



COUNCIL MINUTES

for the Special meeting

Thursday 28 November 2019

in the Colonel Light Room,
Adelaide Town Hall



Present - The Right Honourable the Lord Mayor, Sandy Verschoor (Presiding);
Deputy Lord Mayor (Councillor Abiad);
Councillors Hou, Hyde, Khera, Knoll and Simms.

Acknowledgement of Country

At the opening of the special Council Meeting, the Lord Mayor stated:

'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.'

Acknowledgement of Colonel William Light

The Lord Mayor stated:

'The Council acknowledges the vision of Colonel William Light in determining the site for Adelaide and the design of the City with its six squares and surrounding belt of continuous Park Lands which is recognised on the National Heritage List as one of the greatest examples of Australia's planning heritage.'

Apologies and Leave of Absence

On Leave:

Councillor Abrahamzadeh

Apologies:

Councillors Couros, Donovan, Martin and Moran

Adjournment at 6.40 pm

Moved by Deputy Lord Mayor (Councillor Abiad),
Seconded by Councillor Hyde –

That this Special meeting of the Council adjourn and reconvene in the Colonel Light Room, Town Hall, Adelaide at the conclusion of the Special meeting of The Committee held on 28 November 2018.

Carried

Reconvened at 6.47 pm

The Special meeting of the Council reconvened with the following present:

The Right Honourable the Lord Mayor, Sandy Verschoor (Presiding);
Deputy Lord Mayor (Councillor Abiad);
Councillors Hou, Hyde, Khera, Knoll, Martin, Moran and Simms.

Report of the Audit Committee

1. Item 4.1 - Recommendations/Advice of the Audit Committee – Special – 25/11/2019 [2018/04062] [C]

Moved by Deputy Lord Mayor (Councillor Abiad),
Seconded by Councillor Martin –

That -

1. Report of the Audit Committee – 25 November 2019 [C]

THAT COUNCIL

1. Notes the report of the Special meeting of the Audit Committee held on 25 November 2019.

2. Audited Financial Statements 2018-19 [C]

THAT COUNCIL:

1. Considers the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019;
2. Receives the City of Adelaide's Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, 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 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
4. Notes the Certification of Auditor Independence, contained in Attachment C to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 by the Chief Executive Officer and the Presiding Member of the Audit Committee;
5. Notes the audited Adelaide Central Market Authority Financial Statements for 2018-19 as contained in Attachment D to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been audited and have been approved by the Adelaide Central Market Authority Board on 19 September 2019. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
6. Notes the Rundle Mall Management Authority Financial Statements for 2018-19, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been approved by the Rundle Mall Management Authority Board at its meeting 23 September 2019, 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 2018-19 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 E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 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 F to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
7. Notes the Adelaide Park Lands Authority Financial Statements for 2018-19, contained in Attachment G to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 7.1. Considers the Financial Statements for 2018-19 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 H to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
8. Notes the Council Solutions Regional Authority Financial Statements for 2018-19 as contained in Attachment J to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 have been audited and approved by the Council Solutions Regional Authority Board. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
9. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2018-19 as contained in Attachment K to Item 2.2 on the Agenda for the Special meeting of the Audit Committee

held on 25 November 2019. Council's equity interest of eight percent (8%) is included in the Consolidated Financial Statements of the City of Adelaide.

10. Recommends the 2018-19 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 subsequently laid before Council for noting on 28 November 2019.

Discussion ensued

The motion was then put and carried

The 2018-19 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 laid before Council for noting on 28 November 2019 are attached at the conclusion of the Minutes for reference.

Exclusion of the Public

2. Item 5.1 – Exclusion of the Public [2018/04291] [C]

For the following report of The Committee seeking consideration in confidence

6.1.1 Recommendation of The Committee in Confidence – Special - 28/11/2019

Recommendation 1 Central Market Arcade Redevelopment [s90(3) (b) & (d)]

Moved by Deputy Lord Mayor (Councillor Abiad),

Seconded by Councillor Khera –

THAT COUNCIL:

1. Having taken into account the relevant consideration contained in s 90(3) (b) & (d) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this Special meeting of the Council dated 28/11/2019 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 6.1.1 [Recommendation of The Committee in Confidence – Special - 28/11/2019 - Central Market Arcade Redevelopment] 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 contains commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, prejudice the commercial position of the council and prejudice the commercial position of the person who supplied the information and confer a commercial advantage to a third party.

The disclosure of information in this report could reasonably prejudice the commercial position of the council and the person forming part of this strategic property matter with associated documentation containing 'commercial in confidence' material and associated intellectual property.

The disclosure of this information could also reasonably prejudice the commercial position of Council given that the strategic property matter has been the subject of a competitive procurement process and commercial in confidence negotiations.

Public Interest

The Council 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 will result in release of information which is 'commercial in confidence' including intellectual property relating to this strategic property matter. The disclosure of such information may severely prejudice the City of Adelaide Council's ability to influence the proposal for the benefit of the City of Adelaide Council and the community in this matter.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of the Council dated 28/11/2019 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this Special meeting to enable this meeting to receive, discuss or consider in confidence Item 6.1.1 [Recommendation of The Committee in Confidence – Special - 28/11/2019 - Central Market Arcade Redevelopment] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) & (d) of the Act.

Carried

The Lord Mayor acknowledged and thanked Ross Haslam (Audit Committee Deputy Presiding Member) for his attendance for the report of the Audit Committee.

The public and members of Corporation staff not directly involved with Item 5.1 left the Colonel Light Room at 6.55 pm.

Councillors Martin and Moran left the Colonel Light Room at 6.55 pm

Confidential Item 6.1.1

Recommendation of The Committee in Confidence – Special - 28/11/2019

Recommendation 1 - Central Market Arcade Redevelopment

Section 90 (3)(b) & (d) of the *Local Government Act (SA) 1999*

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The Colonel Light Room re-opened to the public at 7.04 pm.

Confidentiality Order

Minute 3 - Item 6.1.1 – Recommendation of The Committee in Confidence – Special - 28/11/2019, Recommendation 1 - Central Market Arcade Redevelopment [C]

In accordance with Section 91(7) & (9) of the Local Government Act 1999 (SA) and because Item 6.1.1 [Recommendation of The Committee in Confidence – Special - 28/11/2019, Recommendation 1 - Central Market Arcade Redevelopment] listed on the Agenda for the Special meeting of the Council held on 28 November 2019 was received, discussed and considered in confidence pursuant to Section 90(3) (b) & (d) of the Local Government Act 1999 (SA), this Special meeting of the Council do order that:

1. the resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2026;
2. the confidentiality of the matter be reviewed in December 2020;
3. the Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Closure

The Special meeting closed at 7.04 pm.

Mark Goldstone
Chief Executive Officer

Sandy Verschoor
Lord Mayor.

Documents Attached for Reference

Minute 1 - Item 4.1 - Recommendations/Advice of the Audit Committee – Special – 25/11/2019 – Audited Financial Statements Laid before Council.

City of Adelaide

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



City of Adelaide

General Purpose Financial Statements for the year ended 30 June 2019

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City of Adelaide

General Purpose Financial Statements
for the year ended 30 June 2019

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 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide 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.



Mark Goldstone
CHIEF EXECUTIVE OFFICER



Sandy Verschoor
LORD MAYOR

Date: 25 November 2019

City of Adelaide

Statement of Comprehensive Income
for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	108,846	104,369
Statutory Charges	2b	13,313	15,205
User Charges	2c	67,320	64,689
Grants, Subsidies and Contributions	2g	3,751	7,320
Investment Income	2d	298	784
Reimbursements	2e	1,502	1,227
Other Income	2f	631	536
Net Gain - Equity Accounted Council Businesses	18a	79	-
Total Income		195,740	194,130
Expenses			
Employee Costs	3a	76,916	70,811
Materials, Contracts & Other Expenses	3b	94,261	92,137
Depreciation, Amortisation & Impairment	3c	44,292	48,358
Finance Costs	3d	1,448	193
Net loss - Equity Accounted Council Businesses	18a	-	12
Total Expenses		216,917	211,511
Operating Surplus / (Deficit)		(21,177)	(17,381)
Asset Disposal & Fair Value Adjustments	4	(4,838)	(2,404)
Amounts Received Specifically for New or Upgraded Assets	2g	5,625	9,792
Net Surplus / (Deficit) ¹		(20,390)	(9,993)
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	9a	181,546	244,838
Net Actuarial Gains on Defined Benefit Plan		90	123
Total Other Comprehensive Income		181,636	244,961
Total Comprehensive Income		161,246	234,968

¹ Transferred to Statement of Changes in Equity

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

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City of Adelaide

Statement of Financial Position
as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	6,069	6,738
Trade & Other Receivables	5b	10,548	14,145
Other Financial Assets	5c	159	177
Inventories	5d	641	527
Total Current Assets		17,417	21,587
Non-Current Assets			
Financial Assets	6a	278	478
Equity Accounted Investments in Council Businesses	6b	629	76
Infrastructure, Property, Plant & Equipment	7a	1,817,364	1,637,285
Investment Property	7a	2,865	2,865
Other Non-Current Assets	6c	1,659	1,569
Total Non-Current Assets		1,822,795	1,642,273
TOTAL ASSETS		1,840,212	1,663,860
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	28,529	28,029
Provisions	8c	13,879	12,744
Total Current Liabilities		42,408	40,773
Non-Current Liabilities			
Trade & Other Payables	8a	293	293
Borrowings	8b	41,450	28,000
Provisions	8c	2,007	1,986
Total Non-Current Liabilities		43,750	30,279
TOTAL LIABILITIES		86,158	71,052
Net Assets		1,754,054	1,592,808
EQUITY			
Accumulated Surplus		834,607	854,997
Asset Revaluation Reserves	9a	917,788	736,242
Other Reserves	9b	1,659	1,569
Total Council Equity		1,754,054	1,592,808

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

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City of Adelaide

Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2019					
Balance at the end of previous reporting period		854,997	736,242	1,569	1,592,808
a. Net Surplus / (Deficit) for Year		(20,390)	-	-	(20,390)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	181,546	-	181,546
- Defined Benefit Actuarial Gain		-	-	90	90
Other Comprehensive Income		-	181,546	90	181,636
Total Comprehensive Income		(20,390)	181,546	90	161,246
Balance at the end of period		834,607	917,788	1,659	1,754,054
2018					
Balance at the end of previous reporting period		864,319	491,404	2,117	1,357,840
a. Net Surplus / (Deficit) for Year		(9,993)	-	-	(9,993)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	244,838	-	244,838
- Defined Benefit Actuarial Gain		-	-	123	123
Other Comprehensive Income		-	244,838	123	244,961
Total Comprehensive Income		(9,993)	244,838	123	234,968
c. Transfers between Reserves		671	-	(671)	-
Balance at the end of period		854,997	736,242	1,569	1,592,808

