the associated kerb component. All acquisitions made after the date of valuation are recorded at cost.

###### *Public Art*

Public art assets are revalued periodically by independent valuers. The most recent valuation was completed during the period ended 30 June 2017, when public art was included in the urban element asset class.

###### *Public Lighting, Electrical and CCTV Network*

Public lighting, electrical and CCTV network assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2020 and was based on the unit rates to replace the associated component. All acquisitions made after the date of valuation are recorded at cost.

###### *Roads*

Road assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2019 and was based on the unit rates to replace the associated road component. All acquisitions made after the date of valuation are recorded at cost.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

##### *Stormwater and Drainage*

Stormwater and drainage assets are periodically valued with the most recent revaluation conducted for the period ended 30 June 2019 using the current replacement cost approach. The majority of the stormwater revaluation was conducted by an independent valuer, however the valuation of Council's gross pollutant traps and earth retaining walls was determined internally.

##### *Ticket Machines*

Ticket machines were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2017 and was based on the unit rates to replace the associated ticket machine component. All acquisitions made after the date of valuation are recorded at cost.

##### *Traffic Signals*

Traffic Signal assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2020 and was based on the unit rates to replace the associated traffic signal component. All acquisitions made after the date of valuation are recorded at cost.

##### *Urban Elements*

Urban elements were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2021 and was based on unit rates to replace the associated asset. All acquisitions made after the date of valuation are recorded at cost.

#### **Plant & Equipment**

Plant and equipment is valued at historical cost less depreciation.

#### **Furniture & Fittings**

Furniture and Fittings is valued at historical cost less depreciation.

#### **Civic Collection**

The civic collection is recognised at historical cost.

#### **Investment Property**

Investment properties are valued annually. The basis of valuation is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and subject to similar leases.

All investment properties are leased to tenants under long term operating leases with rentals payable monthly. Contractual obligations relating to the properties are disclosed in Note 16.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a) Trade and Other Payables</b>				
Goods & Services	6,389	–	6,060	–
Payments Received in Advance	9,115	293	5,583	293
Accrued Expenses - Employee Entitlements	950	–	472	–
Accrued Expenses - Other	6,511	–	4,192	–
Deposits, Retentions & Bonds	605	1,000	598	–
Other	1,273	–	1,652	–
<b><u>TOTAL Trade and Other Payables</u></b>	<b><u>24,843</u></b>	<b><u>1,293</u></b>	<b><u>18,557</u></b>	<b><u>293</u></b>

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(b) Borrowings</b>					
Loans		–	34,700	–	51,600
Lease Liabilities	16b	4,690	50,463	4,837	36,296
<b><u>TOTAL Borrowings</u></b>		<b><u>4,690</u></b>	<b><u>85,163</u></b>	<b><u>4,837</u></b>	<b><u>87,896</u></b>

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

#### (c) Provisions

Annual Leave Employee Entitlements	6,321	–	6,585	–
Long Service Leave Employee Entitlements	6,646	1,816	7,672	1,955
Other	353	–	349	–
<b><u>TOTAL Provisions</u></b>	<b><u>13,320</u></b>	<b><u>1,816</u></b>	<b><u>14,606</u></b>	<b><u>1,955</u></b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 9. Reserves

\$ '000	as at 30/06/20		Transfers	Impairments	as at 30/06/21	
	Opening Balance	Increments (Decrements)			Closing Balance	
<b>(a) Asset Revaluation Reserve</b>						
Land - Other	147,420	19,700	-	-	167,120	
Buildings	240,707	15,584	-	-	256,291	
Infrastructure						
- Stormwater and Drainage	94,745	-	-	-	94,745	
- Bridges	56,005	-	-	-	56,005	
- Footpaths	146,093	-	-	-	146,093	
- Kerb & Water Table	80,721	-	-	-	80,721	
- Public Lighting	7,527	-	-	-	7,527	
- Roads	115,054	-	-	-	115,054	
- Statues & Fountains	3,730	-	-	-	3,730	
- Ticket Machines	1,202	-	-	-	1,202	
- Traffic Signals	8,970	-	-	-	8,970	
- Urban Elements	17,616	12,922	-	-	30,538	
Park Land Improvements	13,217	-	-	-	13,217	
Other Assets	1,003	-	-	-	1,003	
<b>Total Asset Revaluation Reserve</b>	<b>934,010</b>	<b>48,206</b>	<b>-</b>	<b>-</b>	<b>982,216</b>	
Comparatives	917,788	16,222	-	-	934,010	

\$ '000	as at 30/06/20		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/21	
	Opening Balance					Closing Balance	
<b>(b) Other Reserves</b>							
Other Reserves <sup>i</sup>	-	1,273	-	-	-	1,273	
Defined Benefit - Unfunded Superannuation Liability	1,612	203	-	-	-	1,815	
<b>Total Other Reserves</b>	<b>1,612</b>	<b>1,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,088</b>	
Comparatives	1,659	-	(47)	-	-	1,612	

(i) Future Fund Reserve

#### 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).

##### Future Fund Reserve

A Future Fund Reserve was established to enable Council to fund the purchase of future income generating assets and to invest in strategic capital projects from the sale proceeds of assets identified through the Strategic Property Review.

##### Defined Benefit Superannuation Reserve

This reserve is used to record the actuarial gains & losses on the Corporation of the City of Adelaide Superannuation Plan (CCASP) in line with AASB 119 requirements.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
<b>(a) Reconciliation of Cash</b>			
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 & Equivalent Assets	5	1,912	945
<b>Balances per Statement of Cash Flows</b>		<b>1,912</b>	<b>945</b>
<b>(b) Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		(10,312)	(16,049)
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		56,808	51,869
Fair Value Adjustments		765	(8,887)
Equity Movements in Equity Accounted Investments (Increase) / Decrease		4	18
Non-Cash Asset Acquisitions		(450)	–
Grants for capital acquisitions treated as Investing Activity		(2,698)	(1,205)
Net (Gain) Loss on Disposals		5,762	7,795
Actuarial Gain (Loss) Unfunded Super		203	(47)
		<b>50,082</b>	<b>33,494</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase) / Decrease in Receivables		(2,477)	(3,835)
Change in Allowances for Under-Recovery of Receivables		(295)	(266)
Net (Increase) / Decrease in Inventories		70	65
Net (Increase) / Decrease in Other Assets		644	30
Net Increase / (Decrease) in Trade & Other Payables		6,279	(9,600)
Net Increase / (Decrease) in Unpaid Employee Benefits		(264)	472
Net Increase / (Decrease) in Other Provisions		(1,161)	203
<b>Net Cash provided by (or used in) operations</b>		<b>52,878</b>	<b>20,563</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 10. Reconciliation to Statement of Cash Flows (continued)

\$ '000	2021	2020
<b>(c) Reconciliation of Liabilities Arising from Financing Activities</b>		
<b>Borrowings and Lease Liabilities</b>		
Opening Balance	92,733	41,450
Net Proceeds from/(Repayments of) Borrowings	(16,900)	10,150
Leases	14,020	41,133
<b>Closing Balance</b>	<b>89,853</b>	<b>92,733</b>
<b>Bonds &amp; Deposits</b>		
Opening Balance	598	970
Bond / Deposit Proceeds Received/(Repayments Made) During the Year	1,007	(372)
<b>Total Liabilities from Financing Activities</b>	<b>91,458</b>	<b>93,331</b>

#### (d) Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	600	600
LGFA Cash Advance Debenture Facility	100,000	100,000

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



## City of Adelaide

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 11(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions/Activities</b>										
Arts, Culture and Events	1,667	2,513	10,685	11,227	(9,018)	(8,714)	–	–	50,060	49,058
Community Development	356	437	2,654	2,685	(2,298)	(2,248)	287	288	–	–
Community Safety	2,415	2,589	3,020	2,892	(605)	(303)	–	–	–	–
Environmental Sustainability	128	92	2,538	2,446	(2,410)	(2,354)	–	–	–	–
Library Services	296	418	5,420	5,636	(5,124)	(5,218)	478	533	1,921	2,010
Park Lands and Open Space	2,030	640	21,757	24,146	(19,727)	(23,506)	–	–	465,325	446,649
Parking	41,291	41,400	19,334	20,563	21,957	20,837	–	–	1,257	1,564
Planning, Building and Heritage	511	524	3,559	2,498	(3,048)	(1,974)	–	–	–	–
Property Management and Development	9,020	15,192	7,021	9,056	1,999	6,136	–	5,000	603,634	558,586
Resource Recovery and Waste Management	726	925	4,651	4,507	(3,925)	(3,582)	–	–	–	–
Social and Economic Planning	240	205	4,395	7,567	(4,155)	(7,362)	–	–	–	–
Sports and Recreation	8,333	7,684	13,433	14,122	(5,100)	(6,438)	–	–	–	–
Streets and Transportation	406	719	46,993	38,740	(46,587)	(38,021)	256	255	754,307	781,014
Subsidiary Services	17,017	13,918	17,971	13,955	(954)	(37)	3,993	2,035	1,881	1,348
Corporate and other Capital Costs	112,946	111,957	40,884	57,519	72,062	54,438	418	449	45,017	42,095
<b>Total Functions/Activities</b>	<b>197,382</b>	<b>199,213</b>	<b>204,315</b>	<b>217,559</b>	<b>(6,933)</b>	<b>(18,346)</b>	<b>5,432</b>	<b>8,560</b>	<b>1,923,402</b>	<b>1,882,324</b>

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.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 11(b). Components of Functions

The activities relating to Council functions are as follows:

##### Arts, Culture and Events

Enhances the cultural and creative elements of the City, enlivening it with things to do and see, and making the rich heritage of the City available to all.

##### Community Development

Creates opportunities for people to connect, learn, grow, and work with others to enhance their local communities

##### Community Safety

Ensures a safe and healthy city environment for people to visit, work, study, live and do business.

##### Environmental Sustainability

Demonstrates environmental leadership through our goals to become a sustainable, carbon neutral and climate resilient city.

##### Library Services

Educate, engage and enable people to create, connect and be inspired, through free access to information and ideas, activities and programs, innovative technology and a range of resources which support lifelong learning.

##### Park Lands and Open Space

Encourages healthy lifestyles and experiences, through the provision, maintenance, protection and enhancement of our unique Park Lands, open spaces and community infrastructure.

##### Parking

Drives the availability and accessibility of car parking in the City and North Adelaide.

##### Planning, Building and Heritage

Ensures a well-planned and developed city, with consideration to the local area and protected heritage listings within the bounds of policy and legislation.

##### Property Management and Development

Leverages the development and management of Council's property assets and identifies opportunities in partnership with the private public sectors, to generate income, create employment opportunities, and reinvigorate city precincts, to build a prosperous city.

##### Resource Recovery and Waste Management

Educates and encourages the community to redefine the concept of waste, recover more resources and build a circular economy, whilst keeping the community clean and hygienic through effective management and collection of waste.

##### Social and Economic Planning

Creates liveable communities, vibrant economies and social cohesion through a well-designed and welcoming city, and resilient community.

##### Sports and Recreation

Encourage health and wellbeing by providing places, spaces and opportunities to access a range of community sports and recreation facilities throughout the City.

##### Streets and Transportation

Supports current needs and future growth for the delivery of safe, convenient, accessible, clean and appealing ways for people to move around the City.

##### Subsidiary Services

- Adelaide Central Market Authority oversees the management and operations of the Adelaide Central Market as a commercially sustainable, diverse, iconic, and unique fresh produce market.
- Adelaide Economic Development Agency delivers initiatives that work to increase visitation and use of the city, attract investment in the city, and position Rundle Mall as the South Australia's premier retail and commercial shopping precinct.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 11(b). Components of Functions (continued)

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##### Corporate Services

Our Corporate Services provide effective and efficient services and insights to strengthen and grow our organisational capability, and support a culture of accountability, transparency and innovation to best enable the delivery of our Community Services and Subsidiaries.

#### Note 12. Financial Instruments

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##### Recognised Financial Instruments

##### Receivables - Rates & Associated 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:

Secured over the subject land, arrears attract interest of 5.2% (2020: 6.3%). 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).

##### 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.

##### Receivables - Shared Equity Contribution

###### Accounting Policy:

Accounted for in accordance with AASB 13

###### Terms & Conditions:

In accordance with AASB 13, the fair value measurement of the financial asset has been assessed as a level 2. The valuation adopted a sale price comparison approach where the sales prices of comparable property in a similar location are adjusted for key differences in key attributes such as car parks, bathrooms and outdoor areas.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 12. Financial Instruments (continued)

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**Carrying Amount:**

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 principal amounts. Interest is charged as an expense as it accrues.

**Terms & Conditions:**

Secured over future revenues, current loans are on a floating facility where surplus funds are used to pay down loan balances. Loans are procured via a tender process and interest rates are secured at drawdown.

**Carrying Amount:**

Approximates fair value.

**Liabilities - Leases****Accounting Policy:**

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

## City of Adelaide

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
<b>2021</b>					
Cash & Cash Equivalents	1,912	–	–	1,912	1,912
Receivables	6,532	–	–	6,532	6,532
Other Financial Assets	–	376	–	376	376
<b>Total Financial Assets</b>	<b>8,444</b>	<b>376</b>	<b>–</b>	<b>8,820</b>	<b>8,820</b>
<b>Financial Liabilities</b>					
Payables	17,919	–	–	17,919	16,728
Non-Current Borrowings	–	30,000	4,700	34,700	34,700
Leases	5,703	22,859	32,923	61,485	55,154
<b>Total Financial Liabilities</b>	<b>23,622</b>	<b>52,859</b>	<b>37,623</b>	<b>114,104</b>	<b>106,582</b>
<b>2020</b>					
Cash & Cash Equivalents	945	–	–	945	945
Receivables	3,781	–	–	3,781	3,781
Other Financial Assets	51	308	–	359	359
<b>Total Financial Assets</b>	<b>4,777</b>	<b>308</b>	<b>–</b>	<b>5,085</b>	<b>5,085</b>
<b>Financial Liabilities</b>					
Payables	14,168	–	–	14,168	12,974
Non-Current Borrowings	–	30,000	21,600	51,600	51,600
Leases	5,712	16,941	24,056	46,709	41,133
<b>Total Financial Liabilities</b>	<b>19,880</b>	<b>46,941</b>	<b>45,656</b>	<b>112,477</b>	<b>105,707</b>

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	1.41%	34,700	1.91%	51,600
		<b>34,700</b>		<b>51,600</b>

**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.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 12. 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 & 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 13. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
<b>Capital Commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Buildings	297	3,124
Drainage & Waterways	259	213
IT Corporate System	343	448
Lighting & Electrical	358	110
Park Lands & Squares	2,919	955
Plant & Equipment	1,104	11
Streetscapes	715	635
Transportation	7,040	811
Urban Elements	336	94
	<b>13,371</b>	<b>6,401</b>
<b>These expenditures are payable:</b>		
Not later than one year	13,371	6,401
	<b>13,371</b>	<b>6,401</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 14. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
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*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	(4)%	(9)%	(11)%
Total Operating Income			

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

#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	57%	57%	35%
Total Operating Income			

*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 Operating Surplus Ratio

Operating Surplus	(3.5)%	(9.2)%	(10.8)%
Total Operating Income			

#### Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	57%	57%	35%
Total Operating Income			

#### 3. Asset Renewal Funding Ratio

Net Asset Renewals	72%	40%	76%
Infrastructure & Asset Management Plan required expenditure			

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

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 15. Uniform Presentation of Finances

\$ '000	2021	2020
<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	197,382	199,213
less Expenses	(204,315)	(217,559)
<b>Operating Surplus / (Deficit)</b>	<b>(6,933)</b>	<b>(18,346)</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(23,205)	(15,482)
add back Depreciation, Amortisation and Impairment	56,808	51,869
add back Proceeds from Sale of Replaced Assets	815	279
	<b>34,418</b>	<b>36,666</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(12,425)	(16,865)
add back Amounts Received Specifically for New and Upgraded Assets	2,698	1,205
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	1,405	112
	<b>(8,322)</b>	<b>(15,548)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>19,163</b>	<b>2,772</b>



## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 16. Leases

##### (i) Council as a lessee

##### Terms and conditions of leases

##### Buildings

Lease obligations for buildings are related to the provision of services by Council including car parks, libraries and community centres. Leases are of varying duration, terms and conditions. No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Set out 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

\$ '000	Buildings	Total
<b>2021</b>		
Opening balance	39,333	39,333
Adjustments to right-of-use assets due to re-measurement of lease liability	18,858	18,858
Depreciation charge	(5,286)	(5,286)
<b>Balance at 30 June</b>	<b>52,905</b>	<b>52,905</b>
<b>2020</b>		
Opening balance	45,864	45,864
Depreciation charge	(5,408)	(5,408)
Impairment of right-of-use assets	(1,123)	(1,123)
<b>Balance at 30 June</b>	<b>39,333</b>	<b>39,333</b>

##### (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:

\$ '000	2021	2020
Balance at 1 July	41,133	45,864
Additions	18,858	–
Accretion of interest	910	983
Payments	(5,747)	(5,714)
<b>Balance at 30 June</b>	<b>55,154</b>	<b>41,133</b>
<b>Classified as:</b>		
Current	4,691	4,837
Non Current	50,463	36,296

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

The Group had total cash outflows for leases of \$5.747m

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 16. Leases (continued)

\$ '000	2021	2020
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	5,286	5,408
Interest expense on lease liabilities	910	983
Expense relating to short term leases	18	–
Expense relating to leases of low-value assets	16	87
Variable lease payments	766	767
Other	35	53
<b>Total amount recognised in profit or loss</b>	<b>7,031</b>	<b>7,298</b>

#### (ii) Council as a lessor

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 property lease income in Note 2.

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

\$ '000	2021	2020
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	5,895	6,402
Later than one year and not later than 5 years	12,049	14,059
Later than 5 years	20,962	24,491
	<b>38,906</b>	<b>44,952</b>

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 17. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to 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 2020/21; 9.50% in 2019/20). 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 2019/20) 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.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18(a). 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.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
<b>Council's Share of Net Income</b>				
Joint Ventures	(4)	(18)	1,119	672
<b>Total Council's Share of Net Income</b>	<b>(4)</b>	<b>(18)</b>	<b>1,119</b>	<b>672</b>

#### (i) Joint Ventures, Associates and Joint Operations

##### (a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Council Solutions Regional Authority	Promotion of procurement and service delivery	–	–
The Brown Hill and Keswick Creeks Stormwater Board	Implementation & oversight of stormwater infrastructure	1,119	672
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>1,119</b>	<b>672</b>

##### **Council Solutions Regional Authority**

Council Solutions Regional Authority was wound up as at 2 April 2020.

##### **The Brown Hill and Keswick Creeks Stormwater Board**

The Brown Hill and Keswick Creeks Stormwater Board was established by five constituent councils on the 27 February 2018. It comprises the Cities of Adelaide, Burnside, Unley, Mitcham and West Torrens. The purpose of the Board is to oversee the construction of stormwater infrastructure and to implement the Brown Hill and Keswick Creeks Stormwater Board Stormwater Management Plan.

##### (b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
The Brown Hill and Keswick Creeks Stormwater Board	8.00%	8.00%	8.00%	8.00%	20.00%	20.00%

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18(a). Interests in Other Entities (continued)

##### (c) Movement in Investment in Joint Venture or Associate

\$ '000	Council Solutions Regional Authority		The Brown Hill and Keswick Creeks Stormwater Board	
	2021	2020	2021	2020
Opening Balance	–	138	672	491
Share in Operating Result	–	(14)	(4)	(4)
New Capital Contributions	–	–	451	185
Distributions Received	–	(124)	–	–
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>–</b>	<b>–</b>	<b>1,119</b>	<b>672</b>

#### Note 18(b). Controlled Entities

##### Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1(2).

Name of Operation/Entity	Principal Activity and Place of Business
<b>Adelaide Central Market Authority (ACMA)</b>	Adelaide Central Market Authority was enacted on 3 May 2012 as a subsidiary of Council with its primary role being to oversee the management and operation of Adelaide Central Market in accordance with the Adelaide Central Market Authority Charter, the Market Charter and Council's Strategic Plan.

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
Council's Interest in Subsidiary	100%	100%	100%	100%

##### The nature and extent of significant restrictions relating to the Subsidiary

A 30% dividend is payable to Council annually on surplus amounts above the Asset Renewal Provision. No dividend was payable during 2020-21. The remaining surplus is retained in either a capital renewal or capital enhancement fund for future requirements.

##### The nature of risks associated with Council's interests in the Subsidiary

Council has provided ACMA with loan funding of \$12,627,881 as at 30 June 2021.

##### Other disclosures

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$505,546 for the year (\$493,321 2019-20).

Council has a lease agreement with ACMA for the Central Market Complex until the 30 September 2033. The lease charge totalled \$2,741,870 for the year (\$2,333,749 2019-20).

ACMA contracts staff from Council with the on-charge totalling \$834,950 for the year (\$920,293 2019-20).

On 8th June 2021 Council resolved to amend the ACMA Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8th July 2021. Effective from this date, ACMA is responsible for operating the Market and Arcade with the market assets and car park operation transferred to and operated by the City Of Adelaide. As a result, the Authority's property, plant and equipment was classified as held for distribution to owners at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute. The borrowings with

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18(b). Controlled Entities (continued)

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
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City of Adelaide and lease liabilities associated with the Star Carpark have been classified as current as the Authority expects to settle the liability in its normal operating cycle.

Following the amendments to the Authority's charter, ACMA has declared a distribution to its owner, the City of Adelaide of \$2,531,000. This will settle in its normal operating cycle.

Council, as the parent company, has provided an equity contribution of \$649,000 for the year to continue to support ACMA on a going concern basis.

Name of Operation/Entity	Principal Activity and Place of Business
<b>Adelaide Park Lands Authority (APLA)</b>	Adelaide Park Lands Authority was enacted on 14 December 2006 as a subsidiary of Council with its primary role being the provision of policy and advice to Council and the State Government in regard to the management of the Park Lands.

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
Council's Interest in Subsidiary	100%	100%	100%	100%

#### The nature and extent of significant restrictions relating to the Subsidiary

Council funds the operations of APLA through the provision of an annual grant which for 2020-21 totalled \$121,655 (\$215,000 2019-20).

#### Other disclosures

APLA contracts staff from Council with the on-charge totalling \$65,052 for the year (\$142,792 2019-20).

Name of Operation/Entity	Principal Activity and Place of Business
<b>Rundle Mall Management Authority (RMMA)</b>	The Rundle Mall Subsidiary was enacted on 9 October 2008 as a subsidiary of Council with its primary role being the promotion of the Rundle Mall. On 14 January 2021, Council resolved to amend the Charter of RMMA and renamed it Adelaide Economic Development Agency

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
Council's Interest in Subsidiary	0%	100%	0%	100%

#### Other disclosures

RMMA contracts staff from Council with the on-charge totalling \$552,310 for the period to 14 January 2021 (\$1,052,470 2019-20).

In the prior year, Council contributed \$962,456 to the Authority, which was in equal proportion to rates waived to support Rundle Mall Traders as a consequence of the COVID-19 crisis.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18(b). Controlled Entities (continued)

##### Name of Operation/Entity

Name of Operation/Entity	Principal Activity and Place of Business
<b>Adelaide Economic Development Agency (AEDA)</b>	The Adelaide Economic Development Agency was enacted on 14 January 2021 as a subsidiary of Council with its primary role being to accelerate economic growth in the city, growing the visitor economy, supporting residential growth, and marketing the city as a whole including Rundle Mall

Interests in Subsidiary \$ '000	Ownership 2021	Ownership 2020	Voting Rights 2021	Voting Rights 2020
Council's Interest in Subsidiary	100%	0%	100%	0%

##### Other disclosures

AEDA contracts staff from Council with the on-charge totalling \$1,427,545 for the period 14 January 2021 to 30 June 2021.

Aggregate amount of transactions with Council

#### Note 19. Non-Current Assets Held for Sale & Discontinued Operations

##### Details of Assets & Disposal Groups

At 30 June 2021, Council had entered into negotiations to sell a building. As a result, the building has been classified as held for sale in the financial statements.

\$ '000	2021	2020
---------	------	------

##### (ii). Carrying Amounts of Assets and Liabilities

##### Assets

Infrastructure, Property, Plant and Equipment	958	—
<b>Total Assets</b>	<b>958</b>	<b>—</b>
<b>Net Assets</b>	<b>958</b>	<b>—</b>

This disposal group was previously classified as part of Buildings in Note 7.

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 20. Contingencies & Assets / Liabilities Not Recognised in the Statement of Financial Position

The following assets and liabilities do not qualify for recognition in the 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 **190** km of road reserves of an average width of **9.55** 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

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.

Council has an ongoing matter in the Supreme Court of SA. The nature of the matter is such that it is unlikely that Council will be liable for any damages, but it will be liable to perform works in dispute. Council could also be subject to costs ordered against it.

Council disputes a matter in relation to the interpretation of its applicable industrial award, enterprise agreement and the Fair Work Act. The matter relates to the forced stand-down of employees in response to the COVID-19 crisis. As a result, the financial statements have recognised an amount to provide for any potential re-instatement of employee leave provisions.

Council has been served with a pre-action notice for which an estimate of financial settlement is unable to be provided for at this stage. As a result, the financial statements have not recognised a provision for any future settlement costs.

##### 4. OTHER CONTINGENT LIABILITIES

Council has committed to expenditure of \$1,327,361 as at 30 June 2021 through the Heritage Incentive Scheme (HIS). The payment of the scheme is contingent on the satisfaction that all the HIS grant requirements have been met. As a result, the financial statements have not recognised this liability.

##### 5. MAJOR PROPERTY DEVELOPMENTS

Council has entered into contracts to redevelop both the Central Market Arcade, and 88 O'Connell Street. No liabilities or assets associated with the developments have been recognised in the financial statements as construction has not commenced

##### 6. CONTINGENT ASSETS

Council has entered into a contract to redevelop the Central Market Arcade whereby Council will sell the Air Rights above the existing Arcade. This asset is contingent on construction commencing. As a result, the financial statements have not recognised this asset.



## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 21. Events after the Reporting Date

Events that occur after the reporting date of 30 June 2021, 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.

Council is aware of the following "non adjusting events" that merit disclosure;

Building assets held for sale. Subsequent to the reporting date, the following 2 buildings were classified as held for sale:

- The community land title of 211 Pirie Street was revoked by Council on 13 July 2021 and actively marketed for sale by expression of interest, with an option to consider the adjoining Pirie/Flinders UPark carpark as a value add. The future financial effect is not reliably estimated at this time.
- Whitmore Square Commercial Tenancy was approved by Council on 13 July 2021 to negotiate an offer for the tenancy space and one associated car park space. The sale settled on the 27 August 2021.

#### Note 22. Related Party Transactions

##### Key Management Personnel

##### Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Lord Mayor, Councillors, CEO and Directors. In all, 21 persons were paid the following total compensation:

\$ '000	2021	2020
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##### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	2,430	2,135
Post-Employment Benefits	282	136
<b>Total</b>	<b>2,712</b>	<b>2,271</b>

Compensation paid excludes reimbursement of expenses incurred on behalf of Council

##### Receipts from Key Management Personnel comprise:

Rentals for Council property	355	450
<b>Total</b>	<b>355</b>	<b>450</b>

Rentals for Council Property relates to Adelaide Central Market stall holdings. During the period, the parties to the rental revenue disclosed received \$73,264 (2019-20: \$136,000) in COVID19 rent waiver and other rent abatement in accordance with a decision of City of Adelaide to provide rent relief to all Adelaide Central Market stallholders.

## City of Adelaide

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 23. Capital City Development and Economic Development

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Expenditure incurred in accordance with the Capital City Committee Capital City Development Program per Section 34(1)(b) of the City of Adelaide Act 1998 totalled \$24.1m for 2020-21 (\$36.4 m 2019-20). This represents 13.59% (17.1% 2019-20) of total expenditure for the year ended 30 June 2021.

In accordance with the requirements of the City of Adelaide Act 1998, expenditure of \$12.6m (\$13.3m 2019-20) was incurred for works, services and activities that directly related to Council's economic development program.

This represents 7.11% (6.34% 2019-20) of the total expenditure for the year ended 30 June 2021.

City of Adelaide

General Purpose Financial Statements  
for the year ended 30 June 2021

Independent Auditor's Report - Financial Statements

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Item 4.2 - Attachment A

City of Adelaide

General Purpose Financial Statements  
for the year ended 30 June 2021

Independent Auditor's Report - Internal Controls

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Item 4.2 - Attachment A

## City of Adelaide

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide City Council for the year ended 30 June 2020, the Council's Auditor, BDO (Audit) SA 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*.

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Clare Mockler  
Chief Executive Officer

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David Powell  
Presiding Member, Audit Committee

Date:

## City of Adelaide

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide City Council for the year ended 30 June 2021, 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

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Date: dd MMMM yyyy

Mr Paul Gosnold  
BDO Audit (SA) Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

8 October 2021

Dear Mr Gosnold

#### **AUDIT FOR YEAR ENDED 30 JUNE 2021 OF CITY OF ADELAIDE**

This representation letter is provided in connection with your audit of the financial report of City of Adelaide for the year ended 30 June 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

#### **Financial report**

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 27 January 2021, for the preparation of the financial report in accordance with Australian Accounting Standards; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
6. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

10. We acknowledge the existence of, and have disclosed to you all information in relation to restatements made to correct any material misstatements in the prior period financial report that affects the comparative information.
11. We acknowledge that valuations of Infrastructure, Property, Plant & Equipment have been appropriately undertaken so as to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting. Individual classes of Infrastructure, Property, Plant & Equipment are assigned to the appropriate level in the AASB 13 fair value hierarchy.

#### **Books, records and documentation**

12. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - All minutes of meetings held by Council and relevant Committees since the end of the previous reporting period have been given to you for your inspection;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the financial report.

#### **Uncorrected misstatements**

14. We acknowledge that you have not brought to our attention any uncorrected misstatements detected during the course of your audit.

#### **Related parties**

15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
16. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

#### **Fraud**

17. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
18. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
19. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
20. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

#### **Litigation and claims**

21. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.



#### **Compliance with laws and regulations**

22. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
23. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

#### **Subsequent events**

24. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

#### **Other information**

25. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
26. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.
27. The final version of the other information will be provided to you when available, and prior to issuance to allow you to complete your procedures over this other information. We anticipate this to be provided to you XX Month 20X1.

#### **Electronic presentation of Financial Report**

28. We are responsible for the electronic presentation of the financial report.
29. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
30. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
31. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
32. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours sincerely

Clare Mockler  
Chief Executive Officer  
City of Adelaide

Grace Pelle  
Manager - Finance & Procurement  
City of Adelaide



## CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of Adelaide for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 30 September 2021

# Adelaide Economic Development Agency

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the period from 14 January 2021 to 30 June 2021

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## Adelaide Economic Development Agency

### General Purpose Financial Statements

for the period from 14 January 2021 to 30 June 2021

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## Adelaide Economic Development Agency

### General Purpose Financial Statements

for the period from 14 January 2021 to 30 June 2021

### Certification of Financial Statements

**We have been authorised by the Agency 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 Agency's financial position at 30 June 2021 and the results of its operations and cash flows for the reporting period,
- internal controls implemented by the Agency 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 Agency accounting and other records.