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

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City of Adelaide

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		199,474	196,414
Investment Receipts		285	754
Payments			
Operating Payments to Suppliers and Employees		(169,956)	(158,038)
Finance Payments		(1,448)	(193)
Net Cash provided by (or used in) Operating Activities	10b	28,355	38,937
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		5,625	9,792
Sale of Replaced Assets		561	307
Sale of Surplus Assets		1,025	14
Receipt of Shared Equity Contribution		218	189
Payments			
Expenditure on Renewal/Replacement of Assets		(21,819)	(35,693)
Expenditure on New/Upgraded Assets		(27,430)	(66,337)
Capital Contributed to Equity Accounted Council Businesses		(474)	-
Net Cash provided by (or used in) Investing Activities		(42,294)	(91,729)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		13,450	28,000
Proceeds from Bonds & Deposits		-	389
Payments			
Repayment of Bonds & Deposits		(180)	-
Net Cash provided by (or used in) Financing Activities		13,270	28,389
Net Increase (Decrease) in Cash Held		(669)	(24,403)
plus: Cash & Cash Equivalents at beginning of period	10	6,738	31,141
Cash & Cash Equivalents at end of period	10	6,069	6,738

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

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City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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 1 May 2011.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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 Park Lands Authority
3. Rundle Mall Management Authority

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

3 Income Recognition

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

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

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 is in recognition that Council does not have control over the assets comprising the expiation fees until

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Capital works still in progress at balance date are recognised as 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
Benches, seats, etc.	10 to 20 years
Playground Equipment	5 to 15 years

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Buildings

Structural	80-300 years
Other Building Components	15-100 years

Infrastructure

Sealed Roads – Surface	15 to 50 years
Sealed Roads – Structure	50 to 85 years
Bridges – Concrete	20 to 100 years
Bridges – Timber	30 to 40 years
Paving & Footpaths	20 to 70 years
Kerb & Water Table	60 to 120 years
Drains	50 to 125 years
Culverts	40 to 80 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	15 to 25 years
Reticulation Pipes – other	15 to 25 years
Pumps & Telemetry	5 to 10 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	5 to 45 years
Statues & Monuments	Indefinite
Green Assets	20 years
Urban Elements	5 to 80 years

Other Assets

Library Books	1 to 7 years
Artworks	Indefinite

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.

6.6 Borrowing Costs

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

7 Investment property

Investment property comprises land &/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 30/06/2018.

Properties held for strategic purposes or where property is held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property, are not classified as investment properties.

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.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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 income statement over the period of the borrowings using the effective interest method.

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

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 avg. discount rate	1.38% (2018, 2.41%)
Weighted avg. settlement period 10 years	(2018, 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.

Local Government Superannuation Scheme

This Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

The Scheme's Marketlink category receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.5% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Scheme.

The Scheme's Salary Link (Defined Benefit) Plan is a multi-employer sponsored plan. As the Scheme's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

Corporation of the City of Adelaide Superannuation Plan

The Scheme, closed to new members, supports Defined Benefit membership only. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains are recognised through Other Comprehensive Income and losses are recognised in the income statement. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability recognised in the balance sheet represents the present value of the

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. 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

11.1 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

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

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

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

13 Construction Contracts

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

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

14 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.

15 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.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

16 New accounting standards and UIG interpretations

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

City of Adelaide has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 12 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. The adoption of AASB 15 and AASB 1058 is not expected to have a material impact on the financial statements.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2019

- **AASB 16 Leases** – The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Council's finance leases.

Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Leases in which the Group is a lessor

No significant impact is expected for other leases in which the Council is a lessor (see Note 16).

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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.

The standards are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases
- AASB 16 Leases (Appendix D)

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle

17 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.

18 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 and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		108,714	103,941
Less: Mandatory Rebates		(5,042)	(4,943)
Less: Discretionary Rebates, Remissions & Write Offs		(581)	(459)
Total General Rates		103,091	98,539
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,676	1,678
Rundle Mall Separate Rate		3,702	3,719
Building Upgrade Finance		41	25
Solar Savers		-	130
Total Other Rates		5,419	5,552
Other Charges			
Penalties for Late Payment		336	278
Total Other Charges		336	278
Total Rates Revenues		108,846	104,369
(b). Statutory Charges			
Development Act Fees		1,605	1,490
Animal Registration Fees & Fines		22	30
Parking Fines / Expiation Fees		10,457	12,424
Other Fees, Fines, Penalties and Expiations		46	34
Encroachments Fees		241	297
Food Inspections Fees/Fines		39	95
Outdoor Dining Fees		405	400
Residential Parking Permits		45	41
Section 7 Searches		97	85
Temporary Parking Control Permits		299	254
Water Systems Fees		57	55
Total Statutory Charges		13,313	15,205

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(c). User Charges			
Parking Fees		10,854	10,682
Property Lease		11,201	9,045
Sundry		394	107
Adelaide Aquatic Centre Charges		6,228	6,312
Adelaide Golf Links Charges		2,056	1,977
Adelaide Town Hall Charges		1,302	1,258
Bus Ticket Sales		5	5
Compost Sales		608	652
Event Fees		73	239
Library Centre		30	14
Off-Street Parking		30,016	30,351
Park Lands Events Fees		650	777
Property Recovery		3,480	2,881
Rundle Mall		423	389
Total User Charges		67,320	64,689
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		45	45
- Banks & Other		44	513
Investment Property Rental Income		196	196
Financial Instrument - Fair Value Increase / (Decrease)		13	30
Total Investment Income		298	784
(e). Reimbursements			
Private Works		1,096	1,044
Land Settlement		107	-
Other		299	183
Total Reimbursements		1,502	1,227
(f). Other Income			
Insurance & Other Recoupments		497	530
Sundry		134	6
Total Other Income		631	536

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		5,625	9,792
Total Amounts Received Specifically for New or Upgraded Assets		5,625	9,792
Other Grants, Subsidies and Contributions		1,963	5,473
Untied - Financial Assistance Grant		474	897
Roads to Recovery		233	117
Home and Community Care Grant		504	222
Library and Communications		565	611
Sundry		12	-
Total Other Grants, Subsidies and Contributions		3,751	7,320
Total Grants, Subsidies, Contributions		9,376	17,112

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

(i) Sources of grants

Commonwealth Government	744	1,236
State Government	8,577	15,142
Other	55	734
Total	9,376	17,112

(h). Conditions over Grants & Contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	13	58
<i>Less:</i>		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Infrastructure	-	(48)
Subtotal	-	(48)
<i>Plus:</i>		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Infrastructure	1	3
Subtotal	1	3
Unexpended at the close of this reporting period	14	13
Net increase (decrease) in assets subject to conditions in the current reporting period	1	(45)

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		65,898	64,821
Employee Leave Expense		9,034	8,296
Superannuation - Defined Contribution Plan Contributions	17	6,609	6,414
Workers' Compensation Insurance		1,715	1,918
Income Protection Insurance		342	240
Less: Capitalised and Distributed Costs		(6,682)	(10,878)
Total Operating Employee Costs		76,916	70,811
Number of Employees (full time equivalent at end of reporting period)		673	657
Number of Employees (temporary full time equivalent at end of reporting period)		121	121
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration		68	68
Bad and Doubtful Debts		(16)	151
Elected Members' Expenses		484	486
Election Expenses		227	-
Operating Lease Rentals - Non-Cancellable Leases	16		
- Minimum Lease Payments		6,585	6,486
Subtotal - Prescribed Expenses		7,348	7,191
(ii) Other Materials, Contracts and Expenses			
Contractors		23,108	21,281
Energy		5,914	5,115
Maintenance		8,729	8,037
Legal Expenses		1,525	2,121
Levies Paid to Government - including NRM levy		2,182	2,073
Levies - Other		41	20
Parts, Accessories & Consumables		5,801	6,144
Professional Services		7,245	6,899
Advertising and Promotion		3,718	3,605
Bank Charges and Cash Collection		1,118	1,059
Catering		547	662
Cleaning		2,833	2,697
Communications		375	405
Contractual Expenses		394	435
Water		3,242	2,936
Entertainment - Council and Civic Events		86	90
(continued on next page)			

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(ii) Other Materials, Contracts and Expenses (continued)			
External Plant Hire		922	1,443
Insurance		2,060	1,965
Investment Property Expenses		149	135
Minor Plant and Equipment		722	568
Printing, Freight and Postage		770	670
Rates and Taxes		342	1,600
Registrations		63	208
Searches		418	375
Security		2,123	2,043
Sponsorships, Contributions and Donations		9,082	9,669
Subscriptions		1,171	1,077
Training and Development		795	707
Waste Services		1,370	1,130
Other		313	136
Less: Capitalised and Distributed Costs		(245)	(359)
Subtotal - Other Material, Contracts & Expenses		86,913	84,946
Total Materials, Contracts and Other Expenses		94,261	92,137
 (c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Park Land Improvements		2,048	3,303
Buildings		8,439	8,318
Infrastructure			
- Stormwater and Drainage		2,185	2,461
- Bridges		2,332	2,334
- Footpaths		7,639	2,107
- Kerb & Water Table		952	941
- Public Lighting		3,601	3,296
- Roads		5,896	5,836
- Ticket Machines		403	409
- Traffic Signals		1,454	1,268
- Urban Elements		3,511	2,269
Plant & Equipment		1,702	1,606
Furniture & Fittings		3,858	4,501
Library Books		272	212
Subtotal		44,292	38,861
(ii) Impairment			
Land & Buildings		-	8,788
Stormwater & Drainage		-	32
Footpaths		-	595
Bridges		-	82
Subtotal		-	9,497
Total Depreciation, Amortisation and Impairment		44,292	48,358

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(d). Finance Costs			
Interest on Loans		1,448	193
Total Finance Costs		1,448	193

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		561	306
Less: Carrying Amount of Assets Sold		(5,938)	(2,773)
Gain (Loss) on Disposal		(5,377)	(2,467)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		1,025	14
Less: Carrying Amount of Assets Sold		(16)	-
Gain (Loss) on Disposal		1,009	14
Fair Value Adjustments			
Investment Property - Fair Value Increase / (Decrease)		(470)	49
Total Fair Value Adjustments		(470)	49
Net Gain (Loss) on Disposal or Revaluation of Assets		(4,838)	(2,404)

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5. Current Assets

\$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		5,668	6,305
Deposits at Call		401	433
Total Cash & Cash Equivalents		6,069	6,738
(b). Trade & Other Receivables			
Rates - General & Other		3,740	2,946
Accrued Revenues		1,626	6,771
Debtors - General		2,818	2,215
GST Recoupment		1,113	956
Prepayments		1,571	1,672
Subtotal		10,868	14,560
Less: Allowance for Doubtful Debts		(320)	(415)
Total Trade & Other Receivables		10,548	14,145
(c). Other Financial Assets (Investments)			
Ergo Apartments - Shared Equity Loans		159	177
Total Other Financial Assets (Investments)		159	177
Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13			
(d). Inventories			
Stores & Materials		409	333
Trading Stock		176	148
Other		56	46
Total Inventories		641	527

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
(a). Financial Assets			
Other Financial Assets (Investments)			
Ergo Apartments - Shared Equity Loans		278	478
Total Other Financial Assets (Investments)		278	478
Total Financial Assets		278	478
(b). Equity Accounted Investments in Council Businesses			
Council Solutions Regional Authority	18a	138	76
The Brown Hill and Keswick Creeks Stormwater Board	18a	491	-
Total Equity Accounted Investments in Council Businesses		629	76
(c). Other Non-Current Assets			
Employee Entitlements (unfunded superannuation asset)		1,659	1,569
Total Other Non-Current Assets		1,659	1,569