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Nikki Govan  
**CHAIR OF THE BOARD**  
**ADELAIDE ECONOMIC DEVELOPMENT AGENCY**

**Date:**

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Clare Mockler  
**CHIEF EXECUTIVE OFFICER**  
**CITY OF ADELAIDE**

## Adelaide Economic Development Agency

### Statement of Comprehensive Income

for the period from 14 January 2021 to 30 June 2021

\$ '000	Notes	2021
<b>Income</b>		
User Charges	2a	218
Grants, Subsidies and Contributions	2b	3,993
<b>Total Income</b>		<b>4,211</b>
<b>Expenses</b>		
Materials, Contracts & Other Expenses	3a	5,561
Depreciation, Amortisation & Impairment	3b	134
Finance Costs	3c	1
<b>Total Expenses</b>		<b>5,696</b>
<b>Operating Surplus / (Deficit)</b>		<b>(1,485)</b>
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>(1,485)</b>
<b>Total Comprehensive Income</b>		<b>(1,485)</b>

<sup>1</sup> Transferred to Statement of Changes in Equity

## Adelaide Economic Development Agency

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Trade & Other Receivables	4a	414
<b>Total Current Assets</b>		<b>414</b>
<b>Non-Current Assets</b>		
Infrastructure, Property, Plant & Equipment	5	250
<b>Total Non-Current Assets</b>		<b>250</b>
<b>TOTAL ASSETS</b>		<b>664</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	6a	350
Borrowings	6b	38
<b>Total Current Liabilities</b>		<b>388</b>
<b>Non-Current Liabilities</b>		
Borrowings	6b	45
<b>Total Non-Current Liabilities</b>		<b>45</b>
<b>TOTAL LIABILITIES</b>		<b>433</b>
<b>Net Assets</b>		<b>231</b>
<b>EQUITY</b>		
Accumulated Surplus		231
<b>Total Council Equity</b>		<b>231</b>

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

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## Adelaide Economic Development Agency

### Statement of Changes in Equity

for the period from 14 January 2021 to 30 June 2021

\$ '000	Notes	Total Equity
<b>2021</b>		
<b>Opening Balance</b>		-
<b>Net Surplus / (Deficit) for Year</b>		<b>(1,485)</b>
<b>Total Comprehensive Income</b>		<b>(1,485)</b>
Distribution received from Owners	11	<b>1,716</b>
<b>Balance at the end of period</b>		<b>231</b>

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

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## Adelaide Economic Development Agency

### Statement of Cash Flows

for the period from 14 January 2021 to 30 June 2021

\$ '000	Notes	2021
<b>Cash Flows from Operating Activities</b>		
<u>Receipts</u>		
Operating Receipts		3,797
<u>Payments</u>		
Payments for Materials, Contracts & Other Expenses		(5,211)
Finance Payments		(1)
<b>Net Cash provided by (or used in) Operating Activities</b>	7a	<b>(1,415)</b>
<b>Cash Flows from Investing Activities</b>		
<u>Receipts</u>		
Distributions Received from Owners		1,457
<u>Payments</u>		
Nil		
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>1,457</b>
<b>Cash Flows from Financing Activities</b>		
<u>Receipts</u>		
Nil		
<u>Payments</u>		
Repayment of Lease Liabilities		(42)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(42)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>-</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>		<b>-</b>
<b>Cash &amp; Cash Equivalents at end of period</b>		<b>-</b>

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

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## Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements  
for the period from 14 January 2021 to 30 June 2021

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## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements for the period from 14 January 2021 to 30 June 2021

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Adelaide Economic Development Agency (the Agency) 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

Council resolved to amend the Rundle Mall Management Authority's (the Authority) charter and rename it the Adelaide Economic Development Agency (the Agency). Notice of the amendment was placed in the Government Gazette, and registered as a separate legal entity with its own ABN on the 14<sup>th</sup> January 2021. The net assets of the Authority were transferred to the Agency on the 14<sup>th</sup> January 2021 at cost, and the Agency began trading from this date. The Financial Statements have been prepared for the period from 14<sup>th</sup> January 2021 to 30 June 2021.

##### 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 (except as stated below) 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 Rounding

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

#### 2 Income Recognition

The Agency 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 Agency expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when the Agency enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Agency 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 Agency to acquire or construct a recognisable non-financial asset that is to be controlled by the Agency. In this case, the Agency recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Agency satisfies its obligations under the transfer.

#### 3 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Agency'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.

#### 4 Infrastructure, Property, Plant & Equipment

##### 4.1 Initial Recognition

All assets are initially recognised at cost.

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

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements for the period from 14 January 2021 to 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

assets given as consideration plus costs incidental to the acquisition.

#### 4.2 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 Agency. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

#### 4.3 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 the Agency, 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.

<i>Plant, Furniture &amp; Equipment</i>	
Other Plant & Equipment	3 years
<i>Other Assets</i>	
Right-of-Use Assets	3 years

#### 4.4 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 the Agency were deprived thereof, are not subject to impairment testing.

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 Payables

##### 5.1 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded.

#### 6 Employee Benefits

The Agency does not have any employees. All employees are engaged through the parent entity, the City of Adelaide.

#### 7 Leases

The Agency 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 in exchange for consideration.

##### 7.1 The Agency as a lessee

The Agency 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 Agency 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:

Buildings	3 years
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The right-of-use assets are also subject to impairment.

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements for the period from 14 January 2021 to 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

##### ii.) Lease Liabilities

At the commencement date of the lease, the Agency 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 Agency uses its incremental borrowing rate or the interest rate implicit in the lease.

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

The Agency applies the short-term lease recognition exemption to its short-term leases of plant and equipment (ie 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 plant and equipment that are 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.

#### 8 GST Implications

In accordance with UIG 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.

#### 9 New and amended accounting standards and interpretations

In the current year, the Agency adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not

resulted in any material changes to the Agency's accounting policies.

The Agency has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

#### 10. Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. The Agency does not anticipate that new and amended Australian Accounting Standards, and Interpretations, issued but not yet effective at the time of compiling these illustrative statements will apply to the Agency's future reporting periods.

#### 11 Comparative Figures

No comparatives as this is the first year of operations.

#### 12 Disclaimer

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

## Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements  
for the period from 14 January 2021 to 30 June 2021

### Note 2. Income

\$ '000	2021
<b>(a). User Charges</b>	
Rundle Mall	218
<b>Total User Charges</b>	<b>218</b>
<b>(b). Grants, Subsidies, Contributions</b>	
Other Grants, Subsidies and Contributions	3,993
<b>Total Other Grants, Subsidies and Contributions</b>	<b>3,993</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>3,993</b>

In the period, an amount of \$3,913,518 was received by the Agency as contribution from the City of Adelaide.

#### (i) Sources of grants

State Government	80
City of Adelaide Contribution	3,913
<b>Total</b>	<b>3,993</b>

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

#### Note 3. Expenses

\$ '000	2021
<b>(a). Materials, Contracts and Other Expenses</b>	
<b>(i) Prescribed Expenses</b>	
Auditor's Remuneration	1
Bad and Doubtful Debts	4
Lease Expense - Low Value Assets / Short Term Leases	2
<b>Subtotal - Prescribed Expenses</b>	<b>7</b>
<b>(ii) Other Materials, Contracts and Expenses</b>	
Contractors	1,932
Energy	2
Maintenance	32
Legal Expenses	12
Parts, Accessories & Consumables	10
Professional Services	275
Advertising and Promotion	717
Catering	2
Cleaning	9
Communications	-
Contractual Expenses	9
Water	2
External Plant Hire	164
Insurance	7
Minor Plant and Equipment	16
Printing, Freight and Postage	23
Security	147
Sponsorships, Contributions and Donations	2,136
Subscriptions	40
Training and Development	7
Other	12
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>	<b>5,554</b>
<b>Total Materials, Contracts and Other Expenses</b>	<b>5,561</b>
<b>(b). Depreciation, Amortisation and Impairment</b>	
Right-of-Use Assets	40
Plant & Equipment	94
<b>Total Depreciation, Amortisation and Impairment</b>	<b>134</b>
<b>(c). Finance Costs</b>	
Interest on Leases	1
<b>Total Finance Costs</b>	<b>1</b>

## Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements  
for the period from 14 January 2021 to 30 June 2021

### Note 4. Current Assets

\$ '000	2021
<b>(a). Trade &amp; Other Receivables</b>	
Debtors - General	18
GST Recoupment	93
Prepayments	1
Inter-Entity Debtor	302
<b>Total Trade &amp; Other Receivables</b>	<b>414</b>



## Adelaide Economic Development Agency

Notes to and forming part of the Financial Statements  
for the period from 14 January 2021 to 30 June 2021

### Note 5 Infrastructure, Property, Plant & Equipment

	Net Assets Contributed from Owners as at 14 January 2021			Asset Movements during the Reporting Period		as at 30/6/2021		
	At Cost	Accumulated Dep'n	Carrying Value	Depreciation Expense (Note 3b)	Adjustments & Transfers	At Cost	Accumulated Dep'n	Carrying Value
<b>\$ '000</b>								
<b>Plant and Equipment</b>								
Right-of-Use Assets	495	(191)	304	(40)	(184)	229	(149)	80
Plant & Equipment	636	(371)	265	(94)	-	636	(466)	170
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>1,131</b>	<b>(562)</b>	<b>569</b>	<b>(134)</b>	<b>(184)</b>	<b>865</b>	<b>(615)</b>	<b>250</b>
<b>Comparatives</b>								

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

#### Note 6. Liabilities

\$ '000	Notes	2021	
		Current	Non Current
<b>(a). Trade and Other Payables</b>			
Payments Received in Advance		-	-
Accrued Expenses - Employee Entitlements		-	-
Accrued Expenses - Other		350	-
<b>Total Trade and Other Payables</b>		<b>350</b>	<b>-</b>
<b>(b). Borrowings</b>			
Lease Liabilities	10	38	45
<b>Total Borrowings</b>		<b>38</b>	<b>45</b>

#### Note 7. Reconciliation to Statement of Cash Flows

\$ '000	2021
---------	------

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:

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

<b>Net Surplus/(Deficit)</b>	<b>(1,485)</b>
Non-Cash Items in Income Statements	
Depreciation, Amortisation & Impairment	134
	<b>(1,351)</b>
<b>Add (Less): Changes in Net Current Assets</b>	
Net (Increase)/Decrease in Receivables	(414)
Net Increase/(Decrease) in Trade & Other Payables	350
<b>Net Cash provided by (or used in) operations</b>	<b>(1,415)</b>

## Adelaide Economic Development Agency

## Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

## Note 8. Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2021</b>					
<b><u>Financial Assets</u></b>					
Receivables	320	-	-	320	320
<b>Total Financial Assets</b>	<b>320</b>	<b>-</b>	<b>-</b>	<b>320</b>	<b>320</b>
<b><u>Financial Liabilities</u></b>					
Payables	350	-	-	350	350
Lease Liabilities	38	45	-	83	80
<b>Total Financial Liabilities</b>	<b>388</b>	<b>45</b>	<b>-</b>	<b>433</b>	<b>430</b>

**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 Agency.

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

#### Note 9. Uniform Presentation of Finances

\$ '000	2021
<p>The following is a high level summary of both operating and capital investment activities of the Agency 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	4,211
less Expenses	(5,696)
<b>Operating Surplus / (Deficit)</b>	<b>(1,485)</b>
<b>Net Outlays on Existing Assets</b>	
<i>add back</i> Depreciation, Amortisation and Impairment	134
<b>Subtotal</b>	<b>134</b>
<b>Net Outlays on New and Upgraded Assets</b>	
Nil	-
<b>Subtotal</b>	<b>-</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(1,351)</b>

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

#### Note 10. Leases

\$ '000

##### The Agency as a Lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

##### Right of use assets

	Buildings \$'000	Total \$'000
<b>2021</b>		
<b>Balance at 1 July</b>	-	-
Additions to right-of-use assets	304	304
Adjustments to right-of-use assets due to remeasurement of lease liability	(184)	(184)
Depreciation charge	(40)	(40)
<b>Balance at 30 June 2021</b>	<u>80</u>	<u>80</u>

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

\$ '000	2021
<b>Balance at 1 July</b>	-
Distribution from owners	310
Adjustments due to remeasurement of lease liability	(184)
Accretion of interest	1
Payments	(44)
<b>Balance at 30 June</b>	<u>83</u>

##### Classified as:

Current	38
Non Current	45

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

The Agency had total cash outflows for leases of \$43,767.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	40
Interest expense on lease liabilities	1
Expense relating to short term leases	2
<b>Total amount recognised in profit or loss</b>	<u>43</u>

## Adelaide Economic Development Agency

### Notes to and forming part of the Financial Statements

for the period from 14 January 2021 to 30 June 2021

#### Note 11. Related Party Transactions

\$ '000	2021
---------	------

#### Key Management Personnel

##### Transactions with Key Management Personnel

The Key Management Personnel of the Agency includes Board Members and Managing Director AEDA. In all, 8 persons were paid the following total compensation which has been included within contractors in note 3:

##### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	175
Post-Employment Benefits	12
<b>Total</b>	<b>187</b>

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

##### Other Related Party Transactions

The Adelaide Economic Development Agency contracts staff from the City of Adelaide. The cost of these services was \$1,427,545.04 for the period 14 January 2021 to 30 June 2021.

Council resolved to amend the Rundle Mall Management Authority's (the Authority) charter and rename it the Adelaide Economic Development Agency (the Agency). The Authority traded for the period 1st July 2020 to 13th January 2021. The net assets of the Authority were transferred to the Agency on the 14th January 2021 at their net carrying value of \$1,716,000 as detailed below:

Trade and Other Receivables	1,484
Infrastructure, Property, Plant & Equipment	506
<b>Total Assets</b>	<b>1,990</b>
Trade & Other Payables	29
Borrowings	245
<b>Total Liabilities</b>	<b>274</b>
<b>Net Assets Transferred to Owners</b>	<b>1,716</b>

In the period, an amount of \$3,913,518 was received by the Agency as contribution from the City of Adelaide.

## Adelaide Economic Development Agency

### General Purpose Financial Statements

for the period from 14 January 2021 to 30 June 2021

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Economic Development Agency for the period from 14 January 2021 to 30 June 2021, the Council's Auditor, BDO Audit (SA) 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*.

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Nikki Govan

**CHAIR OF THE BOARD**  
**ADELAIDE ECONOMIC DEVELOPMENT AGENCY**

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David Powell

**PRESIDING MEMBER, AUDIT COMMITTEE**

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Clare Mockler

**CHIEF EXECUTIVE OFFICER**  
**CITY OF ADELAIDE**

**Date:**



## CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Economic Development Agency for the period from 14 January 2021 to 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 30 September 2021



8 October 2021

Mr Paul Gosnold  
BDO Audit (SA) Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

Dear Mr Gosnold

**AUDIT FOR PERIOD FROM 14 JANUARY 2021 TO 30 JUNE 2021 OF ADELAIDE ECONOMIC DEVELOPMENT AGENCY**

This representation letter is provided in connection with your audit of the financial report of the Adelaide Economic Development Agency for the period from 14 January 2021 to 30 June 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

**Financial report**

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 27 January 2021, for the preparation for the financial report in accordance with Australian Accounting Standards; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies are appropriate.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
6. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

Kaurna Country, Level 1, Eagle Chambers, 5 Pirie Street, Adelaide SA 5000  
GPO Box 2252, Adelaide SA 5001 | T +61 8 8203 7818 E enquiries@aedasa.com.au

The Adelaide Economic Development Agency acknowledges the Kaurna people as the Traditional Owners of the Country where the city of Adelaide is situated, and pays its respect to Elders past, present and emerging.

[aedasa.com.au](http://aedasa.com.au)



### **Books, records and documentation**

10. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
11. All transactions have been recorded in the accounting records and are reflected in the financial report.

### **Uncorrected misstatements**

12. We acknowledge there have been no uncorrected misstatements detected during the course of your audit.

### **Related parties**

13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
14. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

### **Fraud**

15. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
16. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
17. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
18. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.

### **Litigation and claims**

19. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

### **Compliance with laws and regulations**

20. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
21. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.

There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

**Subsequent events**

22. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

**Other information**

23. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
24. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

**Electronic presentation of Financial Report**

25. We are responsible for the electronic presentation of the financial report.
26. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
27. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
28. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
29. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

Clare Mockler  
Chief Executive Officer  
City of Adelaide

Nikki Govan  
Chair of the Board  
Adelaide Economic Development Agency

# Rundle Mall Management Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the period from 1 July 2020 to 14 January 2021

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## Rundle Mall Management Authority

### General Purpose Financial Statements

for the period 1 July 2020 to 14 January 2021

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## Rundle Mall Management Authority

### General Purpose Financial Statements

for the period 1 July 2020 to 14 January 2021

### 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 14 January 2021 and the results of its operations and cash flows for the reporting period,
- internal controls implemented by the Authority 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 Authority's accounting and other records.