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

Fair Value Level	as at 30/06/2018										Asset Movements during the Reporting Period										as at 30/06/2019				
	Fair Value	At Fair Value	At Cost	Depth	Accumulated Impairment	Carrying Value	Asset Additions		WDV of Asset Disposals (Note 4)	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	WIP Transfers	Adjustments & Transfers	Projected Related Expenditure (Note 3b)	Re-classification	Revaluation Increments/Decrements to P&L - Investments - Properties (Note 4)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Depth	Accumulated Impairment	Carrying Value		
							New/Upgrade	Renewals																	
			44,850			44,850	38,566	29,884				(567)	(61,227)	(18,539)						32,977				32,977	
Land			388,400			388,400															388,400				388,400
Land - Crown	3	207,470				207,470															207,470				207,470
Land - Other	2	12,640				12,640																			12,640
Buildings			533,874		339,090	194,784			(3,979)				3,027				161			536,901		342,909			195,982
Buildings	3	170,865		71,594	99,272			(303)	(4,460)			2,469							172,046		75,068			96,978	
Park Land Improvements			73,384		42,285	31,099		(27)	(2,048)			5,521							78,881		44,316			34,545	
Infrastructure			111,609		65,971	45,638		(24)	(2,185)			4,121			(706)		86,593		322,706		189,269			133,437	
- Stormwater and Drainage	3	156,350		88,301	68,049		(155)	(155)	(2,332)			475							156,630		90,394			66,036	
- Bridges	3	319,405		108,843	210,563			(2,566)	(7,493)			8,786			(6,420)		1,994		315,712		109,789			205,923	
- Footpaths	3	4,475			4,475				(146)			2,655							7,170		146			7,024	
- Kerb & Water Table	3	68,545		20,541	48,005			(1,239)	(952)			3,702							134,733		62,468			72,265	
- Public Lighting	3	84,082		34,740	49,342			(136)	(3,601)			7,376							91,286		38,305			52,981	
- Roads	3	239,137		116,254	122,883			(749)	(5,896)			6,450			6,420		70,055		382,818		183,654			199,164	
- Ticket Machines	3	8,655		1,719	6,936			(30)	(403)			69							3,662		2,110			1,572	
- Traffic Signals	3	26,594		12,657	13,937				(1,454)			2,229							28,813		14,101			14,712	
- Urban Elements	3	70,817		7,296	63,531			(157)	(3,511)			2,692			706				74,074		10,813			63,261	
Other			19,220		9,228	9,992		(534)	(1,702)			2,593							20,557		10,128			10,429	
Plant & Equipment			7,803		5,815	1,988			(272)			316							8,118		6,087			2,031	
Library Books			11,311			11,311													11,311					11,311	
Civic Collection			42,519		35,379	7,140			(3,658)			6,935							49,455		39,239			10,216	
Furniture and Fittings			2,082,905		959,703	1,123,202		(5,954)	(44,292)			(771)	(18,539)				181,546		2,525,542		1,248,906			1,276,636	
Total Infrastructure, Property, Plant & Equipment			1,541,575		695,007	846,568		2,773	(38,861)		(9,497)		121	(6,755)			(2,827)	247,665	2,082,905		514,083		899,703	1,637,285	
Comparatives			1,541,575		695,007	846,568		2,773	(38,861)		(9,497)		121	(6,755)			(2,827)	247,665	2,082,905		514,083		899,703	1,637,285	

Note 7a (ii). Investment Property

Buildings & Structures	2	2,865				2,865						470							2,865					2,865
Total Investment Property		2,865				2,865						470							2,865					2,865
Comparatives		2,865				2,865						470							2,865					2,865

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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 infrastructure and some building assets. These assets are valued at depreciated current replacement cost which 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.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.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.

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 Lands Improvement

Park Lands Improvement assets were valued by Council officers at current replacement cost during the reporting period ended 30 June 2003. Green assets located in the Park Lands, such as landscaping and vegetation, are recognised at cost.

Land

Land, excluding Park Lands and Land under Roads were valued using the market approach during the reporting period ended 30 June 2018 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.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

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 2018 by independent valuers. Acquisitions subsequent to the most recent valuation have been measured at cost.

Infrastructure

Footpaths were valued by Council officers at current replacement cost during the reporting period ended 30 June 2018. The same basis of valuation was used by Council officers for public lighting and traffic signal assets during the reporting period ended 30 June 2015. Where internal expertise was not available in that reporting period, such as the valuation of significant bridges, external valuers were utilised. Footpath landscaping is recognised at cost.

Roads

Road assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ending 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.

Stormwater and Drainage

Stormwater and drainage assets are periodically valued with the most recent revaluation conducted for the period ending 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.

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 ending 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.

Plant & Equipment

Plant and equipment is valued at historical cost less depreciation.

Furniture & Fittings

Furniture and Fittings is valued at historical cost less depreciation.

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 parties 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 and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8. Liabilities

\$ '000	Notes	2019	2019	2018	2018
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		14,680	-	15,063	-
Payments Received in Advance		2,486	293	1,963	293
Accrued Expenses - Employee Entitlements		2,136	-	2,043	-
Accrued Expenses - Other		7,087	-	6,746	-
Deposits, Retentions & Bonds		970	-	1,150	-
Other		1,170	-	1,064	-
Total Trade and Other Payables		28,529	293	28,029	293
(b). Borrowings					
Loans		-	41,450	-	28,000
Total Borrowings		-	41,450	-	28,000
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Annual Leave Employee Entitlements		6,113	-	6,080	-
Provision for Taxation - Carbon Tax		-	-	-	52
Long Service Leave Employee Entitlements		7,356	2,007	6,309	1,934
Other		410	-	355	-
Total Provisions		13,879	2,007	12,744	1,986

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land and Buildings	387,966	-	-	-	387,966
Park Land Improvements	13,217	-	-	-	13,217
Buildings	-	161	-	-	161
Infrastructure					
- Stormwater and Drainage	7,585	86,593	-	-	94,178
- Bridges	56,847	-	-	-	56,847
- Footpaths	144,099	1,994	-	-	146,093
- Kerb & Water Table	57,978	22,743	-	-	80,721
- Roads	44,999	70,055	-	-	115,054
- Statues & Fountains	3,730	-	-	-	3,730
- Ticket Machines	1,202	-	-	-	1,202
- Urban Elements	17,616	-	-	-	17,616
Other Assets	1,003	-	-	-	1,003
Total Asset Revaluation Reserve	736,242	181,546	-	-	917,788
Comparatives	491,404	244,838	-	-	736,242

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Defined Benefit - Unfunded Superannuation Liability	1,569	90	-	-	1,659
Total Other Reserves	1,569	90	-	-	1,659
Comparatives	2,117	123	(671)	-	1,569

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).

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.

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	6,069	6,738
Balances per Statement of Cash Flows		6,069	6,738

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City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		(20,390)	(9,993)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		44,292	48,358
Fair Value Adjustments		560	74
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(79)	12
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(5,625)	(9,792)
Net (Gain) Loss on Disposals		4,368	2,453
		23,126	31,112
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		3,692	1,967
Change in Allowances for Under-Recovery of Receivables		95	(125)
Net (Increase)/Decrease in Inventories		(114)	28
Net (Increase)/Decrease in Other Current Assets		(280)	127
Net Increase/(Decrease) in Trade & Other Payables		680	5,887
Net Increase/(Decrease) in Unpaid Employee Benefits		33	(200)
Net Increase/(Decrease) in Other Provisions		1,123	141
Net Cash provided by (or used in) operations		28,355	38,937
(c). Reconciliation of Liabilities Arising from Financing Activities			
Long-term Borrowings			
- Opening Balance		28,000	-
- Borrowings Advanced During the Year		13,450	28,000
Closing Balance		41,450	28,000
Bonds & Deposits			
- Opening Balance		1,150	761
- Bond/Deposit Payments During the Year		(180)	389
Closing Balance		970	1,150
Total Liabilities from Financing Activities		42,420	29,150
(d). Financing Arrangements			
Unrestricted access was available at balance 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 11(b).										
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	
\$ '000											
Creative City	763	654	13,364	13,719	(12,601)	(13,065)	308	-	458,784	992,531	
Liveable City	80,041	53,408	118,096	117,829	(38,055)	(64,421)	1,194	1,423	1,151,427	376,205	
Smart City	4	-	2,916	3,733	(2,912)	(3,733)	-	-	200,194	264,139	
Green City	1,490	1,250	17,592	18,137	(16,102)	(16,887)	178	-	437	497	
Corporate	113,442	138,818	64,949	58,093	48,493	80,725	2,071	5,897	29,370	30,488	
Total Functions/Activities	195,740	194,130	216,917	211,511	(21,177)	(17,381)	3,751	7,320	1,840,212	1,663,860	

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.

Adelaide City Council Financial Statements 2018-19

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 11b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

SMART CITY

City Growth and Rundle Mall Management Authority

GREEN CITY

Sustainability, Park Lands Strategy and Public Realm Services

LIVEABLE CITY

Design Projects & Strategies, Community Safety & Health, Participation & Inclusion, Wellbeing & Resilience, Planning & Heritage, Customer Experience, Infrastructure Planning & Delivery, Public Realm Infrastructure, Commercial Businesses, Adelaide Central Market Authority and Adelaide Park Lands Authority

CREATIVE CITY

Culture & Lifelong Learning, Events Management, Civic Relationships & Partnerships and Visitor Growth

CORPORATE

CEO Office, Corporate Activities, Council Solutions, Finance, Governance, Information Management, Infrastructure Support, Marketing & Communications, On Street Parking, People, Planning Support, Program Management and Strategic Property

Note 12. Financial Instruments

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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 6.6% (2018: 6.6%). 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).

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments**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.

Carrying Amount:

Fair value

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, 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.

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash & Equivalents	6,069	-	-	6,069	6,069
Receivables	4,124	-	-	4,124	4,124
Other Financial Assets	159	278	-	437	437
Total Financial Assets	10,352	278	-	10,630	10,630
Financial Liabilities					
Payables	26,043	-	-	26,043	26,043
Non-Current Borrowings	-	-	41,450	41,450	41,450
Total Financial Liabilities	26,043	-	41,450	67,493	67,493
2018					
Financial Assets					
Cash & Equivalents	6,738	-	-	6,738	6,738
Receivables	8,571	-	-	8,571	8,571
Other Financial Assets	177	478	-	655	655
Total Financial Assets	15,486	478	-	15,964	15,964
Financial Liabilities					
Payables	26,066	-	-	26,066	26,066
Non-Current Borrowings	-	-	28,000	28,000	28,000
Total Financial Liabilities	26,066	-	28,000	54,066	54,066

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.73%	41,450	2.75%	28,000
		41,450		28,000

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 and forming part of the Financial Statements for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Note 13. Commitments for Expenditure

Capital Commitments

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

Buildings	3,300	127
Drainage & Waterways	120	364
IT Corporate System	274	76
Lighting & Electrical	93	30
Park Lands & Squares	237	167
Plant & Equipment	314	-
Strategic Priorities	-	247
Streetscapes	453	4,114
Transportation	7,835	1,009
Urban Elements	787	72
Other	-	33
	13,413	6,239

These expenditures are payable:

Not later than one year	13,413	6,239
	13,413	6,239

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	2019	2019	2018	2017

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	(21,177)			
Total Operating Income	195,740	(11%)	(9%)	8%

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	69,104			
Total Operating Income	195,740	35%	26%	(5%)

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

3. Asset Renewal Funding Ratio

Net Asset Renewals	23,335			
Infrastructure & Asset Management Plan required expenditure	30,711	76%	91%	123%

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 and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15. Uniform Presentation of Finances

\$ '000	2019	2018
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	195,740	194,130
less Expenses	(216,917)	(204,756)
Operating Surplus / (Deficit)	(21,177)	(10,626)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(21,819)	(38,278)
add back Depreciation, Amortisation and Impairment	44,292	48,360
add back Proceeds from Sale of Replaced Assets	561	307
Subtotal	23,034	10,389
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(27,430)	(70,362)
add back Amounts Received Specifically for New and Upgraded Assets	5,625	9,792
add back Proceeds from Sale of Surplus Assets □	1,025	14
Subtotal	(20,780)	(60,556)
Net Lending / (Borrowing) for Financial Year	(18,923)	(60,793)

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16. Operating Leases

\$ '000	2019	2018
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(i) Leases Providing Revenue to the Council

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

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.

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	7,181	3,730
Later than one year and not later than 5 years	8,058	7,034
Later than 5 years	25,565	26,075
	<u>40,804</u>	<u>36,839</u>

(ii) Lease Payment Commitments of Council

The lease obligations are predominately for the operating lease of buildings.

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

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

Not later than one year	5,740	6,076
Later than one year and not later than 5 years	15,316	18,049
Later than 5 years	27,034	27,960
	<u>48,090</u>	<u>52,085</u>

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 17. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). 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 2017/18) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18a. Interests in Other Entities

\$ '000

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

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Council Solutions Regional Authority	Promotion of procurement and service delivery	138	76
The Brown Hill and Keswick Creeks Stormwater Board	Implementation & oversight of stormwater infrastructure	491	-
Total Carrying Amounts - Joint Ventures & Associates		629	76

Council Solutions Regional Authority

Council Solutions Regional Authority was established by six constituent councils comprising the Cities of Adelaide, Charles Sturt, Marion, Salisbury, Tea Tree Gully, and Onkaparinga, for the purposes of promoting procurement and service delivery amongst the constituent councils.

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, comprising the Cities of Adelaide, Burnside, Unley, Mitcham and West Torrens for the purposes of implementing or overseeing the construction of stormwater infrastructure for the purposes of the implementation of the Stormwater Management Plan.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Council Solutions Regional Authority	17%	17%	17%	17%	17%	17%
The Brown Hill and Keswick Creeks Stormwater Board	8%	8%	8%	8%	20%	20%

(c) Movement in Investment in Joint Venture or Associate

	Council Solutions Regional Authority		The Brown Hill and Keswick Creeks Stormwater Board	
	2019	2018	2019	2018
Opening Balance	76	88	-	-
Share in Operating Result	62	(12)	17	-
New Capital Contributions	-	-	474	-
Council's Equity Share in the Joint Venture or Associate	138	76	491	-

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 18b. Controlled Entities

\$ '000

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.

Name of Operation/Entity	Principal Activity and Place of Business	Ownership		Voting Rights	
		2019	2018	2019	2018
Adelaide Central Market Authority (ACMA)	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					
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 2018/19. 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

ACMA currently hold a line of credit with council to the value of \$9,232,148, with a current draw down to the value of \$7,460,640.

Other disclosures

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$446,112 for the year.

Council has a lease agreement with ACMA for the Central Market Complex until the 30 September 2033. The lease charge totalled \$2,834,796 for the year.

ACMA contracts staff from Council with the on-charge totalling \$1,152,526 for the year.

City of Adelaide

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18b. Controlled Entities

\$ '000

Name of Operation/Entity

Principal Activity and Place of Business:

Adelaide Park Lands Authority (APLA) 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

Council's Interest in Subsidiary

Ownership		Voting Rights	
2019	2018	2019	2018
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 was to the value of \$187,000.

Other disclosures

APLA contracts staff from Council with the on-charge totalling \$136,860 for the year.

Name of Operation/Entity

Principal Activity and Place of Business:

Rundle Mall Management Authority (RMMA) 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.

Interests in Subsidiary

Council's Interest in Subsidiary

Ownership		Voting Rights	
2019	2018	2019	2018
100%	100%	100%	100%

Other disclosures

RMMA contracts staff from Council with the on-charge totalling \$793,509 for the year.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 190 km of road reserves of average width 9.3 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 MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs.

All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 20. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, 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 Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 25/11/19.

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

Note 21. Related Party Transactions

\$ '000	2019	2018
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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:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	2,326	1,674
Post-Employment Benefits	158	124
Long-Term Benefits	22	-
Total	2,506	1,798

Compensation paid excludes reimbursement of expenses incurred on behalf of Council

Receipts from Key Management Personnel comprise:

Rentals for Council property	496	-
Total	496	-

Note 22. Capital City Development and Economic Development

Expenditure of \$47.4 m was incurred in relation to Council's commitments under the Capital City Development Program. This represents 22% of total expenditure for the year ended 30 June 2019.

In accordance with the requirements of the City of Adelaide Act 1998, expenditure of \$13.7m was incurred for works, services and activities that directly related to Council's economic development program. This represents 6.38% of the total expenditure for the year ended 30 June 2019.



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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 (the Council), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other 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 2019 and its financial performance 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* (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 of Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority and the Annual Report of Council Solutions.

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.

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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

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 28 November 2019



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INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF ADELAIDE

Opinion

We have undertaken a reasonable assurance engagement on the design 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, throughout the period 1 July 2018 to 30 June 2019 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 2018 to 30 June 2019.

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


Andrew Tickle
Director

Adelaide, 28 November 2019


City of Adelaide

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2019, the Council's Auditor, BDO 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*.



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 September 2019



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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 2019, 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.

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 21 August 2019

Adelaide Central Market Authority

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2019

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Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Adelaide Central Market Authority (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 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Authority provide reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year, and
- the financial statements accurately reflect the Authority's accounting and other records.



Jodie Kannane
General Manager
ADELAIDE CENTRAL MARKET AUTHORITY



Nicholas Begakis AO
Chairman
ADELAIDE CENTRAL MARKET AUTHORITY

Date: 19 September 2019

Adelaide Central Market Authority

Statement of Comprehensive Income
for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
User Charges	2a	9,192	9,211
Investment Income	2b	12	28
Other Income	2c	117	13
Total Income		9,321	9,252
Expenses			
Materials, Contracts & Other Expenses	3a	9,259	9,694
Depreciation, Amortisation & Impairment	3b	376	224
Contribution to City of Adelaide	3c	300	-
Total Expenses		9,935	9,918
Operating Surplus / (Deficit)		(614)	(666)
Net Surplus / (Deficit)		(614)	(666)
Total Comprehensive Income		(614)	(666)

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

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Adelaide Central Market Authority

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	567	777
Trade & Other Receivables	4b	256	394
Inventories	4c	81	37
Total Current Assets		904	1,208
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	8,849	6,566
Total Non-Current Assets		8,849	6,566
TOTAL ASSETS		9,753	7,774
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	1,632	2,098
Total Current Liabilities		1,632	2,098
Non-Current Liabilities			
Borrowings	6b	5,895	3,472
Total Non-Current Liabilities		5,895	3,472
TOTAL LIABILITIES		7,527	5,570
Net Assets		2,226	2,204
EQUITY			
Accumulated Surplus		415	1,029
Other Reserves	7	1,811	1,175
Total Equity		2,226	2,204

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

4

Adelaide Central Market Authority

Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Other Reserves	Total Equity
2019				
Balance at the end of previous reporting period		1,029	1,175	2,204
Net Surplus / (Deficit) for Year		(614)	-	(614)
Other Comprehensive Income				
- Deemed contribution	7	-	636	636
Other Comprehensive Income		-	636	636
Total Comprehensive Income		(614)	636	22
Transfers between Reserves		-	-	-
Balance at the end of period		415	1,811	2,226
2018				
Balance at the end of previous reporting period		1,024	671	1,695
Net Surplus / (Deficit) for Year		(666)	-	(666)
Other Comprehensive Income				
- Deemed contribution	7	-	1,175	1,175
Other Comprehensive Income		-	1,175	1,175
Total Comprehensive Income		(666)	1,175	509
f. Transfers between Reserves		671	(671)	-
Balance at the end of period		1,029	1,175	2,204

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

5

Adelaide Central Market Authority

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		9,447	8,870
Investment Receipts		12	28
Payments			
Operating Payments to Suppliers and Employees		(9,917)	(8,647)
Net Cash provided by (or used in) Operating Activities	8b	(458)	251
Cash Flows from Investing Activities			
Payments			
Expenditure on Renewal/Replacement of Assets		(2,959)	(3,744)
Net Cash provided by (or used in) Investing Activities		(2,959)	(3,744)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		3,207	3,154
Net Cash provided by (or used in) Financing Activities		3,207	3,154
Net Increase (Decrease) in Cash Held		(210)	(339)
plus: Cash & Cash Equivalents at beginning of period		777	1,116
Cash & Cash Equivalents at end of period	8a	567	777

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

6

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Adelaide Central Market Authority (the Authority) is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 44-60 Gouger Street, Adelaide.

The Authority was enacted on 3 May 2012 as a subsidiary of the Corporation of the City of Adelaide with its primary role being to oversee the management and operation of the Adelaide Central Market.

3 Income Recognition

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

4 Cash, Cash Equivalents and other Financial Instruments

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

The majority of receivables relate to stall holder leases and are secured in part by bank or directors' guarantees. 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.

5 Inventories

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

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

6 Infrastructure, Property, Plant & Equipment

6.1 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 assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as 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 the materiality threshold 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.

6.3 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

Plant & Equipment	2 to 20 years
-------------------	---------------

Building & Other Structures

Buildings – other construction	5 to 50 years
--------------------------------	---------------

6.4 Impairment

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Leases

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

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

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The Memorandum of Lease between City of Adelaide and Adelaide Central Market Authority commencing 1 October 2012 and expiring 30 September 2033 requires Base Rent payable on Gross Revenue at a rate notified by the lessor. The lessor notified the rate to be 30% from lease commencement. By agreement, one-off revenue for Market 150th Book sales has been excluded for 2018-19 and 2019-20.

9 Borrowings

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised however, per AASB 9, it has been initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the fair value is recognised through the Statement of Changes in Equity.

Deemed interest is recognised in the Statement of Comprehensive Income and it is the effective unwinding of the discount applied to the fair value recognition. The City of Adelaide's Long Term Financial Plan has been referenced to determine the timing of the principal repayment.

10 GST Implications

Accounting for Goods & Services Tax is as follows:

- 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.

11 New accounting standards and IASB interpretations

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

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

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. This Standard will be applicable to annual reporting periods beginning on or after 1 January 2019. Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 1 July 2019

AASB 15 & 1058

As noted above, the Authority have assessed there will be no material impact on the financial statements.

AASB 16 Leases

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. This Standard will be applicable to annual reporting periods beginning on or after 1 January 2019. Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Transition method

The Authority intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the right of use asset and corresponding lease liability will be recognised at 1 July 2019, with no restatement of comparative information.

The Authority intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

The Authority has not adopted any of the following standards early.

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 Leases
- AASB 16 Leases (Appendix D)

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

12 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.