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Nikki Govan  
**CHAIR OF THE BOARD**  
**ADELAIDE ECONOMIC DEVELOPMENT AGENCY**  
**(PREVIOUSLY KNOWN AS RUNDLE MALL**  
**MANAGEMENT AUTHORITY)**

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Clare Mockler  
**CITY OF ADELAIDE**  
**CHIEF EXECUTIVE OFFICER**

**Date:**

## Rundle Mall Management Authority

### Statement of Comprehensive Income

for the period 1 July 2020 to 14 January 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Rates	2a	3,841	2,888
User Charges	2b	147	569
Grants, Subsidies and Contributions	2c	-	1,090
<b>Total Income</b>		<b>3,988</b>	<b>4,547</b>
<b>Expenses</b>			
Materials, Contracts & Other Expenses	3a	2,380	4,329
Depreciation, Amortisation & Impairment	3b	148	235
Finance Costs	3c	3	7
<b>Total Expenses</b>		<b>2,531</b>	<b>4,571</b>
<b>Operating Surplus / (Deficit)</b>		<b>1,457</b>	<b>(24)</b>
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>1,457</b>	<b>(24)</b>
<b>Total Comprehensive Income</b>		<b>1,457</b>	<b>(24)</b>

<sup>1</sup> Transferred to Statement of Changes in Equity

## Rundle Mall Management Authority

## Statement of Financial Position

as at 14 January 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade & Other Receivables	4a	-	41
<b>Total Current Assets</b>		<b>-</b>	<b>41</b>
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment	5	-	543
<b>Total Non-Current Assets</b>		<b>-</b>	<b>543</b>
<b>TOTAL ASSETS</b>		<b>-</b>	<b>584</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	6a	-	42
Borrowings	6b	-	73
<b>Total Current Liabilities</b>		<b>-</b>	<b>115</b>
<b>Non-Current Liabilities</b>			
Borrowings	6b	-	210
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>210</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>325</b>
<b>Net Assets</b>		<b>-</b>	<b>259</b>
<b>EQUITY</b>			
Accumulated Surplus		-	259
<b>Total Council Equity</b>		<b>-</b>	<b>259</b>

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

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## Rundle Mall Management Authority

### Statement of Changes in Equity

for the period 1 July 2020 to 14 January 2021

\$ '000	Notes	Total Equity
<b>2021 (as at 14 January 2021)</b>		
<b>Balance at the end of previous reporting period</b>		<b>259</b>
<b>Net Surplus / (Deficit) for the Period</b>		<b>1,457</b>
<b>Total Comprehensive Income</b>		<b>1,457</b>
Distribution to Owners	11	<b>(1,716)</b>
<b>Balance at the end of period</b>		<b>-</b>
<b>2020</b>		
<b>Balance at the end of previous reporting period</b>		<b>283</b>
<b>Net Surplus / (Deficit) for Year</b>		<b>(24)</b>
<b>Total Comprehensive Income</b>		<b>(24)</b>
<b>Balance at the end of period</b>		<b>259</b>

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

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## Rundle Mall Management Authority

### Statement of Cash Flows

for the period 1 July 2020 to 14 January 2021

\$ '000	Notes	2021	2020
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Operating Receipts		4,007	4,555
<u>Payments</u>			
Payments for Materials, Contracts & Other Expenses		(2,400)	(4,308)
Finance Payments		(3)	(7)
<b>Net Cash provided by (or used in) Operating Activities</b>	7a	<b>1,604</b>	<b>240</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(110)	(162)
Distribution to Owners	11	(1,457)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(1,567)</b>	<b>(162)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayment of Lease Liabilities		(37)	(78)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(37)</b>	<b>(78)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>-</b>	<b>-</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>		<b>-</b>	<b>-</b>
<b>Cash &amp; Cash Equivalents at end of period</b>		<b>-</b>	<b>-</b>

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

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## Rundle Mall Management Authority

Notes to and forming part of the Financial Statements  
for the period 1 July 2020 to 14 January 2021

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## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements for the period from 1 July 2020 to 14 January 2021

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Rundle Mall Management Authority (the Authority) 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

Council resolved to amend the Authority's charter and rename it the Adelaide Economic Development Agency (the Agency). Notice of the amendment was placed in the Government Gazette, and registered as a separate legal entity with its own ABN on the 14<sup>th</sup> January 2021. The Authority traded for the period 1 July 2020 to 13<sup>th</sup> January 2021. The net assets of the Authority were transferred to the Agency on the 14<sup>th</sup> January 2021 at their net carrying value. The Financial Statements were prepared for the period from 1 July 2020 to 14<sup>th</sup> January 2021.

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on an accruals basis and is based on the historical cost convention (except as stated below) 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 Rounding

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

##### 2 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 '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 Authority expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when the Authority enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Authority 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 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.

##### 3 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.

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.

##### 4 Infrastructure, Property, Plant & Equipment

###### 4.1 Initial Recognition

All assets are initially recognised at cost.

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

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements for the period from 1 July 2020 to 14 January 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

#### 4.2 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. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

#### 4.3 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 the Authority, 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.

#### *Plant, Furniture & Equipment*

Other Plant & Equipment	3 years
-------------------------	---------

#### *Other Assets*

Right-of-Use Assets	3 years
---------------------	---------

#### 4.4 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 the Authority were deprived thereof, are not subject to impairment testing.

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 Payables

### 5.1 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded.

## 6 Employee Benefits

The Authority does not have any employees. All employees are engaged through the parent entity, the City of Adelaide

## 7 Leases

The Authority 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 in exchange for consideration.

### 7.1 The Authority as a lessee

The Authority 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 Authority 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:

Buildings	3 years
-----------	---------

The right-of-use assets are also subject to impairment.

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements for the period from 1 July 2020 to 14 January 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

##### ii.) Lease Liabilities

At the commencement date of the lease, the Authority 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 Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

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

The Authority applies the short-term lease recognition exemption to its short-term leases of plant and equipment (ie 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 plant and equipment that are 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.

#### 8 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.

#### 9 New and amended accounting standards and interpretations

In the current year, the Authority adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not

resulted in any material changes to the Authority's accounting policies.

Rundle Mall Management Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

#### 10. Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. The Authority does not anticipate that new and amended Australian Accounting Standards, and Interpretations, issued but not yet effective at the time of compiling these illustrative statements will apply to the Authority's future reporting periods.

#### 11 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.

#### 12 Disclaimer

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

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 2. Income

\$ '000	2021	2020
<b>(a). Rates Revenues</b>		
Rundle Mall Separate Rate	3,841	2,888
<b>Total Rates Revenues</b>	<b>3,841</b>	<b>2,888</b>
<b>(b). User Charges</b>		
Rundle Mall	147	569
<b>Total User Charges</b>	<b>147</b>	<b>569</b>
<b>(c). Grants, Subsidies, Contributions</b>		
Other Grants, Subsidies and Contributions	-	1,090
<b>Total Grants, Subsidies, Contributions</b>	<b>-</b>	<b>1,090</b>

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 3. Expenses

\$ '000	2021	2020
<b>(a). Materials, Contracts and Other Expenses</b>		
<b>(i) Prescribed Expenses</b>		
Auditor's Remuneration	1	1
Lease Expense - Low Value Assets / Short Term Leases	1	94
<b>Subtotal - Prescribed Expenses</b>	<b>2</b>	<b>95</b>
<b>(ii) Other Materials, Contracts and Expenses</b>		
Contractors	762	1,422
Energy	5	11
Maintenance	4	5
Legal Expenses	5	10
Parts, Accessories & Consumables	1	5
Professional Services	23	68
Sundry	-	44
Advertising and Promotion	1,127	1,558
Catering	1	9
Cleaning	22	12
Water	2	4
External Plant Hire	184	293
Insurance	7	14
Minor Plant and Equipment	2	10
Printing, Freight and Postage	12	35
Rates and Taxes	2	3
Security	202	310
Sponsorships, Contributions and Donations	15	405
Subscriptions	-	2
Training and Development	-	4
Waste Services	-	1
Other	2	9
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>	<b>2,378</b>	<b>4,234</b>
<b>Total Materials, Contracts and Other Expenses</b>	<b>2,380</b>	<b>4,329</b>
<b>(b). Depreciation, Amortisation and Impairment</b>		
Right-of-Use Assets	40	75
Plant & Equipment	108	160
<b>Total Depreciation, Amortisation and Impairment</b>	<b>148</b>	<b>235</b>
<b>(c). Finance Costs</b>		
Interest on Leases	3	7
<b>Total Finance Costs</b>	<b>3</b>	<b>7</b>



## Rundle Mall Management Authority

Notes to and forming part of the Financial Statements  
for the period 1 July 2020 to 14 January 2021

### Note 4. Current Assets

\$ '000	2021	2020
<b>(a). Trade &amp; Other Receivables</b>		
Accrued Revenues	-	23
Debtors - General	-	8
Prepayments	-	10
<b>Subtotal</b>	<b>-</b>	<b>41</b>
Less: Allowance for Doubtful Debts	-	-
<b>Total Trade &amp; Other Receivables</b>	<b>-</b>	<b>41</b>

## Rundle Mall Management Authority

## Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

## Note 5 Infrastructure, Property, Plant &amp; Equipment

	as at 30/6/2020			Asset Movements during the Reporting Period				as at 14/1/2021		
	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	Adjustments	Depreciation Expense (Note 3c)	Distribution to Owners	At Cost	Accumulated Dep'n	Carrying Value
\$ '000										
<b>Plant and Equipment</b>										
Right-of-Use Assets	355	(75)	280	-	1	(40)	(241)	-	-	-
Plant & Equipment	526	(263)	263	110	-	(108)	(265)	-	-	-
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>881</b>	<b>(338)</b>	<b>543</b>	<b>110</b>	<b>1</b>	<b>(148)</b>	<b>(506)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comparatives</b>	365	(103)	262	180	-	(100)	-	881	(338)	543

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 6. Liabilities

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a). Trade and Other Payables</b>					
Payments Received in Advance		-	-	12	-
Accrued Expenses - Other		-	-	2	-
Loan from City of Adelaide		-	-	28	-
<b>Total Trade and Other Payables</b>		<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>(b). Borrowings</b>					
Lease Liabilities	10	-	-	73	210
<b>Total Borrowings</b>		<b>-</b>	<b>-</b>	<b>73</b>	<b>210</b>

#### Note 7. Reconciliation to Statement of Cash Flows

\$ '000	2021	2020
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:		
<b>(a). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>		
<b>Net Surplus/(Deficit)</b>	<b>1,457</b>	<b>(24)</b>
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	148	235
	<b>1,605</b>	<b>218</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	41	(14)
Net Increase/(Decrease) in Trade & Other Payables	(42)	36
<b>Net Cash provided by (or used in) operations</b>	<b>1,604</b>	<b>240</b>

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 8. Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Total Contractual Cash Flows	Carrying Values
<b>2021</b>				
<b><u>Financial Assets</u></b>				
Receivables	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Financial Liabilities</u></b>				
Payables	-	-	-	-
Lease Liabilities	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>				
<b><u>Financial Assets</u></b>				
Receivables	31	-	31	31
<b>Total Financial Assets</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>31</b>
<b><u>Financial Liabilities</u></b>				
Payables	42	-	42	42
Lease Liabilities	79	216	295	283
<b>Total Financial Liabilities</b>	<b>121</b>	<b>216</b>	<b>337</b>	<b>325</b>

#### 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.

## Rundle Mall Management Authority

Notes to and forming part of the Financial Statements  
for the period 1 July 2020 to 14 January 2021

### Note 9. Uniform Presentation of Finances

\$ '000	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of the Authority 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	3,988	4,547
less Expenses	(2,531)	(4,571)
<b>Operating Surplus / (Deficit)</b>	<b>1,457</b>	<b>(24)</b>
<b>Net Outlays on Existing Assets</b>		
<i>add back</i> Depreciation, Amortisation and Impairment	148	235
<b>Subtotal</b>	<b>148</b>	<b>235</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets	(110)	(162)
<b>Subtotal</b>	<b>(110)</b>	<b>(162)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,495</b>	<b>49</b>

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 10. Leases

\$ '000

##### The Authority as a Lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

##### Right of use assets

	Buildings \$'000	Total \$'000
<b>2021</b>		
Opening Balance	280	280
Adjustments to right-of-use assets due to remeasurement of lease liability	1	1
Depreciation charge	(40)	(40)
Impairment of right-of-use assets	-	-
Distribution to owners	(241)	(241)
<b>Balance at 14 January 2021</b>	<b>-</b>	<b>-</b>
<b>2020</b>		
Adoption of AASB 16 at 1 July 2018	355	355
Depreciation charge	(75)	(75)
<b>Balance at 30 June 2019</b>	<b>280</b>	<b>280</b>

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

\$ '000	2021	2020
<b>Balance at 1 July</b>	283	-
Additions	-	355
Adjustments due to remeasurement of lease liability	1	
Accretion of interest	3	7
Payments	(42)	(79)
Distribution to owners	(245)	-
<b>Balance at 30 June</b>	<b>-</b>	<b>283</b>

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 10. Leases (continued)

\$ '000	2021	2020
<b>Classified as:</b>		
Current	-	73
Non Current	-	210
<p>The maturity analysis of lease liabilities is included in Note 8.</p> <p>The Authority had total cash outflows for leases of \$42,297.</p> <p>The following are the amounts recognised in profit or loss:</p>		
Depreciation expense of Right-of-Use Assets	40	75
Interest expense on lease liabilities	3	7
Expense relating to short term leases	1	94
<b>Total amount recognised in profit or loss</b>	<b>44</b>	<b>176</b>

## Rundle Mall Management Authority

### Notes to and forming part of the Financial Statements

for the period 1 July 2020 to 14 January 2021

#### Note 11. Related Party Transactions

\$ '000	2021	2020
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#### Key Management Personnel

##### Transactions with Key Management Personnel

The Key Management Personnel of the Authority include Board Members and the General Manager. In all, 8 persons were paid the following total compensation which has been included within contractors in note 3:

##### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	118	210
Post-Employment Benefits	8	15
<b>Total</b>	<u>126</u>	<u>225</u>

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

#### Other Related Party Transactions

The Rundle Mall Management Authority contracts staff from the City of Adelaide. The cost of these services was \$552,310.41 for the period 1/7/2020 to 13/1/2021 (FY2020 full year \$1,052,470).

Council resolved to amend the Authority's charter and rename it the Adelaide Economic Development Agency (the Agency). The Authority traded for the period 1st July 2020 to 13th January 2021. The net assets of the Authority were transferred to the Agency on the 14th January 2021 at their net carrying value of \$1,716,000 as detailed below:

Trade and Other Receivables	1,484
Infrastructure, Property, Plant & Equipment	506
<b>Total Assets</b>	<u>1,990</u>
Trade & Other Payables	29
Borrowings	245
<b>Total Liabilities</b>	<u>274</u>
<b>Net Assets Transferred to Owners</b>	<u>1,716</u>



## Rundle Mall Management Authority

### General Purpose Financial Statements

for the period 1 July 2020 to 14 January 2021

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Rundle Mall Management Authority for the period from 1 July 2020 to 14 January 2021, the Council's Auditor, BDO Audit (SA) 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*.

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Nikki Govan

**CHAIR OF THE BOARD**  
**ADELAIDE ECONOMIC DEVELOPMENT AGENCY**  
**(PREVIOUSLY KNOWN AS RUNDLE MALL**  
**MANAGEMENT AUTHORITY)**

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David Powell

**PRESIDING MEMBER, AUDIT COMMITTEE**

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Clare Mockler  
 Chief Executive Officer  
**CITY OF ADELAIDE**

**Date:**



## CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Rundle Mall Management Authority for the period from 1 July 2020 to 14 January 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 30 September 2021

8 October 2021

Mr Paul Gosnold  
BDO Audit (SA) Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

Dear Mr Gosnold

### **AUDIT FOR PERIOD FROM 1 JULY 2020 TO 14 JANUARY 2021 OF RUNDLE MALL MANAGEMENT AUTHORITY**

This representation letter is provided in connection with your audit of the financial report of the Rundle Mall Management Authority for the period from 1 July 2020 to 14 January 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

#### **Financial report**

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 27 January 2021, for the preparation for the financial report in accordance with Australian Accounting Standards; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. We acknowledge that City of Adelaide resolved to amend the Authority's charter and rename it Adelaide Economic Development Agency operating as a separate legal entity with its own ABN. The Authority traded for the period from 1 July 2020 to 13 January 2021. The net assets of the Authority were then transferred to the Adelaide Economic Development Agency as a distribution to and from the owner of both entities.
5. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
6. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
7. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.

Kaurna Country, Level 1, Eagle Chambers, 5 Pirie Street, Adelaide SA 5000  
GPO Box 2252, Adelaide SA 5001 | T +61 8 8203 7818 E enquiries@aedasa.com.au

The Adelaide Economic Development Agency acknowledges the Kaurna people as the Traditional Owners of the Country where the city of Adelaide is situated, and pays its respect to Elders past, present and emerging.

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8. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

#### **Books, records and documentation**

9. We have provided you with:
- Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been recorded in the accounting records and are reflected in the financial report.

#### **Uncorrected misstatements**

11. We acknowledge there have been no uncorrected misstatements detected during the course of your audit.

#### **Related parties**

12. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
13. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

#### **Fraud**

14. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
15. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
16. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
- Management;
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
17. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.

#### **Litigation and claims**

18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

#### **Compliance with laws and regulations**

19. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
20. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.
- There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

**Subsequent events**

21. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

**Other information**

22. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
23. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

**Electronic presentation of Financial Report**

24. We are responsible for the electronic presentation of the financial report.
25. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
26. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
27. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
28. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

Clare Mockler  
Chief Executive Officer  
City of Adelaide

Nikki Govan  
Chair of the Board  
Adelaide Economic Development Agency

# Adelaide Park Lands Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## Adelaide Park Lands Authority

### General Purpose Financial Statements for the year ended 30 June 2021

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## Adelaide Park Lands Authority

### General Purpose Financial Statements

for the year ended 30 June 2021

### 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 2021 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.

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Clare Mockler  
**CITY OF ADELAIDE**  
**CHIEF EXECUTIVE OFFICER**

---

Sandy Verschoor  
**LORD MAYOR**

**Date:**



## Adelaide Park Lands Authority

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Income</b>			
Grants, Subsidies and Contributions	2a	126	215
<b>Total Income</b>		<b>126</b>	<b>215</b>
<b>Expenses</b>			
Materials, Contracts & Other Expenses	3a	126	215
<b>Total Expenses</b>		<b>126</b>	<b>215</b>
Operating Surplus / (Deficit)		-	-
Net Surplus / (Deficit)		-	-
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>

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

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## Adelaide Park Lands Authority

## Statement of Financial Position

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	-	-
Trade & Other Receivables	-	-
Other Financial Assets	-	-
Inventories	-	-
Other Current Assets	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
Non-Current Assets Held for Sale	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>		
Financial Assets	-	-
Equity Accounted Investments in Council Businesses	-	-
Infrastructure, Property, Plant & Equipment	-	-
Investment Property	-	-
Other Non-Current Assets	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	-	-
Borrowings	-	-
Provisions	-	-
Other Current Liabilities	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
Liabilities relating to Non-Current Assets Held for Sale	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Trade & Other Payables	-	-
Borrowings	-	-
Provisions	-	-
Liability - Equity Accounted Council Businesses	-	-
Other Non-Current Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>		
Accumulated Surplus	-	-
Asset Revaluation Reserves	-	-
Other Reserves	-	-
<b>Total Equity</b>	<b>-</b>	<b>-</b>

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

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## Adelaide Park Lands Authority

## Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Accumulated Surplus	Total Equity
<b>2021</b>		
Balance at the end of previous reporting period	-	-
Net Surplus / (Deficit) for Year	-	-
Total Comprehensive Income	-	-
Balance at the end of period	-	-
<b>2020</b>		
Balance at the end of previous reporting period	-	-
Net Surplus / (Deficit) for Year	-	-
Total Comprehensive Income	-	-
Balance at the end of period	-	-

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

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## Adelaide Park Lands Authority

### Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Cash Flows from Operating Activities</b>		
<b><u>Receipts</u></b>		
Operating Receipts	126	187
<b><u>Payments</u></b>		
Operating Payments to Suppliers and Employees	(126)	(187)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>-</b>	<b>-</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	<b>-</b>	<b>-</b>

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

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## Adelaide Park Lands Authority

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	10
3	Expenses	11
4	Uniform Presentation of Finances	12
5	Related Party Transactions	13

## Adelaide Park Lands Authority

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by the Adelaide Park Lands Authority (the Authority) 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 on a going concern basis using the historical cost convention (except as stated below) 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 Rounding

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

#### 2 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 '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 Authority expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when the Authority enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable

the Authority 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 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.

Income of the Authority was not impacted as a result of AASB 15 or AASB 1015 during the reporting period.

#### 3 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.

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.

#### 4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

#### 5 Employee Benefits

The Authority does not have any employees. All employees are engaged through the parent entity, the City of Adelaide

#### 6 GST Implications

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

- Receivables and Creditors include GST receivable and payable.

## Adelaide Park Lands Authority

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

- 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.

#### 7 New and amended accounting standards and interpretations

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

Adelaide Park Lands Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

#### 8 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021.

The Authority does not anticipate that new and amended Australian Accounting Standards, and Interpretations, issued but not yet effective at the time of compiling these illustrative statements will apply to the Authority's future reporting periods.

#### 9 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.

#### 10 Disclaimer

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

## Adelaide Park Lands Authority

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2021

### Note 2. Income

\$ '000	2021	2020
<b>(a). Grants, Subsidies, Contributions</b>		
Other Grants, Subsidies and Contributions	126	215
<b>Total Other Grants, Subsidies and Contributions</b>	<b>126</b>	<b>215</b>
<b>Total Grants, Subsidies, Contributions</b>	<b>126</b>	<b>215</b>
<b>(i) Sources of grants</b>		
City of Adelaide	126	215
<b>Total</b>	<b>126</b>	<b>215</b>



## Adelaide Park Lands Authority

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2021

### Note 3. Expenses

\$ '000	2021	2020
<b>(a). Materials, Contracts and Other Expenses</b>		
<b>(i) Prescribed Expenses</b>		
Auditor's Remuneration	1	1
<b>Subtotal - Prescribed Expenses</b>	<b>1</b>	<b>1</b>
<b>(ii) Other Materials, Contracts and Expenses</b>		
Contractors	73	143
Legal Expenses	-	6
Insurance	14	14
Sitting Fees	38	36
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>	<b>125</b>	<b>214</b>
<b>Total Materials, Contracts and Other Expenses</b>	<b>126</b>	<b>215</b>

## Adelaide Park Lands Authority

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Note 4. Uniform Presentation of Finances

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\$ '000

2021

2020

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

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

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

Income	126	215
less Expenses	(126)	(215)
<b>Operating Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>
<hr/>		
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>-</b>	<b>-</b>
<hr/>		

## Adelaide Park Lands Authority

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2021

### Note 5. Related Party Transactions

\$ '000	2021	2020
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#### Key Management Personnel

##### Transactions with Key Management Personnel

The Key Management Personnel of the Adelaide Park Lands Authority include the Board Members. In all, 11 persons were paid the following total cumulative compensation:

##### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	38	36
<b>Total</b>	<b>38</b>	<b>36</b>

##### Other Related party Transactions

The Adelaide Parklands Authority contracts staff from the City of Adelaide. The cost of these services was \$65,052 for the year (2020 \$137,113).

The City of Adelaide provides an annual contribution to APLA matching the total expenditure incurred during the financial year.

## Adelaide Park Lands Authority

### General Purpose Financial Statements

for the year ended 30 June 2021

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Park Lands Authority for the year ended 30 June 2020, the Council's Auditor, BDO Audit 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*.

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Clare Mockler  
**CITY OF ADELAIDE**  
**CHIEF EXECUTIVE OFFICER**

---

David Powell  
**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date:**

Mr Paul Gosnold  
 BDO Audit (SA) Pty Ltd  
 Level 7, BDO Centre  
 420 King William Street  
 ADELAIDE SA 5000

8 October 2021

Dear Mr Gosnold

#### **AUDIT FOR YEAR ENDED 30 JUNE 2021 OF ADELAIDE PARK LAND AUTHORITY**

This representation letter is provided in connection with your audit of the financial report of Adelaide Park Land Authority for the year ended 30 June 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

#### **Financial report**

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 27 January 2021, for the preparation for the financial report in accordance with Australian Accounting Standards; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
5. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
6. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
7. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

#### **Books, records and documentation**

8. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. All transactions have been recorded in the accounting records and are reflected in the financial report.

**Uncorrected misstatements**

10. We acknowledge there have been no uncorrected misstatements detected during the course of your audit.

**Related parties**

11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

**Fraud**

13. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
14. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
15. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
16. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.

**Litigation and claims**

17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

**Compliance with laws and regulations**

18. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
19. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

**Subsequent events**

20. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

**Other information**

21. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
22. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

**Electronic presentation of Financial Report**

23. We are responsible for the electronic presentation of the financial report.
24. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
25. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.

26. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
27. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours sincerely

Clare Mockler  
Chief Executive Officer  
City of Adelaide

Sandy Verschoor  
The Right Honourable The Lord Mayor of Adelaide  
Presiding Member  
Adelaide Park Lands Authority



## CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Park Lands Authority for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 30 September 2021



# **BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

## **Financial Statements**

**For the Year Ended 30 June 2021**

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Contents****For the Year Ended 30 June 2021**

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## BROWN HILL &amp; KESWICK CREEKS STORM WATER BOARD

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2021**

		2021	2020
	Note	\$	\$
Contributions	4	472,005	388,655
Investment income	4	25,483	24,737
Employee Costs	5	(285,618)	(270,290)
Materials, contracts and other expenses	5	(198,850)	(151,631)
Depreciation	5	(62,157)	(36,646)
Finance costs	5	(293)	(198)
<b>Operating surplus / (deficit)</b>		<b>(49,430)</b>	<b>(45,373)</b>
Capital funding / grants	4	9,876,755	1,761,766
<b>Total surplus</b>		<b>9,827,325</b>	<b>1,716,393</b>
Other comprehensive income – asset revaluation reserve		279,477	-
<b>Total comprehensive income for the year</b>		<b>10,106,802</b>	<b>1,716,393</b>

The accompanying notes form part of these financial statements.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	12,135,273	5,002,849
Trade and other receivables	7	270,819	325,122
<b>TOTAL CURRENT ASSETS</b>		<b>12,406,092</b>	<b>5,327,971</b>
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,634,383	6,410,219
<b>TOTAL NON-CURRENT ASSETS</b>		<b>13,634,383</b>	<b>6,410,219</b>
<b>TOTAL ASSETS</b>		<b>26,040,475</b>	<b>11,738,190</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	117,054	1,568,187
Employee benefits	10	18,791	10,739
<b>TOTAL CURRENT LIABILITIES</b>		<b>135,845</b>	<b>1,578,926</b>
<b>TOTAL LIABILITIES</b>		<b>135,845</b>	<b>1,578,926</b>
<b>NET ASSETS</b>		<b>25,904,630</b>	<b>10,159,264</b>
<b>EQUITY</b>			
Capital contributions	11	13,869,907	8,231,343
Capital funding / grants		11,638,521	1,761,766
Asset revaluation reserve	8	279,477	-
Accumulated surplus		116,725	166,155
<b>TOTAL EQUITY</b>		<b>25,904,630</b>	<b>10,159,264</b>

The accompanying notes form part of these financial statements.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

**Statement of Changes in Equity  
For the Year Ended 30 June 2021**

2021

	Capital Contributions of Councils	Capital Funding and Grants	Asset Revaluation Reserve	Accumulated Surplus	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	8,231,343	1,761,766	-	166,155	10,159,264
Surplus for the year	-	-	-	9,827,325	9,827,325
Capital contributions of Councils	5,638,564	-	-	-	5,638,564
Transfer to capital funding / grants	-	9,876,755	-	(9,876,755)	-
Revaluation of infrastructure and land improvements	-	-	279,477	-	279,477
<b>Balance at 30 June 2021</b>	<b>13,869,907</b>	<b>11,638,521</b>	<b>279,477</b>	<b>116,725</b>	<b>25,904,630</b>

2020

	Capital Contributions of Councils	Capital Funding and Grants	Accumulated Surplus	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	5,929,279	-	211,528	6,140,807
Surplus for the year	-	-	1,716,393	1,716,393
Capital contributions of Councils	2,302,064	-	-	2,302,064
Transfer to capital funding / grants	-	1,761,766	(1,761,766)	-
<b>Balance at 30 June 2020</b>	<b>8,231,343</b>	<b>1,761,766</b>	<b>166,155</b>	<b>10,159,264</b>

The accompanying notes form part of these financial statements.

## BROWN HILL &amp; KESWICK CREEKS STORM WATER BOARD

## Statement of Cash Flows

### For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating receipts from constituent councils	581,487	2,298,949
Payments to employees	(285,618)	(266,051)
Payments to suppliers	(417,837)	(212,587)
Interest received	25,483	24,737
Interest paid	(293)	(198)
Net cash used in operating activities	12 (96,778)	1,844,850
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for capital projects	(5,395,595)	(4,872,515)
Net cash used in investing activities	(5,395,595)	(4,872,515)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions from Constituent Councils	5,638,564	2,302,064
SMA Funding	6,821,233	1,696,767
NRM Board Water Sustainability Funding	165,000	65,000
Net cash provided by financing activities	12,624,797	4,063,831
Net increase in cash and cash equivalents held	7,132,424	1,036,166
Cash and cash equivalents at beginning of year	5,002,849	3,966,683
Cash and cash equivalents at end of financial year	6 12,135,273	5,002,849

The accompanying notes form part of these financial statements.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and relevant South Australian Legislation. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Brown Hill and Keswick Creeks Stormwater Board (the Board) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the Local Government Act 1999. The Regional Subsidiary is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The Board was established by a Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been applied consistently unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 22 September 2021 by the members of the Board.

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

###### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Board expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

###### Revenue from contracts with customers

All revenue is stated net of the amount of goods and services tax (GST)

###### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Board are:

###### Operating revenue from constituent councils

Operating revenue from constituent councils is recognised as income as and when the Board becomes entitled to receive the funds. This is outlined within the Board's Annual Budget which is agreed with all constituent councils.

###### Interest revenue

Interest revenue is recognised using the effective interest method, which for all floating rate financial assets is inherent in the instrument.

###### Other income

Other income is recognised on an accruals basis when the Board is entitled to it.

##### (b) Equity

###### Capital contributions

Capital contributions from constituent councils are recorded directly against equity as and when the Board becomes entitled to receive the funds. This is outlined within the Board's Annual Budget, which is agreed with all constituent councils.

##### (c) Income Tax

The activities of the Board are exempt from taxation under the Income Tax Assessment Act.

##### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.



## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (e) Property, plant and equipment

###### Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or 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, engineering design costs and all other costs incurred.

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

The Board considers that it controls the infrastructure assets in accordance with its Charter. The constructed infrastructure assets may be located on land owned by constituent councils.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality thresholds set by the Board within the capitalisation policy. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Current thresholds applicable to Board assets are as follows:

- Stormwater infrastructure - \$2,000
- Computer equipment - \$1,000
- Office equipment - \$1,000

###### Subsequent Measurement

Stormwater infrastructure is subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is determined using the current replacement cost method.

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements has been undertaken as at 30 June 2021. The valuation has been undertaken by Tina-James Freeman, Asset Consultant at Tonkin, FIEAust CPEng. Refer to note 8(b) for additional information on fair value determination of stormwater infrastructure.

Computer equipment and office equipment are carried at cost less accumulated depreciation and impairment.

###### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Board, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

Fixed asset class	Depreciation rate
Stormwater infrastructure	1% - 2%
Freehold Land	0%
Land improvements	1% - 10%
Office equipment	10%
Computer Equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Board becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, the Board classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Board changes its business model for managing financial assets.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Board's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (f) Financial instruments

###### Financial assets

###### *Impairment of trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Board has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

###### Financial liabilities

The Board measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Board comprise trade payables.