13 Disclaimer

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

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). User Charges			
Off-Street Parking		4,801	4,889
Property Lease		3,527	3,460
Property Recovery		864	862
Total User Charges		9,192	9,211
(b). Investment Income			
Interest on Investments			
- Banks & Other		12	28
Total Investment Income		12	28
(c). Other Income			
Merchandise Sales		26	13
General Sales		91	-
Total Other Income		117	13

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		10	11
Board Fees		116	117
Operating Lease Rentals - Non-Cancellable Leases			
- Minimum Lease Payments - City of Adelaide Rent		2,835	2,801
- Minimum Lease Payments - City of Adelaide Upark Management Fee		446	446
- Minimum Lease Payments - Star Car Park Rent		812	789
- Minimum Lease Payments - Other		32	23
Subtotal - Prescribed Expenses		4,251	4,187
(ii) Other Materials, Contracts and Expenses			
Advertising and Promotion		222	372
Bank Charges and Cash Collection		118	101
Catering		8	18
Cleaning		890	914
Communications		-	3
Contractors		1,242	1,328
Energy and Water		889	758
External Plant Hire		-	3
Interest Expense - City of Adelaide Borrowings		152	93
Insurance		86	80
Legal Expenses		45	92
Levies Paid to Government - including NRM levy		34	36
Maintenance		362	512
Minor Plant and Equipment		19	22
Parts, Accessories & Consumables		41	40
Printing, Freight and Postage		10	14
Professional Services		85	314
Rates and Taxes		21	30
Security		535	512
Training and Development		15	51
Waste Services		217	192
Other		17	22
Subtotal - Other Material, Contracts & Expenses		5,008	5,507
Total Materials, Contracts and Other Expenses		9,259	9,694

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(b). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		291	158
Plant & Equipment		85	66
Subtotal		376	224
Total Depreciation, Amortisation and Impairment		376	224
(C). Contribution to City of Adelaide			
Contribution to City of Adelaide		300	-
Total Contribution to City of Adelaide		300	-

An agreement was made with Council in June 2016 for ACMA to reinstate the right-hand turn from Grote Street into the Adelaide Central Market car park by the provision of a capped level of funding. The project commenced in 2016-17 and was completed in 2018-19, resulting in a \$300,000 contribution expense from ACMA to Council in 2018-19, per AASB 1004 Contributions.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4. Current Assets

\$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		567	777
Total Cash & Cash Equivalents		567	777
(b). Trade & Other Receivables			
Accrued Revenues		164	140
Debtors - General		49	69
GST Recoupment		34	176
Prepayments		9	9
Subtotal		256	394
Total Trade & Other Receivables		256	394
(c). Inventories			
Trading Stock		81	37
Total Inventories		81	37

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 Infrastructure, Property, Plant & Equipment

	as at 1/7/2018			Asset Movements during the Reporting Period				as at 30/6/2019		
	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense (Note 3b)	Adjustments & Transfers	At Cost	Accumulated Dep'n	Carrying Value
\$ '000										
Capital Work in Progress										
Capital Work in Progress	2,352	-	2,352	2,959	-	-	(3,987)	1,324	-	1,324
Buildings										
Leasehold Improvements	4,325	(318)	4,007	-	-	(291)	3,106	7,431	(609)	6,822
Street Furniture	27	(27)	-	-	0	-	-	-	-	-
Other										
Plant & Equipment	418	(211)	207	-	-	(85)	581	999	(296)	703
Total Infrastructure, Property, Plant & Equipment	7,122	(566)	6,556	2,959	-	(376)	(300)	9,754	(905)	8,849
Comparatives	3,378	(332)	3,046	3,744	-	(224)	-	7,122	(556)	6,566

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a) Trade and Other Payables					
Payments Received in Advance		90	-	93	-
Accrued Expenses - Other		960	-	1,162	-
Loan from City of Adelaide		109	-	161	-
Other		473	-	682	-
Total Trade and Other Payables		1,632	-	2,098	-
(b) Borrowings					
Loan from City of Adelaide		-	5,895	-	3,472
Total Borrowings		-	5,895	-	3,472

All liabilities associated with borrowings are secured over the future revenues of the Authority

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7. Reserves

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
Other Reserves					
FV Loan Adjustment	1,175	636	-	-	1,811
Total Other Reserves	1,175	636	-	-	1,811
Comparatives	671	1,175	(671)	-	1,175

OTHER RESERVES

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised and as such no commercial terms exist. The requirement per AASB 9 *Financial Instruments* is to recognise the loan at fair value. The difference between the loan amount (face value) and its fair value has been determined by the differential in the interest charged by Council (2019: 2.5% to 2.75%) and the rate offered by the Local Government Finance Authority (2019: 2.25%).

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	4a	567	777
Balances per Statement of Cash Flows		567	777
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		(614)	(666)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		376	224
Notional Interest Charged		152	93
		(86)	(349)
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		138	(320)
Net (Increase)/Decrease in Inventories		(44)	(13)
Net Increase/(Decrease) in Trade & Other Payables		(466)	933
Net Cash provided by (or used in) operations		(458)	251

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9. Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	567	-	-	567	567
Receivables	213	-	-	213	213
Total Financial Assets	780	-	-	780	780
<u>Financial Liabilities</u>					
Payables	1,542	-	-	1,542	1,542
Non-Current Borrowings	-	-	5,895	5,895	5,895
Total Financial Liabilities	1,542	-	5,895	7,437	7,437
Consolidated					
\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
<u>Financial Assets</u>					
Cash & Equivalents	777	-	-	777	777
Receivables	209	-	-	209	209
Total Financial Assets	986	-	-	986	986
<u>Financial Liabilities</u>					
Payables	2,005	-	-	2,005	2,005
Non-Current Borrowings	-	-	3,472	3,472	3,472
Total Financial Liabilities	2,005	-	3,472	5,477	5,477

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority 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. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 10. Leasing Commitments

\$ '000	2019	2018
---------	------	------

(i) Lessees commitments under all non-cancellable lease agreements, are as follows:

Leases Providing Revenue to the Authority

Rental income received and outgoings reimbursed from Central Market Stallholders (Lessees) has been disclosed as Property Lease Income in Note 2.

Not later than one year	2,899	2,938
Later than one year and not later than 5 years	4,254	3,386
Later than 5 years	17	74
	<u>7,169</u>	<u>6,398</u>

(ii) Lease Payment Commitments of the Authority

The Authority leases the Central Market Complex from the Corporation of the City of Adelaide under a lease which commenced 1 October 2012 for a period of 21 years. The annual rent payable is determined using a floating percentage of income and net surplus funds. Due to this variability, future rent payable cannot be accurately quantified and is not disclosed below.

The lease arrangement with the Corporation of the City of Adelaide includes a sub-lease for a portion of the car park.

Rent paid during 2018/19 in accordance with the abovementioned lease arrangement is disclosed as Operating Leases in Note 3.

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

Not later than one year	931	913
Later than one year and not later than 5 years	5,015	4,955
Later than 5 years	2,186	3,312
	<u>8,132</u>	<u>9,180</u>

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 11. Related Party Transactions

\$ '000	2019	2018
Key Management Personnel		
The Key Management Personnel of the Adelaide Central Market Authority include Board members and the General Manager. In all, 9 persons were paid the following total cumulative compensation:		
Short-Term Employee Benefits	304	300
Post-Employment Benefits	18	16
	<u>322</u>	<u>316</u>

The Board of Adelaide Central Market Authority includes the Chairman of the Traders Advisory Group who is required to be a Lessee of a stall in the Adelaide Central Market and is elected by the Traders in March biennially. Adelaide Central Market Authority received the following rent amounts from Board members or Council elected members relating to 9 tenancies:

Stallholder Lease Rentals for properties managed by Adelaide Central Market	331	119
	<u>331</u>	<u>119</u>

All Key Management Personnel are required to disclose membership of the management committees or boards of any business, sporting or not-for-profit organisations. In accordance with the *Local Government Act 1999*, these persons declare a conflict of interest and leave the meeting when any matter affecting their organisation is discussed or voted upon. If the Board member representing Traders of the Adelaide Central Market declares a conflict of interest relating to matters which are to be discussed, they will leave the meeting.

Other Related Party Transactions

The Adelaide Central Market Authority (ACMA) has a lease agreement with the City of Adelaide (Council) for the Central Market Complex until 30 September 2033. The lease charge totalled \$2,834,796 for the year.

The Memorandum of Lease between Council and ACMA requires Base Rent payable on Gross Revenue at a rate notified by the lessor. The lessor notified the rate to be 30% from lease commencement. By agreement, one-off revenue for Market 150th year book sales has been excluded for 2018-19 and 2019-20.

Council have agreed to provide funding to ACMA for capital works to the value of \$9,232,148 with current draw down to the value of \$7,460,640. The loan has been recognised in the Statement of Financial Position at fair value based on the projected repayment timing of the principal. There has been no ACMA-specific long-term Financial Plan presented to and endorsed by Council. The consolidated Council Long Term Financial Plan endorsed by Council 12 June 2018 includes a forecast that sees ACMA require further draw down in 2019-20. There is no required principal repayment hence the non-current position of all ACMA's borrowings being relevant.

The ACMA loan from Council includes \$300,000 for ACMA to complete civil works to reinstate the Grote Street right-hand turn. The project commenced in 2016-17 and was finalised in 2018-19. On completion, the full value of the project, funded through the loan, was contributed to Council as an ACMA expense as the completed works were deemed a Council asset.

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$446,112 for the year.

ACMA has entered into an agreement with Council regarding the use of the Star Carpark with Jian Yong Investments Pty Ltd, Eon Australia Pty Ltd, Tien-Sheng Lu, David Wang and Ying-Chieh Lu until 30 June 2027. The value of lease payments for this year totalled \$811,988.

ACMA contracts staff from Council with the on-charge totalling \$1,152,526 for the year.

Minutes - Minute 1 - Audited Financial Statements 2018-19



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ADELAIDE CENTRAL MARKET AUTHORITY

Opinion

We have audited the financial report of Adelaide Central Market Authority (the "Authority"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the 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 by the General Manager and Chairman of Adelaide Central Market Authority.

In our opinion, the financial report of Adelaide Central Market Authority, is in accordance with the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*, including:

- (i) Giving a true and fair view of the Authority's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards.

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 Authority 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* (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 officers of the Authority, would be in the same terms if given to the officers 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.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the officers for the Financial Report

The officers of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and for such internal control as the officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the officers are responsible for assessing the Authority'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 officers either intend to liquidate the Authority 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_files/ar3.pdf.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Paul Gosnold
Director

Adelaide, 20 September 2019

Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Authority for the year ended 30 June 2019, the Authority's Auditor, BDO 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*.



Jodie Kannane
General Manager
ADELAIDE CENTRAL MARKET AUTHORITY



Karen Rodda
Finance Manager
ADELAIDE CENTRAL MARKET AUTHORITY

Date: 19 September 2019



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CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Central Market Authority for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and in accordance with the 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.

Paul Gosnold
 Director

BDO Audit (SA) Pty Ltd

Adelaide, 19 September 2019

RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
 for the year ended 30 June 2019

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RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements of the Rundle Mall Management Authority in their final form.

In my 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 Rundle Mall Management Authority's financial position at 30 June 2019 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 Rundle Mall Management Authority's accounting and other records.