##### (g) Impairment

At the end of each reporting period the Board assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the assets' carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

##### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### (i) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (j) Trade and other receivables

These include amounts due from owner councils for capital contributions, the ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

##### (k) Employee benefits

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

No accrual is made for sick leave. The Board does not make payment for untaken sick leave.

##### Superannuation

All superannuation schemes to which the Board makes contributions on behalf of employees 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 Board.

##### (l) Adoption of new and revised accounting standards

The Board has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Board.

##### (m) Economic dependence

Brown Hill and Keswick Creeks Stormwater Board is dependent on its constituent councils and other funding bodies for the majority of its revenue used to achieve its objectives. At the date of this report, the Board believe that the Member Councils and other bodies will continue to support the Board.

#### 3 Critical Accounting Estimates and Judgments

The Board makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 3 Critical Accounting Estimates and Judgments

##### Key estimates - impairment of property, plant and equipment

The Board assesses impairment at the end of each reporting period by evaluating conditions specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### Key estimates – fair valuation of stormwater infrastructure and land improvements

In determining fair values for stormwater infrastructure there is no known market for these assets, and they have been independently valued at depreciated current replacement cost. For further information relating to the estimates made in determining fair value refer to note 8(b)

##### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### 4 Income

	2021 \$	2020 \$
<b>Operating Contributions</b>		
- City of Mitcham	94,401	77,731
- City of Burnside	94,401	77,731
- City of West Torrens	94,401	77,731
- The Corporation of the City of Adelaide	94,401	77,731
- The Corporation of the City of Unley	94,401	77,731
	<hr/>	<hr/>
<b>- Total Operating Contributions</b>	<b>472,005</b>	388,655
<b>Other Income</b>		
- Bank Interest	25,483	24,737
	<hr/>	<hr/>
<b>- Total Other Income</b>	<b>25,483</b>	24,737
<b>Capital Funding / Grants</b>		
- Stormwater Management Authority	6,821,233	1,696,766
- NRM Water Sustainability Grant	165,000	65,000
- Gifted Infrastructure - Glenside Park	2,890,522	-
	<hr/>	<hr/>
<b>- Total Capital Funding / Grants</b>	<b>9,876,755</b>	1,761,766
	<hr/>	<hr/>
<b>Total Income</b>	<b>10,374,243</b>	2,175,158

In accordance with the Charter of the Brown Hill and Keswick Creeks Stormwater Board Schedule 1, operating contributions are received equally from each of the constituent councils at an agreed rate. The total value of operating contributions to be received is agreed in the annual budget prepared by the Board.

## BROWN HILL &amp; KESWICK CREEKS STORM WATER BOARD

## Notes to the Financial Statements

For the Year Ended 30 June 2021

## 5 Expenses

	2021 \$	2020 \$
<b>Employee Costs</b>		
Salaries and Wages - Board	82,000	83,500
Salaries and Wages - Employee	178,184	162,282
Superannuation contributions	23,952	22,947
Workers compensation	1,482	1,561
<b>Total Employee Costs</b>	<b>285,618</b>	<b>270,290</b>
<b>Materials, Contracts &amp; Other Expenses</b>		
Prescribed Expenses - Audit Remuneration	5,000	5,000
Administration	13,245	16,788
Asset Maintenance, Management & Valuation	15,530	-
Business Case & Delivery Strategy	72,787	-
Entertainment & Catering	443	4,400
Contractor & Consultant Services	2,250	19,160
Human Resources	550	-
Insurance - Mutual Liability Scheme	33,321	43,458
IT Expenses	3,115	3,671
Legal Expenses	12,630	10,031
Professional Services	21,955	48,788
Other Expenses	17,248	-
Sundry	776	335
<b>Total Materials, Contracts &amp; Other Expenses</b>	<b>198,850</b>	<b>151,631</b>
<b>Depreciation</b>		
Depreciation - Office Equipment	-	2,313
Depreciation - Hawthorn Reserve Creek Upgrade	33,346	34,333
Depreciation – Everard Park	28,811	-
<b>Total Depreciation</b>	<b>62,157</b>	<b>36,646</b>
<b>Finance Costs</b>		
Bank Fees	238	161
Interest Expense	55	37
<b>Total Finance Costs</b>	<b>293</b>	<b>198</b>
<b>Total Expenses</b>	<b>546,918</b>	<b>458,765</b>

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	12,135,273	5,002,849
	<u>12,135,273</u>	<u>5,002,849</u>

As at 30 June 2021, cash held includes an amount of \$7,235,798 (2020: \$3,416,019) which is restricted for the purpose of approved capital development projects.

#### 7 Trade and Other Receivables

##### CURRENT

Trade receivables	104,500	71,500
GST receivable	166,319	253,622
	<u>270,819</u>	<u>325,122</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 8 Property, plant and equipment

##### Capital Works in Progress

South Park Lands – Parks 16 and 20	4,764,314	829,633
Upper Brown Hill Creek - Area 1 Creek Works	-	2,243,546
Upper Brown Hill Creek - Area 1 Land Acquisition	-	349,276
Upper Brown Hill Creek - Area 3 Millswood	14,212	8,500
Reference Design – Capital	138,114	7,300
<b>Total Capital Works in Progress</b>	<u>4,916,640</u>	<u>3,438,255</u>

##### Infrastructure and Land Improvements

Hawthorn Reserve Creek Upgrade	3,006,297	3,006,297
Accumulated Depreciation – Hawthorn Reserve Creek Upgrade	(33,346)	(34,333)
Upper Brown Hill Creek Area 1, Everard Park	2,883,081	-
Accumulated Depreciation – Everard Park	(28,811)	-
Glenside	2,890,522	-
<b>Total Infrastructure and Land Improvements</b>	<u>8,717,743</u>	<u>2,971,964</u>

##### Office Equipment

At cost	4,493	4,493
Accumulated depreciation	(4,493)	(4,493)
<b>Total Office Equipment</b>	<u>-</u>	<u>-</u>
<b>Total Property, Plant and Equipment</b>	<u>13,634,383</u>	<u>6,410,219</u>

## BROWN HILL &amp; KESWICK CREEKS STORM WATER BOARD

## Notes to the Financial Statements

For the Year Ended 30 June 2021

## 8 Property, plant and equipment

## (a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Infrastructure and Land Improvements	Office Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2021</b>				
Balance at the beginning of year	3,438,255	2,971,964	-	6,410,219
Additions	4,116,322	2,890,522	-	7,006,844
Transfers	(2,637,937)	2,637,937	-	-
Revaluation	-	279,477	-	279,477
Depreciation Expense	-	(62,157)	-	(62,157)
<b>Balance at the end of the year</b>	<b>4,916,640</b>	<b>8,717,743</b>	<b>-</b>	<b>13,634,383</b>

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements has been undertaken as at 30 June 2021. The valuation has been undertaken by Tina-James Freeman, Asset Consultant at Tonkin, FIEAust CPEng. Refer to note 8(b) for additional information on fair value determination of stormwater infrastructure.

	Capital Works in Progress	Infrastructure and Land Improvements	Office Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>				
Balance at the beginning of year	3,206,880	-	2,313	3,209,193
Additions	3,237,672	-	-	3,237,672
Transfers	(3,006,297)	3,006,297	-	-
Depreciation Expense	-	(34,333)	(2,313)	(36,646)
<b>Balance at the end of the year</b>	<b>3,438,255</b>	<b>2,971,964</b>	<b>-</b>	<b>6,410,219</b>



## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 8 Property, plant and equipment

##### (b) Fair Value Determination

Infrastructure and land improvements are carried at fair value. 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).

In determining fair values for infrastructure and land improvements 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, or on industry construction guides where these are more appropriate; and
- 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 the Board.

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, the fair value of all assets within the infrastructure and land improvements class are considered Level 3 in the fair value hierarchy.

#### 9 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	108,646	1,556,813
Credit Card	(79)	366
PAYG Payable	4,256	4,576
Superannuation Payable	6,765	5,800
Wages Payable	(2,534)	632
	<u>117,054</u>	<u>1,568,187</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 10 Employee Benefits

	2021 \$	2020 \$
CURRENT		
Provision for employee benefits	18,791	10,739
	<u>18,791</u>	<u>10,739</u>

#### 11 Capital Contributions of Constituent Councils

##### Contributions by Owners

City of Mitcham	1,386,991	823,134
City of Burnside	1,664,389	987,761
City of West Torrens	6,796,254	4,033,358
The Corporation of the City of Adelaide	1,109,593	658,508
Corporation of the City of Unley	2,912,680	1,728,582

##### Total Contributions by Owners

<u>13,869,907</u>	<u>8,231,343</u>
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##### City of Mitcham Movement Table

Opening balance	823,134	592,928
Contributions	563,857	230,206

##### Closing balance

<u>1,386,991</u>	<u>823,134</u>
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##### City of Burnside Movement Table

Opening balance	987,761	711,513
Contributions	676,628	276,248

##### Closing balance

<u>1,664,389</u>	<u>987,761</u>
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##### City of West Torrens Movement Table

Opening balance	4,033,358	2,905,346
Contributions	2,762,896	1,128,012

##### Closing balance

<u>6,796,254</u>	<u>4,033,358</u>
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##### The Corporation of the City of Adelaide Movement Table

Opening balance	658,508	474,343
Contributions	451,085	184,165

##### Closing balance

<u>1,109,593</u>	<u>658,508</u>
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##### Corporation of the City of Unley Movement Table

Opening balance	1,728,582	1,245,149
Contributions	1,184,098	483,433

##### Closing balance

<u>2,912,680</u>	<u>1,728,582</u>
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Capital contributions of Constituent Councils are payments received for investing in infrastructure. The rates of contributions are agreed in the Charter of the Board.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 12 Cash Flow Information

##### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Surplus for the year	9,827,325	1,716,394
Cash flows excluded from profit attributable to operating activities		
- Capital funding / grants	(9,876,755)	(1,761,767)
Non-cash flows in surplus:		
- depreciation	62,157	36,646
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	54,303	1,699,051
- increase/(decrease) in trade and other payables	(171,860)	150,288
- increase/(decrease) in employee benefits	8,052	4,239
Cashflows from operations	<u>(96,778)</u>	<u>1,844,850</u>

#### 13 Financial Risk Management

The Board is exposed to a variety of financial risks through its use of financial instruments. The most significant financial risks to which the Board is exposed to are described below:

##### Specific risks

- Liquidity risk
- Credit risk

##### Financial instruments used

The principal categories of financial instrument used by the Board are:

- Trade receivables
- Cash at bank
- Trade and other payables

##### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Board's financial risk management framework. This includes the development of policies covering financial governance and the identification and management of financial risk in accordance with the Board's risk management policy.

Details of significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 13 Financial Risk Management

##### Objectives, policies and processes

asset, financial liability and equity instruments are disclosed in Note 2 Summary of Significant Accounting Policies.

Mitigation strategies for specific risks faced are described below:

##### Liquidity risk

Liquidity risk arises from the Board's management of working capital. It is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due.

The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

At the reporting date, the Board has sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The following table depicts the categorisation of financial instruments held by the Board, noting that due to the nature of the balances held, carrying value is equal to fair value:

	2021	2020
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	12,135,273	5,002,849
Trade and other receivables	270,819	325,122
<b>Total financial assets</b>	<b>12,406,092</b>	<b>5,327,971</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Trade and other payables	117,054	1,568,187
<b>Total financial liabilities</b>	<b>117,054</b>	<b>1,568,187</b>

The table below reflects the undiscounted contractual maturity analysis for financial liabilities:

	Weighted average					
	Interest rate		Within 1 Year		1 to 5 Years	
	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	-	-	117,054	1,568,187	-	-
			Over 5 Years		Total	
			2021	2020	2021	2020
			\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	-	-	117,054	1,568,187	117,054	1,568,187

The timing of expected outflows is not expected to be materially different from contracted cashflows.

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 13 Financial Risk Management

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Board.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties. There is no collateral held by the Board securing trade and other receivables.

#### 14 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report at 30 June 2021 (30 June 2020:None).

#### 15 Commitments for Expenditure

##### (a) Capital Commitments

##### Contracted Commitments

##### South Park Lands

Procure Project Management	-	280,107
Tonkin Design Contract	-	7,997
Wetland Construction	<b>6,414,058</b>	-

<b>6,414,058</b>	<b>288,104</b>
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##### Upper Brown Hill Creek - Area 1

Beltrame Construction Contract	-	763,585
Inside Infrastructure Project Management Contract	-	76,492
	-	840,077

##### Upper Brown Hill Creek - Area 3 Millswood

Project Management	11,287	-
Engineering	85,460	-
	<b>96,747</b>	-

##### Reference Design

Engineering Services	466,420	-
Consultant Services	258,573	-
	<b>724,993</b>	-

##### Total Contracted Commitments

<b>7,235,798</b>	<b>1,128,181</b>
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All contracted commitments noted above are expected to be paid within the next twelve months.

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD****Notes to the Financial Statements****For the Year Ended 30 June 2021****16 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Board, the results of those operations, or the state of affairs of the Board in future financial years.

**17 Related Parties**

Key management personnel of the Board include the Project Director and members of the Board appointed under section 112 of the Local Government Act 1999.

Payments made to key management personnel were as follows:

Salaries and Wages for the year ending 30 June 2021 is \$252,132 (2020: 245,782)

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. There were no transactions with other related parties for the year ending 30 June 2021 (2020: Nil).

**18 Statutory Information**

The registered office and principal place of business of the Board is:

Brown Hill & Keswick Creeks Stormwater Board  
PO Box 124 Unley SA 5061

## BROWN HILL & KESWICK CREEKS STORM WATER BOARD

### CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents a true and fair view of the financial position of Brown Hill and Keswick Creeks Stormwater Board as at 30 June 2021 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Brown Hill and Keswick Creeks Stormwater Board will be able to pay its debts as and when they fall due.

The Board is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

*Judy Choate*

Judy Choate (Sep 14, 2021 18:14 GMT+9.5)

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Name: Judith Choate  
Position: Chairperson  
Date: Sep 14, 2021 September 2021

*G. T. Vogt*

G. T. Vogt. (Sep 14, 2021 16:14 GMT+9.5)

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Name: G T Vogt  
Position: Board Member  
Date: Sep 14, 2021 September 2021

**BROWN HILL & KESWICK CREEKS STORM WATER BOARD**

**ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 JUNE 2020**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Brown Hill and Keswick creeks Stormwater Board for the year ended 30 June 2021, the Board'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*

*Judy Choate*

Judy Choate (Sep 14, 2021 18:14 GMT+9.5)

Name: Judith Choate  
Position: Chairperson

Date: Sep 14, 2021 September 2021

*G. T. Vogt*

G. T. Vogt, (Sep 14, 2021 16:14 GMT+9.5)

Name: G T Vogt  
Position: Board Member

Date: Sep 14, 2021 September 2021



**Report on Financial Results for City of Adelaide**  
**Statement of Comprehensive Income**  
for the year ended 30 June 2021

2018-19 Actuals*	2019-20 Actuals	\$ '000	2020-21 Actual	2020-21 Adopted Budget	Variance	2020-21 Actual vs Budget Commentary
<b>Income</b>						
108,846	115,634	<b>Rates Revenues</b>	118,510	118,455	55	0%
13,313	11,770	<b>Statutory Charges</b>	10,709	8,900	1,809	20%
10,854	9,952	<i>Parking Fees</i>	10,695	8,939	1,756	20%
11,201	10,947	<i>Property Lease</i>	9,805	9,429	376	4%
6,228	4,900	<i>Adelaide Aquatic Centre Charges</i>	4,551	3,113	1,438	46%
2,056	2,232	<i>North Adelaide Golf Course</i>	3,234	2,123	1,111	52%
30,016	26,285	<i>Off-Street Parking</i>	27,341	24,956	2,385	10%
3,480	3,741	<i>Property Recovery</i>	3,231	2,628	603	23%
3,485	2,979	<i>Other User Charges</i>	2,393	2,247	146	6%
<b>67,320</b>	<b>61,036</b>	<b>Total User Charges</b>	<b>61,250</b>	<b>53,435</b>	<b>7,815</b>	<b>15%</b>
3,751	8,560	<b>Grants, Subsidies and Contributions</b>	5,432	4,510	922	20%
298	231	<b>Investment Income</b>	276	35	241	689%
1,502	1,443	<b>Reimbursements</b>	665	691	(26)	-4%
631	539	<b>Other Income</b>	540	299	241	81%
79	-	<b>Net Gain - Equity Accounted Council Businesses</b>	-	-	-	0%
<b>195,740</b>	<b>199,213</b>	<b>Total Income</b>	<b>197,382</b>	<b>186,325</b>	<b>11,057</b>	<b>6%</b>
<b>Expenses</b>						
76,916	79,757	<b>Employee Costs</b>	74,410	78,274	(3,864)	-5%
6,585	-	<i>Minimum Lease Payments (Replaced by AASB16 Leases from 2019-20)</i>	-	-	-	-
23,108	23,854	<i>Contractors</i>	17,329	18,742	(1,413)	-8%
8,729	8,629	<i>Maintenance</i>	7,954	8,624	(670)	-8%
1,525	1,445	<i>Legal Expenses</i>	1,531	1,295	236	18%
2,182	2,241	<i>Levies Paid to Government - including NRM levy</i>	2,354	2,317	37	2%
5,801	6,353	<i>Parts, Accessories &amp; Consumables</i>	4,774	6,799	(2,025)	-30%
7,245	7,419	<i>Professional Services</i>	4,134	6,768	(2,634)	-39%
3,718	2,681	<i>Advertising and Promotion</i>	2,581	3,288	(707)	-22%
1,118	994	<i>Bank Charges and Cash Collection</i>	988	1,005	(17)	-2%
2,833	2,904	<i>Cleaning</i>	3,094	3,128	(34)	-1%
9,156	8,981	<i>Energy and Water</i>	7,592	9,073	(1,481)	-16%
2,060	2,075	<i>Insurance</i>	2,165	2,188	(23)	-1%
-	-	<i>Project Related Expenditure</i>	-	4,472	(4,472)	-100%
2,123	2,267	<i>Security</i>	1,839	2,117	(278)	-13%
9,082	4,719	<i>Sponsorships, Contributions and Donations</i>	6,975	6,881	94	1%
1,171	1,255	<i>Subscriptions</i>	1,670	1,443	227	16%
1,370	1,512	<i>Waste Services</i>	1,674	1,736	(62)	-4%
6,455	6,465	<i>Other expenses</i>	4,699	8,420	(3,721)	-44%
<b>94,261</b>	<b>83,794</b>	<b>Total Materials, Contracts &amp; Other Expenses</b>	<b>71,353</b>	<b>88,296</b>	<b>(16,943)</b>	<b>-19%</b>
44,292	51,869	<b>Depreciation, Amortisation &amp; Impairment</b>	56,808	53,744	3,064	6%
1,448	2,121	<b>Finance Costs</b>	1,740	2,423	(683)	-28%
-	18	<b>Net loss - Equity Accounted Council Businesses</b>	4	-	4	
<b>216,917</b>	<b>217,559</b>	<b>Total Expenses</b>	<b>204,315</b>	<b>222,737</b>	<b>(18,422)</b>	<b>-8%</b>
(21,177)	(18,346)	<b>Operating Surplus / (Deficit)</b>	(6,933)	(36,412)	29,479	-81%
-	-	<b>Physical Resources Receive Free of Charge</b>	450	-	450	
(4,838)	1,092	<b>Asset Disposal &amp; Fair Value Adjustments</b>	(6,527)	(300)	(6,227)	2076%
5,625	1,205	<b>Amounts Received Specifically for New or Upgraded Assets</b>	2,698	3,429	(731)	-21%
(20,390)	(16,049)	<b>Net Surplus / (Deficit)</b>	(10,312)	(33,283)	22,971	-69%
<b>Other Comprehensive Income</b>						
181,546	16,222	<b>Changes in Revaluation Surplus - I,PP&amp;E</b>	48,206	-	48,206	
90	(47)	<b>Net actuarial gains/(losses) on CCASP sub-fund</b>	203	-	203	
<b>181,636</b>	<b>16,175</b>	<b>Total Other Comprehensive Income</b>	<b>48,409</b>	<b>-</b>	<b>48,409</b>	
161,246	126	<b>Total Comprehensive Income</b>	38,097	(33,283)	71,380	-214%

\* The new AASB16 accounting standards for leases was adopted in 2019-20, whereby Council as a lessee treats leases as a finance lease. Previous to this, the leases were treated as minimum lease payments.

Statement of Financial Position as at 30 June 2021							
2018-19 Actuals	2019-20 Actuals	\$ '000	2020-21 Actual	2020-21 Adopted Budget	Variance	2020-21 Actual vs Budget Commentary	
<b>ASSETS</b>							
<b>Current Assets</b>							
6,069	945	Cash and Cash Equivalents	1,912	800	1,112	139%	Timing of cash flow. Normal cash balance of \$500k is kept in the trading bank accounts, with daily sweeps to offset borrowings
10,548	14,117	Trade & Other Receivables	16,299	14,789	1,510	10%	Timing, overdue debtors are chased and put on a payment plan where necessary. Aged debt is provided for in doubtful debts.
159	51	Other Financial Assets	-	129	(129)	-100%	Ergo Apartments are classified as Non-Current
641	576	Inventories	506	707	(201)	-28%	
-	-	Non-Current Assets Held for Sale	958	-	958		Ergo Commercial Tenancy, classified as held for sale as it settled post balance date.
17,417	15,689	<b>Total Current Assets</b>	19,675	16,425	3,250		
<b>Non-Current Assets</b>							
278	308	Financial Assets	376	225	151	67%	Ergo Apartments
629	672	Equity Accounted Investments in Council Businesses	1,119	629	490	78%	Equity Share Brown Hill and Keswick Creeks Stormwater Board, increase is in line with the capital investment made during the period.
1,659	2,161	Other Non-Current Assets	2,107	2,894	(787)	-27%	Includes Employee benefits (unfunded superannuation asset) and Deferred rent as a result of COVID-19 measures.
1,817,364	1,860,634	Infrastructure, Property, Plant & Equipment	1,897,255	1,867,041	30,214	2%	Movement of the building and urban elements revaluation in the period \$48,206k, less timing of capital program, where \$30,654k was not delivered against the adopted budget.
2,865	2,860	Investment Property	2,870	1,264	1,606	127%	Investment property renewals performed in the current period.
1,822,795	1,866,635	<b>Total Non-Current Assets</b>	1,903,727	1,872,053	31,674		
1,840,212	1,882,324	<b>TOTAL ASSETS</b>	1,923,402	1,888,478	34,924		
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
28,529	18,557	Trade & Other Payables	24,843	37,195	(12,352)	-33%	Timing, reduced payables in line with reduction in expenditure
-	4,837	Borrowings (Finance Leases)	4,690	3,290	1,400	43%	Adjustment due to revaluation of lease terms.
13,879	14,606	Provisions	13,320	11,320	2,000	18%	Employee provisions.
42,408	38,000	<b>Total Current Liabilities</b>	42,853	51,805	(8,952)		
<b>Non-Current Liabilities</b>							
293	293	Trade & Other Payables	1,293	1,000	293	29%	Payables expected to settle greater than 12 months.
41,450	51,600	Borrowings	34,700	90,125	(55,425)	-61%	Borrowings were significantly lower than anticipated due to the operating result, as well as reduced spend on Infrastructure.
-	36,296	Borrowings (Finance Leases)	50,463	33,745	16,718	50%	Adjustment due to revaluation of lease terms.
2,007	1,955	Provisions	1,816	1,585	231	15%	Employee provisions.
43,750	90,144	<b>Total Non-Current Liabilities</b>	88,272	126,454	(38,182)		
86,158	128,144	<b>TOTAL LIABILITIES</b>	131,125	178,259	(47,134)		
1,754,054	1,754,180	<b>Net Assets</b>	1,792,277	1,710,219	82,058		
<b>EQUITY</b>							
834,607	818,558	Accumulated Surplus	806,973	790,205	16,768		A result of the operating position.
917,788	934,010	Asset Revaluation Reserves	982,216	918,355	63,861		Movement as a result of revaluations in the period, as well as adjustment for assets disposed of during the period, which previously had been revalued.
1,659	1,612	Defined Benefit - Unfunded Superannuation Liability	1,815	1,659	156		Net gain on the defined benefit plan
-	-	Future Fund Reserve	1,273	-	1,273		Includes the sale of James Place Toilets, and a private road.
1,659	1,612	<b>Total Other Reserves</b>	3,088	1,659	1,429		
1,754,054	1,754,180	<b>Total Council Equity</b>	1,792,277	1,710,219	82,058		

### Financial Indicators for the year ended 30 June 2021

2018-19 Actuals	2019-20 Actuals	\$ '000	2020-21 Actual	2020-21 Adopted Budget
<p>These Financial Indicators have been calculated in accordance with <i>Information paper 9 - Local Government Financial Indicators</i> prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</p>				
<b>1. Operating Surplus Ratio</b>				
		Operating Surplus	-6,933	
		Total Operating Revenue	197,382	
-11%	-10%	<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>	-4%	-20%
<b>2. Net Financial Liabilities Ratio</b>				
		Net Financial Liabilities	112,538	
		Total Operating Revenue Less NRM Levy	197,382	
35%	57%	<i>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 (excluding NRM levy). A negative figure denotes a Net Financial Asset Position.</i>	57%	67%
<b>3. Asset Sustainability Ratio</b>				
		Net Asset Renewals	22,390	
		Infrastructure & Asset Management Plan required expenditure	31,107	
76%	40%	<i>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.</i>	72%	73%

## Report on Financial Results for Adelaide Economic Development Agency

### Statement of Comprehensive Income

for the year ended 30 June 2021

	RMMA 1 July to 14 Jan 2021	AEDA 14 Jan to 30 June 2021	CoA spend 1 July to 14 Jan 2021	Consolidated 2021	Budget QF2 2021	Variance	Commentary
<b>\$ '000</b>							
<b>Income</b>							
Rates Revenue	3,841	-	-	3,841	3,788	53	
User Charges	147	218	-	365	297	68	
Grants, Subsidies and Contributions	-	3,993	3,676	7,669	9,411	(1,743)	Reduced CoA appropriation of funds to fund the AEDA activities in accordance with expenditure incurred.
<b>Total Income</b>	<b>3,988</b>	<b>4,211</b>	<b>3,676</b>	<b>11,875</b>	<b>13,496</b>	<b>(1,621)</b>	
<b>Expenses</b>							
Contractors	762	1,932	1,688	4,382	4,816	(434)	Expenditure lower than budget predominantly due to vacancies across the year.
Advertising and Promotion	1,127	717	61	1,905	2,117	(212)	Reduced Advertising and Promotion within AEDA as a result of the transition and allocation of funds between CoA and AEDA.
External Plant Hire	184	164	36	384	293	91	Additional hire for RMMA, in line with previous years spend.
Professional Services	23	275	48	346	1,361	(1,015)	Underspends on Digital marketplace \$250k, Website development \$100k, and other Business growth general projects \$884k.
Security	202	147	-	349	304	46	Increased security presence due to anti-social behaviour in the mall
Sponsorships, Contributions and Donations	15	2,136	1,749	3,900	3,957	(57)	Outdoor Activation Grant program continuing into 21/22.
Other Expenses	67	190	93	350	397	(47)	
Depreciation, Amortisation & Impairment	148	134	-	282	247	35	AAS16 plus depreciation on assets capitalised during the period
Finance Costs	3	1	-	4	6	(2)	AASB16
<b>Total Expenses</b>	<b>2,531</b>	<b>5,696</b>	<b>3,675</b>	<b>11,902</b>	<b>13,496</b>	<b>(1,594)</b>	
<b>Operating Surplus / (Deficit)</b>	<b>1,457</b>	<b>(1,485)</b>	<b>1</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>	
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Comprehensive Income</b>	<b>1,457</b>	<b>(1,485)</b>	<b>1</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>	

Report on Financial Results for Adelaide Park Lands Authority				
Statement of Comprehensive Income				
for the year ended 30 June 2021				
\$ '000	Actual	Budget	Variance	Commentary
<b>Income</b>				
Grants, Subsidies and Contributions	126	237	(111)	Grant income received to match expenditure. Reshaping our Organisation moved the previous FTE to CoA, resulting in a decreased income.
<b>Total Income</b>	<b>126</b>	<b>237</b>	<b>(111)</b>	
<b>Expenses</b>				
Auditors Remuneration	1	1	(0)	
Contractors	73	171	(98)	Largely driven by reduction in employee costs as a result of Reshaping our Organisation
Insurance	14	14	(0)	
Legal Fees	-	5	(5)	Legal services not required in the current year.
Sitting Fees	38	37	1	Additional meeting held.
Sponsorships, Contributions and Donations	-	9	(9)	
<b>Total Expenses</b>	<b>126</b>	<b>237</b>	<b>(111)</b>	
<b>Operating Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Surplus / (Deficit) <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Report on Financial Results for Adelaide Park Lands Authority		
Statement of Financial Position		
as at 30 June 2021		
\$ '000	Actual	Budget
<b>ASSETS</b>		
Total Assets	-	-
<b>LIABILITIES</b>		
Total Liabilities	-	-
<b>Net Assets</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>		
Total Equity	-	-

# Matters Arising from the 2020-21 External Audit

ITEM 4.3 08/10/2021  
Audit Committee

Strategic Alignment - Strong Economies

**Program Contact:**  
Grace Pelle, Manager, Finance &  
Procurement 8203 7343

2021/00122  
Public

**Approving Officer:**  
Amanda McIlroy, Chief Operating  
Officer

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## EXECUTIVE SUMMARY

Under Section 129 of the *Local Government Act 1999 (SA)* the external auditor appointed by Council must provide to the Council a report on particular matters arising from the audit of its financial statements and the controls exercised by Council. The report must specifically identify any irregularity in Council's accounting practices or the management of the Council's financial affairs identified by the auditor during the course of the audit.

BDO has now completed their end of year audit and have provided an 'Annual Completion Report for the year ended 30 June 2021' to the Presiding Member of the Audit Committee, refer **Attachment A**.

BDO's report notes they have identified no material deficiencies in internal controls which would impact audit testing or expose the Council to risk of material misstatement of results for the year ended 30 June 2021.

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## RECOMMENDATION

### THAT THE AUDIT COMMITTEE

1. Notes the 'Annual Completion Report for the year ended 30 June 2021' from Council's external auditors, BDO, contained in Attachment A to Item 4.3 on the Agenda for the meeting of the Audit Committee held 8 October 2021.

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Strong Economies</b> Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debts, and assets.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Section 129 of the <i>Local Government Act 1999 (SA)</i>
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. In accordance with Section 128 of the *Local Government Act 1999 (SA)* (the Act), the Council has appointed BDO as Council's auditor.
2. In accordance with Section 129 of the Act, the role of the external auditor is to undertake an annual review and provide an audit opinion on Council's financial statements and the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities. The auditor must provide to the Council a report on particular matters arising from the audit, specifically identifying any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified by the auditor during the course of the audit.
3. Combined with the opportunity to discuss the findings of the auditor in confidence, and receipt of the annual financial statements report, the Audit Committee has sufficient relevant information to assist their determination that the financial accounts give a true and fair view of the Corporation of the City of Adelaide's state of affairs as at the date.
4. At the meeting of the Audit Committee on 5 February 2021, the Audit Committee endorsed the proposed 2020-21 End of Year financial reporting process and external audit timetable. The timetable included presenting a report to the Audit Committee as well as providing the opportunity to discuss the findings of the auditor in confidence, without management being present.
5. In accordance with the Act this report will be provided by the auditor to the Audit Committee and the Principal Member of the Council (who must then ensure that a copy is provided to the Chief Executive Officer and other members of Council).
6. At the Audit Committee Meeting held on 18 June 2021, BDO provided an 'Interim Report' on the 2020-21 external audit. BDO's Interim Report noted that to date they have found no material deficiencies in internal controls which would impact audit testing or expose the Council to any risk of material misstatement or results for the year ended 30 June 2021. In addition, BDO's Interim Report provided a status update on key issues that Council were taking appropriate action on.