Peter Joy
Chair of the Board

Date: 13/9/19

RUNDLE MALL MANAGEMENT AUTHORITY**Statement of Comprehensive Income**

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenue	2	3,702	3,719
User Charges	2	471	525
Total Income		4,173	4,244
Expenses			
Materials, Contracts & Other Expenses	3a	4,011	4,401
Depreciation, Amortisation & Impairment	3b	100	3
Total Expenses		4,111	4,404
Operating Surplus / (Deficit)		62	(160)
Total Comprehensive Income		62	(160)

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

3

RUNDLE MALL MANAGEMENT AUTHORITY**Statement of Financial Position**

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Trade & Other Receivables	4	27	52
Total Current Assets		27	52
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	262	182
Total Non-Current Assets		262	182
TOTAL ASSETS		289	234
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	6	13
Total Current Liabilities		6	13
TOTAL LIABILITIES		6	13
Net Assets		283	221
EQUITY			
Accumulated Surplus		283	221
Total Equity		283	221

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 4

RUNDLE MALL MANAGEMENT AUTHORITY
Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Total Equity
2019	
Balance at the end of previous reporting period	221
Net Surplus / (Deficit) for Year	62
Total Comprehensive Income	62
Balance at the end of period	283
2018	
Balance at the end of previous reporting period	381
Net Surplus / (Deficit) for Year	(160)
Total Comprehensive Income	(160)
Balance at the end of period	221

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

RUNDLE MALL MANAGEMENT AUTHORITY**Statement of Cash Flows**

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		4,198	4,575
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(4,018)	(4,390)
Net Cash provided by (or used in) Operating Activities	7	180	185
Cash Flows from Investing Activities			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(180)	(185)
Net Cash provided by (or used in) Investing Activities		(180)	(185)
Net Increase (Decrease) in Cash Held		-	-
plus: Cash & Cash Equivalents at beginning of period		-	-
Cash & Cash Equivalents at end of period		-	-

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

6

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

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 1 May 2011.

1.2 Historical Cost Convention

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

1.3 Rounding

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

2 Income Recognition

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

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 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 the materiality threshold 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.

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Major depreciation periods for each class of asset are listed below.

Plant, Furniture & Equipment

Other Plant & Equipment 3 years

4.5 Impairment

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

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

5 Employee Benefits

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

6 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.

7 New accounting standards and UIG interpretations

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, the Authority has no leases to which this treatment will need to be applied.

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.

The standards are not expected to have a material impact upon the Authority's financial statements.

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The Authority has not adopted any of the following standards early.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts* (Appendix D)

8 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.

9 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 year ended 30 June 2019

Note 2. Income

\$ '000	2019	2018
Rates Revenues		
Rundle Mall Levy	3,702	3,719
Total General Rates	3,702	3,719
User Charges		
Advertising and Leasing	471	525
Total User Charges	471	525

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	2019	2018
(a). Materials, Contracts and Other Expenses		
Prescribed Expenses		
Auditor's Remuneration		
- Auditing the Financial Reports	1	1
Subtotal - Prescribed Expenses	1	1
Advertising and Sponsorship	1,594	1,937
Contractors and Professional Services	1,654	1,585
Security	270	256
Premises Hire and Associated Costs	126	114
Plant & Equipment Hire	236	399
Minor Assets, Furniture & Fittings and Materials	32	21
Printing	34	21
Insurance	13	13
Catering	7	5
Car Parking	6	7
Telephone	-	2
Tax	5	3
Sundry	33	37
Subtotal - Other Material, Contracts & Expenses	4,010	4,400
Total Materials, Contracts and Other Expenses	4,011	4,401
(b). Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Plant & Equipment	100	3
Subtotal	100	3
Total Depreciation, Amortisation and Impairment	100	3

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4. Current Assets

\$ '000	Notes	2019	2018
Trade & Other Receivables			
Trade & Other Receivables		18	10
GST Recoupment		9	42
Total Trade and Other Receivables		27	52

Minutes - Minute 1 - Audited Financial Statements 2018-19

RUNDLE MALL MANAGEMENT AUTHORITY

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 Property, Plant & Equipment

\$ '000	as at 1/7/2018			Asset Movements during the Reporting Period		as at 30/6/2019		
	At Cost	Accumulate Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3b)	At Cost	Accumulate Dep'n	Carrying Value
	Plant & Equipment	185	(3)	182	180	(100)	365	(103)
Total Infrastructure, Property, Plant & Equipment	185	(3)	182	180	(100)	365	(103)	262
Comparatives	-	-	-	185	(3)	185	(3)	182

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6. Current Liabilities

\$ '000	2019	2018
Trade & Other Payables		
Trade & Other Payables - CoA	6	13
Total Trade and Other Payables	6	13

Note 7. Reconciliation to Cash Flow Statement

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

\$ '000	2019	2018
Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus (Deficit)	62	(160)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	100	3
	162	(157)
Add (Less): Changes in Net Current Assets		
Net (Increase) Decrease in Receivables	25	330
Net Increase (Decrease) in Trade and Other Payables	(7)	12
Net Cash Provided by (or used in) operations	180	185

RUNDLE MALL MANAGEMENT AUTHORITY
 Notes to and forming part of the Financial Statements
 for the year ended 30 June 2019

Note 8. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Rundle Mall Management 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 councils finances</p>		
Income	4,173	4,244
less Expenses	(4,111)	(4,404)
Operating Surplus / (Deficit)	62	(160)
Funding Surplus before Capital Amounts	62	(160)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	180	185
Net Lending / (Borrowing) for Financial Year	(118)	(345)

RUNDLE MALL MANAGEMENT AUTHORITY
 Notes to and forming part of the Financial Statements
 for the year ended 30 June 2019

Note 9. Related Party Transactions

	2019
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Key Management Personnel

The Key Management Personnel of the Rundle Mall Management Authority include Board members and the General Manager.

The compensation paid to Key Management Personnel comprises:

Salaries, allowances and other short-term benefits paid by Rundle Mall Management Authority to KMP	224,438
--	---------

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

Other Related Party Transactions

Rundle Mall Management Authority contracts staff from the City of Adelaide with the on-charge totalling \$793,509 for the year.



**INDEPENDENT AUDITOR'S REPORT
TO THE PRINCIPAL MEMBER OF THE RUNDLE MALL MANAGEMENT AUTHORITY**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Rundle Mall Management Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 accompanying financial report presents fairly, in all material respects, financial position of the Authority as at 30 June 2019 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards.

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 Authority 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* (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 Authority, would be in the same terms if given to the Authority 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.

The Authority's responsibility for the Financial Report

The Authority'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 Authority'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 Authority's officers are responsible for assessing the Authority'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 Authority's officers either intend to liquidate the Authority 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/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

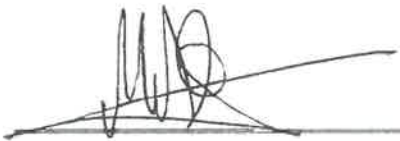
Adelaide, 16 September 2019

RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
 for the year ended 30 June 2019

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 year ended 30 June 2019, the Council's Auditor, BDO 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*.



Mark Goldstone
 CHIEF EXECUTIVE OFFICER



David Powell
 PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 September 2019



CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Rundle Mall Management Authority for the year ended 30 June 2019, 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.

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a faint, diagonal watermark that reads 'Minutes - Minute 1 - Audited Financial Statements 2018-19'.

Andrew Tickle

Director

BDO Audit (SA) Pty Ltd

Adelaide, 21 August 2019

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
 for the year ended 30 June 2019

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ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

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 2019 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.



Sandy Verschoor

LORD MAYOR

Date: 27th November 2019

ADELAIDE PARK LANDS AUTHORITY**Statement of Comprehensive Income**

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Grants, Subsidies and Contributions	2	187	188
Total Income		187	188
Expenses			
Materials, Contracts & Other Expenses	3	187	188
Total Expenses		187	188
Operating Surplus / (Deficit)		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		-	-

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

3

ADELAIDE PARK LANDS AUTHORITY

Statement of Financial Position

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	1	1
Subtotal		1	1
Total Current Assets		1	1
TOTAL ASSETS		1	1
Net Assets		1	1
EQUITY			
Accumulated Surplus		1	1
Total Equity		1	1

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 4

ADELAIDE PARK LANDS AUTHORITY
Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Total Equity
2019			
Balance at the end of previous reporting period		1	1
Net Surplus / (Deficit) for Year		-	-
Balance at the end of period		1	1
2018			
Balance at the end of previous reporting period		1	1
Net Surplus / (Deficit) for Year		-	-
Balance at the end of period		1	1

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

ADELAIDE PARK LANDS AUTHORITY
Statement of Cash Flows
for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		187	188
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(187)	(188)
Net Cash provided by (or used in) Operating Activities		-	-
Net Increase (Decrease) in Cash Held		-	-
Cash & Cash Equivalents at end of period		1	1
Total Cash, Cash Equivalents & Investments		1	1

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 6

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Adelaide Park Lands Authority in the preparation of these consolidated financial statements are set out below.

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Rounding

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

2 Income Recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are

disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Authority's operations for the current 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 employed through the parent entity, the City of Adelaide.

6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

7 New accounting standards and UIG Interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2019.

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

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, the Authority has no leases to which this treatment will need to be applied.

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.

The standards are not expected to have a material impact upon the Authority's financial statements.

The Authority has not adopted any of the following standards early.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts* (Appendix D)

8 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.

9 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 2019

Note 2. Income

\$ '000	Notes	2019	2018
Grants, Subsidies, Contributions			
Other Grants, Subsidies and Contributions		187	188
Total Grants, Subsidies, Contributions		187	188
Sources of grants			
Other - City of Adelaide		187	188
Total		187	188

Note 3. Expenses

\$ '000	Notes	2019	2018
Materials, Contracts and Other Expenses			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		1	1
Subtotal - Prescribed Expenses		1	1
Other Materials, Contracts and Expenses			
Contractors		145	140
Advertising		12	-
Insurance		14	17
Sitting Fees		9	7
Sponsorship		-	10
Hire Plant & Equipment		2	-
Legal Expenses		-	11
Catering		3	2
Sundry		1	-
Subtotal - Other Material, Contracts & Expenses		186	187
Total Materials, Contracts and Other Expenses		187	188

ADELAIDE PARK LANDS AUTHORITY**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2019

Note 4. Current Assets

\$ '000	Notes	2019	2018
Cash & Cash Equivalents			
Cash on Hand at Bank		1	1
Total Cash & Cash Equivalents		1	1

Note 5. Reconciliation to Cash Flow Statement

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet.

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Total Cash & Cash Equivalents	4	1	1
Balances as per Cash Flow Statement		1	1
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		-	-
Net Cash Provided by (or used in) operations		-	-

ADELAIDE PARK LANDS AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Adelaide Park Lands 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	187	188
less Expenses	(187)	(188)
Operating Surplus / (Deficit)	-	-
Net Lending / (Borrowing) for Financial Year	-	-

Note 7. Related Party Transactions

2019

Key Management Personnel

The Key Management Personnel of the Adelaide Park Lands Authority include all of the Board members.

The compensation paid to Key Management Personnel comprises:

Allowances and other short-term benefits paid by APLA to KMP	9,209
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Amounts paid as direct reimbursement of expenses incurred on behalf of APLA have not been included above.

Other Related Party Transactions

Adelaide Park Lands Authority contracts staff from the City of Adelaide with the on-charge totalling \$136,860 for the year.

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



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INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF THE ADELAIDE PARK LANDS AUTHORITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Adelaide Park Lands Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the 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 the Adelaide Park Lands Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2019 and its financial performance 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 Authority 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* (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 Authority, would be in the same terms if given to the Authority 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.