### Report on Matters Arising from the Audit

7. The external auditor, Mr Paul Gosnold of BDO has completed the audit of the financial statements and provided audit clearance for the Audited Financial Statements subject to:
  - 7.1. Subsequent events audit procedures to be performed by the auditors up to date of the audit report
  - 7.2. Receipt of signed management representation letter
  - 7.3. Receipt of final Annual Financial Statements certified by the CEO and the Principal Member of Council.

These are scheduled to be completed subsequent to the Audit Committee meeting on 8 October 2021.
8. As part of their audit process BDO have tabled their final Annual Completion Report dealing with matters arising from the audit included as **Attachment A**.  
This report addresses the following:
  - 8.1. The status of the audit
  - 8.2. Key accounting and audit matters
  - 8.3. Adoption and impacts of new accounting standards
  - 8.4. Summary of any misstatements
  - 8.5. Impacts of COVID-19
  - 8.6. Internal controls.
9. The audit was conducted in accordance with the Australian Auditing Standards as required by the Act and provides Council with reasonable assurance that the Financial Statements are free of material misstatement.
10. The report identified no material deficiencies existed in the accounting treatment and disclosures of matters previously identified as significant risks.
11. The audit did not identify any significant deficiencies with internal controls.
12. The audit has concluded that the consolidated financial report of the City of Adelaide presents fairly, in all material respects, the Council's financial position as at 30 June 2021.



# ATTACHMENTS

**Attachment A** – Annual Completion Report for year ended 30 June 2021

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- END OF REPORT -

# CITY OF ADELAIDE

Annual completion report

YEAR ENDED 30 JUNE 2021



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Item 4.3 - Audit

Dear Audit Committee Members

We are pleased to present this report to the Audit Committee of City of Adelaide (the 'Council') in relation to the 30 June 2021 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit Committee meeting on 8 October 2021 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



**Paul Gosnold**  
Engagement Partner

Adelaide, 30 September 2021



**Linh Dao**  
Associate Director



# EXECUTIVE SUMMARY

## PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management.

## SCOPE

Our audit was conducted in accordance with Australian Auditing Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* for the year ended 30 June 2021.

## STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Final review of the financial statements
- ▶ Receipt of management representations on various matters;
- ▶ Review of subsequent events post 30 June 2021; and
- ▶ Receipt of formally adopted financial statements and agreement of these to the final draft provided to us to date.

A draft of the proposed audit report is included at [Appendix 1](#).

## SUMMARY OF MISSTATEMENTS

We have not identified any misstatements during our audit.

## AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant risks of material misstatement.

Refer to the relevant section for details on the significant risk areas and other areas focused on during the audit.

## AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

### REVALUATION, DEPRECIATION, USEFUL LIVES AND RESIDUAL VALUES OF INFRASTRUCTURE ASSETS

Description	Audit work performed	Summary of findings
Council's infrastructure, property, plant and equipment is carried at valuation. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	<p>This year Council's assets have been revalued by Council's employees in conjunction with independent valuers for land and buildings, and urban elements.</p> <p>We evaluated the competence, capability and objectivity of the independent valuers, obtained an understanding of their work and evaluated its appropriateness.</p>	<p>We noted that the revaluation has resulted in a net increase in value of Council's assets of \$48.2mil. The main reason for the increase in value is the reassessment of the condition of assets by the independent valuers, compared to their depreciated value in the assets record (similar to last year) for Urban Elements, and the impact of current market trends in property values for Land and Buildings.</p> <p>No other exceptions were noted from our testing.</p>

### ACCOUNTING TREATMENT OF CAPITAL WORK IN PROGRESS (WIP)

Description	Audit work performed	Summary of findings
There is a risk that the accounting treatment of items captured within Capital WIP may not be in accordance with Australian Accounting Standards.	We obtained the WIP schedule and reviewed in detail a sample of projects outstanding at the end of the year to ensure they are likely to generate fixed assets. We have also reviewed a sample of assets transferred out of capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.	We noted that the WIP balance this year remains consistent with prior years. Two significant projects that were outstanding at year end are Jeffcott Street Stage 2 (\$2.2mil) and Moonta Street (\$2.3mil). No exceptions were noted in relation to the accounting treatment of capital work in progress.

## MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description	Audit work performed	Summary of findings
<p>Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.</p>	<p>Our responses included a review of key internal controls at the Council to mitigate the risk of management override.</p> <p>We tested the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We also reviewed accounting estimates for bias, and evaluate the business rationale (or lack thereof) of any significant transactions that are outside the normal course of business or that otherwise appear to be unusual.</p>	<p>We did not identify any evidence of misstatement due to management override of internal controls.</p>

## CONTROL ENVIRONMENT

Description	Audit work performed	Summary of findings
<p>Potential deficiencies in the control environment may arise as a result of Council's corporate restructure during the year.</p>	<p>We updated our understanding of the control environment and key internal controls during the year based on the new organisation structure. We have considered this in conjunction with our work for the internal controls audit opinion.</p>	<p>We did not identify any significant deficiencies during the course of the audit. We intend providing an unmodified audit report in relation to compliance with Section 125 of the <i>Local Government Act 1999</i>.</p>

## COVID-19 IMPACT

Description	Audit work performed	Summary of findings
The economic impact of COVID-19 remains an indicator of impairment of non-current assets.	Asset balances were audited with specific consideration given to potential impairment given the wider economic impact as a result of COVID-19.	An impairment indicator was only identified for the right of use asset associated with Vaughan Place Carpark, for which an impairment of \$1mil was recognised in the prior year. An impairment assessment has been performed in detail for this year and we concurred with management that no additional impairment is considered necessary.

## LEASES

Description	Audit work performed	Summary of findings
Council adopted AASB 16 <i>Leases</i> in prior year, which resulted in significant balances of right-of-use assets and lease liabilities being recognised in the statement of financial position. There is a risk of material misstatement in relation to the accounting for ongoing lease reassessments and modifications, as well as new leases entered into during the year.	<p>We obtained the right-of-use asset and lease liability reconciliations and supporting schedules to test compliance with AASB 16 requirements.</p> <p>We made enquiries of management and sought to corroborate key estimates and assumptions adopted to appropriate supporting documentation, giving priority to information generated that is independent of Council.</p> <p>We reviewed the relevant disclosures made to the financial statements to check compliance with the applicable reporting framework.</p>	<p>We noted a net reassessment impact of \$18.9mil for lease accounting during the year. Most of this balance related to the reassessment of the likelihood of extension options being exercised for the carparks.</p> <p>Other reassessments were mostly due to the change in future lease payments resulting from a change in an index (CPI).</p> <p>No other exceptions were noted from our testing.</p>



## OTHER MATTERS

### Subsidiary Restructuring

On 10<sup>th</sup> November 2020 Council resolved to amend the Rundle Mall Management Authority ('RMMA') Charter and rename it Adelaide Economic Development Agency ('AEDA'). Notice of the amendment was placed in the Government Gazette, and AEDA was registered as a separate legal entity with its own ABN on the 14<sup>th</sup> January 2021. RMMA ceased trading from this date with all assets being transferred to AEDA on this date at their net carrying value.

On 8<sup>th</sup> June 2021, Council resolved to amend the Adelaide Central Market Authority ('ACMA') Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8<sup>th</sup> July 2021.

Though the restructuring did not any impact on the Council's consolidated financial statements, our audit approach required detailed consideration of the appropriate accounting treatment for the stand-alone financial statements for each of these entities. Having addressed the technical financial reporting aspects of these restructures, we intend to issue unmodified audit opinions for each of these entities.

### Major development contracts

On 16<sup>th</sup> December 2020, Council entered into a Land Facilitation Agreement with 88 O'Connell Pty Ltd as the developer to develop a parcel of land at 88 O'Connell St. Though the agreement was entered into before 30 June 2021, and a \$1mil deposit was received pre-reporting date, the parcel of land has not been classified as 'Held for sale' in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* in the financial statements for 30 June 2021. This was due to a number of precedent conditions associated with the contract not being met, and the developer having more than 12 month from 30 June 2021 to fulfil these conditions. The deposit has been appropriately recognised as a liability and a commitment under contract has been appropriately disclosed in the financial statements.

Furthermore, Council has an outstanding contract with a developer to redevelop the Central Market Arcade. Under this arrangement, Council agreed to transfer the relevant land to the developer and pay a development contribution, in exchange for the return of a portion of the completed development. The difference between the developer's cost of the returnable portion and the amount of Council's contribution is represented by a development fee charged to the developer. No associated assets or liabilities have been recognised in relation to this contract at 30 June 2021 because construction has not yet commenced however, a commitment under contract has been appropriately disclosed in the financial statements.

The accounting consequences of these major development contracts are considered complex and management should give due consideration to this for future reporting periods.

# INTERNAL CONTROL

## CURRENT YEAR

In accordance with *ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit Committee.

## OTHER REPORTING REQUIREMENTS

### INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to City of Adelaide.

The *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* requires the lead auditor to make a declaration to Council regarding independence. The certification of auditor independence has been provided to Council.

### NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

### FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

# APPENDIX 1 PROPOSED AUDIT REPORT

## INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF ADELAIDE

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of City of Adelaide and its subsidiaries (the Council), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of Adelaide, presents fairly, in all material respects, the Council's financial position as at 30 June 2021, and its financial performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Council in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

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

#### Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the general purpose financial reports of the following regional subsidiaries being Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority, Adelaide Economic Development Agency and the Annual Report of The Brown Hill and Keswick Creeks Stormwater Board.

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 of the City of Adelaide, 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.

#### **Council's Responsibility for the Financial Report**

The Council's officers are 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 Council's officers 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.

In preparing the financial report, the Council's officers are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit (SA) Pty Ltd**

Paul Gosnold  
Director

Adelaide, XX October 2021

## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF CITY OF ADELAIDE

### Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Adelaide ('Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2020 to 30 June 2021 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2020 to 30 June 2021.

### Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

### The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

### Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

### Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

#### Limitations of controls

Because of the inherent limitations of an assurance engagement, together with any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

BDO Audit (SA) Pty Ltd

Paul Gosnold  
Director

Adelaide, XX October 2021

## APPENDIX 2 ESG AND YOUR BUSINESS

### WHAT IS ESG?

ESG is the acronym for Environmental, Social and Governance. It is a holistic concept about an organisation's ability to create and sustain long-term value in a rapidly changing world, and managing the risks and opportunities associated with these changes.

ESG metrics are not part of mandatory [financial reporting](#) required by Australian Accounting Standards or International Financial Reporting Standards, but organisations across the world are increasingly making disclosures in their annual report or in a standalone sustainability report.

ESG is used as a framework to assess how an organisation manages risks and opportunities that changing market and non-market conditions create. ESG also puts a heavy emphasis on risk management, because monitoring and mitigating risks across all three dimensions is an important priority for any company that is serious about ESG. The three categories of ESG factors are as follow:-

- ▶ **Environmental** factors address an organisation's environmental impact and environmental stewardship. It is focused on improving the environmental performance of an organisation.
- ▶ **Social** factors refers to how an organisation manages relationships with, and creates value for, stakeholders. The social dimension is focused on an organisation's impact on its employees, customers and the community.
- ▶ **Governance** factors refers to an organisation's leadership and management philosophy, practices, policies, internal controls, and shareholder rights. The governance dimension is focused on an organisation's leadership and structure.

### WHY IS ESG IMPORTANT FOR YOUR BUSINESS?

Investors across the globe are increasingly demanding organisations to outline their ESG framework and approach in order to assess the organisation's long-term sustainability. ESG has a potential significant impact on the following fundamental business issues relevant to the long-term success of the organisation:

- ▶ **Corporate reputation** - ESG can enhance a company's license to operate making it easier to accomplish business objectives and respond to crisis scenarios with key stakeholder groups.
- ▶ **Risk reduction** - ESG can assist with the identification of immediate and long-term risks depending on the industry and business model.
- ▶ **Opportunity management** - Shifting market and non-market conditions can expose unmet needs for new products and/or services, potential customer bases, and potential strategic relationships for addressing ESG issues.
- ▶ **Culture & intrinsic value** - ESG maturity is an indicator of a company's commitment to building a high performing, purpose-driven workforce and inclusive culture.

A robust ESG strategy can help attract the right talent and investors. To achieve a shift in sustainability we need to stop viewing ESG as a 'nice to have', it should be part of business strategy and risk management which can have a direct and positive impact on financial performance.

If you would like to speak with us about implementing an ESG framework in your organisation or providing assurance on your framework, please contact your audit engagement partner initially.



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We have prepared this report solely for the use of City of Adelaide. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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## Exclusion of the Public

**ITEM 8.1** 08/10/2021  
**Audit Committee**

**Program Contact:**  
Mick Petrovski, Manager  
Governance 8203 7119

2018/04291  
Public

**Approving Officer:**  
Clare Mockler, Chief  
Executive Officer

## EXECUTIVE SUMMARY

Section 90(2) of the *Local Government Act 1999 (SA)* (the Act), states that a Council Committee may order that the public be excluded from attendance at a meeting if the Council Committee considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in section 90(3) of the Act.

It is the recommendation of the Chief Executive Officer that the public be excluded from this Audit Committee meeting for the consideration of information and matters contained in the Agenda.

### **9.1** Confidential Meeting with External Auditors 2020-21 [section 90(3) (b) of the Act]

The Order to Exclude for Item 9.1:

1. Identifies the information and matters (grounds) from section 90(3) of the Act utilised to request consideration in confidence.
2. Identifies the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
3. In addition, identifies for the following grounds – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.

## ORDER TO EXCLUDE FOR ITEM 9.1

### THAT THE AUDIT COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (b) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 8 October 2021 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 9.1 [Confidential Meeting with External Auditors 2020-21] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

#### Grounds and Basis

This Item is confidential because in accordance with Section 7.7.3 of the Audit Committee Terms of Reference, the Audit Committee is required to meet with the external auditors at least once per year, without management present in order to discuss their responsibilities and any issues arising from the external audit.

The disclosure of information in this report may result in the release of information that would breach the Audit Committee's Terms of Reference and may adversely impact the commercial position of the Council.

#### Public Interest

The Audit Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in the release of information of a commercial advantage that may adversely impact the Council and would breach the Terms of Reference of the Audit Committee.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit Committee dated 8 October 2021 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 9.1 [Confidential Meeting with External Auditors 2020-21] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in section 90(3) (b) of the Act.
-

## DISCUSSION

1. Section 90(1) of the *Local Government Act 1999 (SA)* (the Act), directs that a meeting of a Council Committee must be conducted in a place open to the public.
2. Section 90(2) of the Act, states that a Council Committee may order that the public be excluded from attendance at a meeting if the Council Committee considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in section 90(3) of the Act.
3. Section 90(3) of the Act prescribes the information and matters that a Council may order that the public be excluded from.
4. Section 90(4) of the Act, advises that in considering whether an order should be made to exclude the public under section 90(2) of the Act, it is irrelevant that discussion of a matter in public may -
  - (a) *cause embarrassment to the council or council committee concerned, or to members or employees of the council; or*
  - (b) *cause a loss of confidence in the council or council committee; or*
  - (c) *involve discussion of a matter that is controversial within the council area; or*
  - (d) *make the council susceptible to adverse criticism.'*
5. Section 90(7) of the Act requires that an order to exclude the public:
  - 5.1 Identify the information and matters (grounds) from section 90(3) of the Act utilised to request consideration in confidence.
  - 5.2 Identify the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
  - 5.3 In addition identify for the following grounds – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.
6. Section 87(10) of the Act has been utilised to identify in the Agenda and on the Report for the meeting, that the following matter is submitted seeking consideration in confidence.
  - 6.1 Information contained in Item 9.1 – Confidential Meeting with External Auditors 2020-21
    - 6.1.1 Is not subject to an Existing Confidentiality Order
    - 6.1.2 The grounds utilised to request consideration in confidence is section 90(3) (b) of the Act
      - (b) information the disclosure of which—
        - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council, and
        - (ii) would, on balance, be contrary to the public interest.

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## ATTACHMENTS

Nil

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- END OF REPORT -

# Confidential Item 9.1

Confidential Meeting with External Auditors 2020-21

Section 90 (3) (b) of the *Local Government Act 1999 (SA)*

Pages 204 to 206

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