The Authority's responsibility for the Financial Report

The Authority'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 Authority'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 Authority's officers are responsible for assessing the Authority'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 Authority's officers either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of separate entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



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/ar4.pdf

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 28 November 2019

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2019, the Council's Auditor, BDO 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*.



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 September 2019



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 AUSTRALIA

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 2019, 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.

Andrew Tickle

Director

BDO Audit (SA) Pty Ltd

Adelaide, 21 August 2019

COUNCIL SOLUTIONS REGIONAL AUTHORITY
General Purpose Financial Reports
for the year ending 30 June 2019

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COUNCIL SOLUTIONS REGIONAL AUTHORITY
Certification Of Financial Statements
for the year ending 30 June 2019

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my 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 Solutions Regional Authority's financial position at 30 June 2019 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 Council Solutions Regional Authority's accounting and other records.



.....
Jeff Tate
Chair Of The Board

Date: 29 August 2019

Appendix A

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
INCOME			
Investment Income	2	7	4
Management Fees	2	1,056	1,054
Other Income	2	270	641
Total Income		1,333	1,699
EXPENSES			
Materials, contracts & other expenses	3	960	1,770
Total Expenses		960	1,770
OPERATING SURPLUS / (DEFICIT)		373	(71)
NET SURPLUS / (DEFICIT)		373	(71)
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		373	(71)

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
BALANCE SHEET
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		539	174
Receivables		342	564
Total Current Assets	4,7	<u>881</u>	<u>738</u>
Total Assets		<u>881</u>	<u>738</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables		37	124
Other Current Liabilities		15	158
Total Current Liabilities	5,7	<u>52</u>	<u>282</u>
Total Liabilities	5,7	<u>52</u>	<u>282</u>
NET ASSETS		<u>829</u>	<u>456</u>
EQUITY			
Accumulated Surplus		686	313
Share Capital		143	143
TOTAL EQUITY		<u>829</u>	<u>456</u>

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

2019	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
Opening Balance	143	313	456
Net Surplus for Year	-	373	373
Balance at end of period	<u>143</u>	<u>686</u>	<u>829</u>

2018	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
Opening Balance	143	385	527
Net Surplus for Year	-	(71)	(72)
Balance at end of period	<u>143</u>	<u>313</u>	<u>456</u>

CASH FLOW STATEMENT
for the year ended 30 June 2019

Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Operating receipts	1,548	1,600
Investment Income	7	4
<u>Payments</u>		
Operating payments to suppliers & employees	(1,190)	(1,764)
Net Cash provided by (or used in) Operating Activities	<u>365</u>	<u>(160)</u>
Net Increase (Decrease) in cash held	<u>365</u>	<u>(160)</u>
Cash & cash equivalents at beginning of period	174	334
Cash & cash equivalents at end of period	<u>539</u>	<u>174</u>

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

Note 1 - Significant Accounting Policies

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

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 Income recognition

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

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

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

7 Comparative Information

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

8 Critical Accounting Estimates and Judgements

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

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

Accounts receivable are reviewed at each reporting date to establish the collectability.

9 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 2 - INCOME

	2019	2018
	\$'000	\$'000
INVESTMENTS		
Interest Income	7	4
	<u>7</u>	<u>4</u>
REBATES		
Management Fees	1,056	1,054
	<u>1,056</u>	<u>1,054</u>
OTHER INCOME		
Reimbursements	270	641
	<u>270</u>	<u>641</u>

Note 3 - EXPENSES

	2019	2018
	\$'000	\$'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	0	1
Audit Fees	4	4
Catering	1	1
Contractors	40	45
Consultant Fees	92	532
Insurance	28	27
IT Expenses	23	34
Legal Fees	35	63
Membership Fees & Subscriptions	5	4
Motor Vehicle	2	2
Reimbursements - Salary & Wages	665	982
Rent	27	26
Sitting Fees	19	32
Sundry	13	13
Telephone	2	2
Training and Development	4	2
	<u>960</u>	<u>1,770</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 4 - CURRENT ASSETS

	2019	2018
	\$'000	\$'000
CASH & CASH EQUIVALENTS		
Cash at Bank	539	174
	539	174
RECEIVABLES		
Accounts Receivables	226	419
Accrued Income	116	143
Prepaid Expenses	-	2
	342	564
TOTAL CURRENT ASSETS	881	738

Note 5 - LIABILITIES

	2019	2018
	\$'000	\$'000
TRADE & OTHER PAYABLES		
Creditors	28	120
Expenses Accrued	9	4
	37	124
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	15	158
	15	158
TOTAL LIABILITIES	52	282

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet.

	2019	2018
	\$'000	\$'000
Cash at Bank	539	174
Balances per Cash Flow Statement	539	174

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

Net Surplus	373	(71)
Net (increase)/decrease in Receivables	222	(95)
Net increase/(decrease) in Current Liabilities	(230)	6
Net Cash provided by (or used in) operations	365	(160)

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 7 - FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

2018-19	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.9%	539	-	-	-	539
Receivables	0.0%	-	-	-	-	342
Total Financial Assets		539	-	-	-	881
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	52
Total Financial Liabilities		-	-	-	-	52
2017-18						
	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.8%	174	-	-	-	174
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174	-	-	-	738
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities		-	-	-	-	282

(b) Credit Risk

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is summarised as follows;

Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 8 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Chair of the Board, the Board, Independent Members of the Audit Committee and the CEO, Acting CEO and General Manager.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$232k (2018-19) and \$259k (2017-18)

The following qualifying related party disclosures have been identified in relation to the 2018-19 financial year

Related Party Entity	Amounts received from related parties during 2018-19 FY	Amounts outstanding from related parties as at 30 June 2019	Amounts outstanding to related parties as at 30 June 2019
	\$ '000	\$ '000	\$ '000
City of Adelaide	112	26	-
City of Charles Sturt	116	26	-
City of Marion	100	-	-
City of Salisbury	3	-	-
City of Tea Tree Gully	3	-	-
City of Onkaparinga	3	-	-

The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.

**Council Solutions Regional Authority
Certification Of Auditor Independence
for the year ending 30 June 2019**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2019, the Council's Auditor, Ian G McDonald FCA, 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) (b) Local Government (Financial Management) Regulations 2011.

.....

 Jeff Tate
 CHAIR - Council Solutions

Date: 15 August 2019

.....

 Tanya Johnston
 Presiding Member of Audit Committee

Date: 15 August 2019

.....

 Mark Dowd
 CHIEF EXECUTIVE OFFICER
 City of Onkaparinga

Date: 12 August 2019

.....

 Mark Goldstone
 CHIEF EXECUTIVE OFFICER
 Adelaide City Council

Date: 13/8/2019

.....

 Paul Sutton
 CHIEF EXECUTIVE OFFICER
 City of Charles Sturt

Date: 21/8/2019

.....

 Adrian Skull
 CHIEF EXECUTIVE OFFICER
 City of Marion

Date: 12.8.19

.....

 John Harry
 CHIEF EXECUTIVE OFFICER
 City of Salisbury

Date: 11/8/2019

.....

 John Moyle
 CHIEF EXECUTIVE OFFICER
 City of Tea Tree Gully

Date: 9/8/2019

Ian G McDonald FCA



Council Solutions Regional Authority

ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2019

STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2019, we have maintained our 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*.

Ian G McDonald

Ian G McDonald FCA

Dated this 2nd day of August 2019

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Ian G McDonald FCA

Council Solutions Regional Authority Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2019.

Opinion

In our opinion, the financial statements of the Authority are properly drawn up:

- a) to present fairly the financial position of the Authority as at the 30 June 2019 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011) and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Ian G McDonald FCA
Registered Company Auditor

Dated at Grange this 2nd day of September 2019

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PO Box 75, Henley Beach SA 5022
ABN 13 550 494 869

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Brown Hill and Keswick Creeks Stormwater Board

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2019**

Brown Hill and Keswick Creeks Stormwater Board

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Brown Hill and Keswick Creeks Stormwater Board

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	Restated 2018 \$
INCOME			
Contributions	2	618,195	160,000
Investment Income	2	15,826	-
Total Income		634,021	160,000
EXPENSES			
Employee costs	3	234,663	125,670
Materials, contracts & other expenses	3	181,510	38,278
Depreciation	3	2,180	-
Finance costs	3	192	-
Total Expenses		418,545	163,948
OPERATING SURPLUS / (DEFICIT)		215,476	(3,948)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		215,476	(3,948)

The accompanying Notes form part of these financial statements

Galpins

Brown Hill and Keswick Creeks Stormwater Board

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 \$	Restated 2018 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	3,966,683	-
Trade and Other Receivables	4	2,024,173	-
Total Current Assets		5,990,856	-
Non-Current Assets			
Property, Plant and Equipment	5	3,209,193	249,189
Total Non-current Assets		3,209,193	249,189
Total Assets		9,200,049	249,189
LIABILITIES			
Current Liabilities			
Trade and Other Payables	6	3,052,742	6,267
Employee Benefits	6	6,500	-
Total Current Liabilities		3,059,242	6,267
Total Liabilities		3,059,242	6,267
NET ASSETS		6,140,807	242,922
EQUITY			
Contributed Equity	9	5,929,279	246,870
Accumulated surplus	7	211,528	(3,948)
TOTAL EQUITY		6,140,807	242,922

The accompanying Notes form part of these financial statements

Galpins

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Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Capital Contributions of Councils	Accumulated Surplus \$	TOTAL \$
2018				
Balance at the beginning of the year	7	-	-	-
Deficit for the year <restated>		-	(3,948)	(3,948)
Capital Contributions of Councils <restated>	8	246,870	-	246,870
Balance at the end of year <restated>		246,870	(3,948)	242,922
2019				
Balance beginning of the year <restated>	7	246,870	(3,948)	242,922
Surplus for the year		-	215,476	215,476
Capital Contributions of Councils	8	5,682,409	-	5,682,409
Balance at the end of year		5,929,279	211,528	6,140,807

The accompanying Notes form part of these financial statements

Galpins

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Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	Restated 2018 \$
Cash from operating activities			
Operating receipts from constituent councils		1,246,839	160,000
Receipts from interest		15,634	-
Payments to employees		(228,163)	-
Payments to suppliers		(171,597)	(157,681)
		(330,942)	-
Net cash provided from operating activities	9	<u><u>531,771</u></u>	<u><u>2,319</u></u>
Cash from investing activities			
Expenditure on new / upgraded assets		(223,324)	(249,189)
Net cash provided from / (used in) investing activities		<u><u>(223,324)</u></u>	<u><u>(249,189)</u></u>
Cash from financing activities			
Contributions from constituent councils		3,658,236	246,870
Net cash provided from investing activities		<u><u>3,658,236</u></u>	<u><u>246,870</u></u>
Net increase in cash held		3,966,683	-
Cash at beginning of financial year		-	-
Cash at end of financial year		<u><u>3,966,683</u></u>	<u><u>-</u></u>

The accompanying Notes form part of these financial statements

Galpins

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 - Statement of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (IFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

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 consistently applied unless stated otherwise.

The financial statements, except for the 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 noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates, some of which are relevant to the Board. The amended pronouncements adopted and amended pronouncements that have been decided not to be early adopted are set out below:

Adoption of amended standards

AASB 9 Financial Instruments

AASB 9 Financial Instruments establishes principles to account for and report financial assets and financial liabilities and introduces a new approach to accounting for hedges together with a new approach to accounting for impairment of financial assets. The standard has a mandatory application date for financial years commencing on or after 1 January 2018. This is not expected to materially impact the financial statements.

Accounting Standards issued but not effective

AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
AASB 16 Leases removes the current distinction between operating and finance leases and requires recognition of a right-to-use asset and a financial liability to pay rentals, resulting in the recognition of tenancy leases on the balance sheet. The only exemptions from these requirements are short-term and low-value leases. The income statement will also be affected, as operating expenses are reclassified as interest expense and depreciation expense, affecting EBITDA performance metrics. The new standard requires more extensive qualitative and quantitative disclosures. The standard has a mandatory application date for financial years commencing on or after 1 January 2019. This is not expected to materially impact the financial statements.

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

AASB 15 Revenue from contracts with customers (applicable to annual reporting periods beginning on or after 1 January 2019)

AASB 15 Revenue from contracts with customers applied to all contracts with customers, except for contracts covered by other standards. The standard stipulates how and when revenue is recorded, requiring the Board to provide users of financial statements with more information and reporting disclosures. The core principle is the recognition of revenue for the transfer of goods or services, at a value that reflects the consideration to which the Board expects to be entitled, in return for meeting performance obligations. This is not expected to materially impact the financial statements.

AASB 1058 Income of Not-for-profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

The standard applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives. It also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions, however AASB 1058 supersedes the existing requirements in AASB 1004. This is not expected to materially impact the financial statements.

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

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Following clarification in the current financial year of the entity's policy on capital contributions by constituent councils amounts previously recognised in the Statement of Comprehensive Income have been reclassified to contributed equity.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

(c) Income taxes

The activities of the Board are exempt from taxation under the Income Tax Assessment Act 1997.

(d) Goods and Services Tax (GST)

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

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

(e) 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 asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the 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 it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

(g) Revenue

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 Business Plan which is agreed with all constituent Councils.

Capital Contributions received from Constituent Councils are recognised as Contributions by Owners directly to equity.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

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

(h) 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 and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

(i) Trade and other receivables

These include amounts due from 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 classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

Impairment - general

The Board assesses impairment at the end of each reporting period by evaluation of conditions and events 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.

(k) Property Plant and Equipment

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

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

The cost of non-current assets constructed by the 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.

Materiality

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

Examples of capitalisation thresholds applied during the year are given below.

Infrastructure – Stormwater \$10,000

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. All assets are currently held at cost.

Brown Hill and Keswick Creeks Stormwater Board**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019****Depreciation of Non-Current Assets**

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 Board, best reflects the consumption of the service potential embodied in those assets. Office equipment consists of IT equipment and is depreciated at 50%.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually. Depreciation periods for infrastructure assets have been estimated based on the best information available to Board, 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.

(l) Employee Benefits

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based 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. The Board does not currently have any employee benefits expected to be paid or settled beyond 12 months.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2 - INCOME

	2019 \$	2018 \$
CONTRIBUTIONS		
<u>Operating Contributions</u>		
City Of Mitcham	123,639	32,000
City Of Burnside	123,639	32,000
City Of West Torrens	123,639	32,000
The Corporation of the City of Adelaide	123,639	32,000
Corporation of the City of Unley	123,639	32,000
Subtotal Operating Contributions	<u>618,195</u>	<u>160,000</u>
 INVESTMENT INCOME		
Interest on investments		
Banks	15,826	-
	<u>15,826</u>	<u>-</u>
 Total Income	 <u>634,021</u>	 <u>-</u>

In accordance with the Charter of the Brownhill 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 business plan prepared by the Board.

Note 3 - EXPENSES

	2019 \$	2018 \$
EMPLOYEE COSTS		
Salaries and Wages - Board	60,000	125,670
Salaries and Wages - Employee	155,595	-
Reimbursements - Board	5,207	-
Superannuation	12,619	-
Workers' Compensation Insurance	1,242	-
	<u>234,663</u>	<u>125,670</u>
 Total Number of Employees	 1	 0
<i>(Full time equivalent at end of reporting period)</i>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 3 - EXPENSES (cont)

	2019	2018
	\$	\$
MATERIALS, CONTRACTS & OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration		
- Auditing the financial reports	3,870	-
Subtotal - Prescribed Expenses	<u>3,870</u>	<u>-</u>
Other Materials, Contracts & Expenses		
Administration	30,360	829
Entertainment & Catering	4,298	90
Contractor & Consultant Services	28,720	17,609
Human Resources	12,800	-
Insurance - Mutual Liability Scheme	52,784	10,500
IT Expenses	7,047	-
Legal Expenses	10,853	3,818
Professional Services	30,532	-
Sundry	246	5,432
Subtotal - Other Materials, Contracts & Expenses	<u>177,640</u>	<u>38,278</u>
	<u>181,510</u>	<u>38,278</u>
DEPRECIATION		
Office Equipment	2,180	-
Total Depreciation	<u>2,180</u>	<u>-</u>
FINANCE COSTS		
Bank Fees	174	-
Interest Charges	18	-
	<u>192</u>	<u>-</u>
Total Expenses	<u><u>418,545</u></u>	<u><u>163,948</u></u>

Note 4 - CURRENT ASSETS

	2019	2018
	\$	\$
CASH & CASH EQUIVALENT		
Cash at Bank	3,966,683	-
	<u>3,966,683</u>	<u>-</u>
TRADE & OTHER RECEIVABLES		
Contributions Recivable	1,938,650	-
GST Refundable	85,523	-
	<u>2,024,173</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 5 - NON-CURRENT ASSETS

	2019 \$	2018 \$
Work In Progress		
South Parklands Stormwater - design (Victoria Park)	183,335	80,060
Hawthorn Reserve Creek upgrade	2,884,985	169,129
Upper Brown Hill Creek - Area 1 Creek Works	101,195	-
Upper Brown Hill Creek - Area 1 Land Acquisition	30,065	-
Discretionary Projects	7,300	-
Total Work In Progress	3,206,880	249,189
Office Equipment		
Office Equipment	4,493	-
Less: Accumulated Depreciation on Office Equipment	(2,180)	-
Total Office Equipment	2,313	-
Total Property Plant and Equipment	3,209,193	249,189

Property Plant and Equipment Reconciliation		
	Work In Progress \$	Office Equipme nt \$
Opening Balance	249,189	-
Additions	2,957,691	4,493
Disposals	-	-
Depreciation	-	(2,180)
Closing Balance	3,206,880	2,313

Note 6 - CURRENT LIABILITIES

	2019 \$	2018 \$
TRADE & OTHER PAYABLES		
Trade Payables	3,045,090	6,267
Credit Card	257	-
PAYG Payable	5,665	-
Superannuation Payable	1,730	-
Subtotal Trade & Other Payables	3,052,742	6,267

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 6 - CURRENT LIABILITIES (Cont)

	2019 \$	2018 \$
EMPLOYEE BENEFITS		
Annual Leave Provision	6,500	-
Subtotal Employee Benefits	<u>6,500</u>	<u>-</u>

Note 7 - ACCUMULATED SURPLUS

	2019 \$	2018 \$
Opening Balance	(3,948)	-
Surplus for the year	215,476	(3,948)
Balance at year end	<u>211,528</u>	<u>(3,948)</u>

Note 8 - CAPITAL CONTRIBUTIONS OF COUNCILS

	2019 \$	2018 \$
CAPITAL CONTRIBUTIONS OF COUNCILS		
City Of Mitcham	592,928	24,687
City Of Burnside	711,513	29,624
City Of West Torrens	2,905,346	120,966
The Corporation of the City of Adelaide	474,343	19,750
Corporation of the City of Unley	1,245,149	51,843
Subtotal Contributions by owner	<u>5,929,279</u>	<u>246,870</u>

Capital Contributions Movement Table

	Opening Balance	Received 2019	Closing Balance
City Of Mitcham	24,687	568,241	592,928
City Of Burnside	29,624	681,889	711,513
City Of West Torrens	120,966	2,784,380	2,905,346
The Corporation of the City of Adelaide	19,750	454,593	474,343
Corporation of the City of Unley	51,843	1,193,306	1,245,149
	<u>246,870</u>	<u>5,682,409</u>	<u>5,929,279</u>

Capital contributions of Councils are capital payments received from Constituent Councils for investing in Infrastructure. The rates of contribution are agreed in the Charter of the Board.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 9 - Reconciliation of cash flow

	2019	2018
	\$	\$
Net surplus for the year	215,476	(3,948)
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in Trade and Other Receivables	-	-
Increase in Depreciation	2,180	-
Increase/(Decrease) in Trade and Other payables	307,615	6,267
Increase/(Decrease) in Employee Benefits	6,500	-
Net cash provided from operating activities	<u>531,771</u>	<u>2,319</u>

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 10 - Financial Instruments

Details of the 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 asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial Instruments

	Note	2019		2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6	3,045,347	3,045,090	6,267	6,267
Total Financial liabilities		3,045,347	3,045,090	6,267	6,267
Financial Assets					
Cash and cash equivalents		3,966,683	3,966,683	-	-
Total Financial Assets		3,966,683	3,966,683	-	-

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments in a nature whose carrying value is equal to fair value.

i. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Board.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the Board securing trade and other receivables.

ii. Liquidity Risk

Liquidity risk arises from the possibility that the Board might accounting difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. 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.

No assets have been pledged as security for any liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

iii. Market Risk

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitives to the Board's exposure to changes in interest rates.

	2019		2018	
	Weighted Average	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	3,045,347	0%	6,267
Financial Assets				
Cash at bank	0%	3,966,683	0%	-

Note 11 - Contingent Liabilities and Contingent Assets

At 30 June 2019, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 12 - Commitments for Expenditure

Capital Commitments

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

	2019 \$	2018 \$
Infrastructure	169,000	-
Total Capital Commitments	169,000	-

These expenditures are payable:

Not later than one year	169,000	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	169,000	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 13 - Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

Note 14 - 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.

Note 15 - Related Party Transactions

The total remuneration paid to key management personnel of Brown Hill and Keswick Creeks Stormwater Board Incorporated during the year was as follows:

Key management personnel include the former Project Director employed by the City of Unley, the current Project Director employed by the Board and the members of the Board appointed under section 112 of the Local Government Act 1999.

The key management personnel were paid the following total compensation:

Salaries and wages	\$ 221,714.00
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Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 16 - Board details

The registered address of the Board:

Brown Hill and Keswick Creeks Stormwater Board
PO Box 124 Unley SA 5061

Brown Hill and Keswick Creeks Stormwater Board

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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:

Judith Choate
Judith Choate

g t vogt
g t vogt (Sep 6, 2019)

Name: Judith Choate
Position: Chairperson
Date: Sep 5, 2019

Name: g t vogt
Position: Board Member
Date: Sep 6, 2019

Brown Hill and Keswick Creeks Stormwater Board

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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 2019, 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 (Aug 29, 2019)

G T VOGT
G T VOGT (Aug 30, 2019)

Name: Judith Choate
Position: Chairperson
Date: Aug 29, 2019

Name: G T VOGT
Position: Board Member
Date: Aug 30, 2019

Brown Hill and Keswick Creeks Stormwater Board

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2019, 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*.



Name of Auditor Luke Williams
Name of Audit Firm Galpins Accountants, Auditors & Business Consultants
Date: