

Brown Hill & Keswick Creeks Storm Water Board

Financial Statements for the year ended - 30 June 2023

Brown Hill & Keswick Creeks Storm Water Board

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As at 30 June 2023

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Brown Hill & Keswick Creeks Storm Water Board
Certification of financial statements
As at 30 June 2023

We have been authorised by the Board 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 Brown Hill & Keswick Creeks Storm Water Board's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year;
- internal controls implemented by the Board provide a reasonable assurance that the Board's financial records are complete, accurate and reliable and were effective throughout the financial year; and
- the financial statements accurately reflect the Board's accounting and other records.

On behalf of the Board

Judith Choate
Judith Choate (Sep 14, 2023 19:33 GMT+9.5)

Board Member

14 September 2023

Geoff Vogt
Geoff Vogt (Sep 14, 2023 20:41 GMT+9.5)

Board Member

Brown Hill & Keswick Creeks Storm Water Board
Statement of comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Operating contributions	3	667,970	485,885
Investment income	4	349,089	59,621
		<u>1,017,059</u>	<u>545,506</u>
Total income		<u>1,017,059</u>	<u>545,506</u>
Expenses			
Employee Costs	5	(370,390)	(316,967)
Materials, Contracts & Other Expenses	6	(327,030)	(471,641)
Depreciation	8	(193,552)	(86,279)
Finance costs	7	(204)	(220)
Total expenses		<u>(891,176)</u>	<u>(875,107)</u>
Operating surplus/(deficit)		125,883	(329,601)
Capital Funding / Grants for New / Upgraded assets	9	585,986	5,000,000
Asset disposal	10	(1,417,180)	-
Physical resources received free of charge		<u>-</u>	<u>463,605</u>
Net surplus/(deficit) for the year		(705,311)	5,134,004
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(Loss) on the revaluation of infrastructure and land improvements		<u>161,738</u>	<u>129,175</u>
Other comprehensive income for the year		<u>161,738</u>	<u>129,175</u>
Total comprehensive income for the year		<u><u>(543,573)</u></u>	<u><u>5,263,179</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Brown Hill & Keswick Creeks Storm Water Board
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	10,151,401	9,502,569
Trade and other receivables	12	295,521	441,304
Total current assets		<u>10,446,922</u>	<u>9,943,873</u>
Non-current assets			
Infrastructure, property, plant and equipment	13	30,669,487	25,786,423
Total non-current assets		<u>30,669,487</u>	<u>25,786,423</u>
Total assets		<u>41,116,409</u>	<u>35,730,296</u>
Liabilities			
Current liabilities			
Trade and other payables	14	4,001,388	537,080
Provisions	15	30,719	25,407
Total current liabilities		<u>4,032,107</u>	<u>562,487</u>
Non-current liabilities			
Provisions	15	10,066	-
Total non-current liabilities		<u>10,066</u>	<u>-</u>
Total liabilities		<u>4,042,173</u>	<u>562,487</u>
Net assets		<u>37,074,236</u>	<u>35,167,809</u>
Equity			
Capital contributions of constituent councils	16	20,319,907	17,869,907
Asset revaluation reserve	17	570,390	408,652
Capital funding and grants	18	17,224,448	16,638,521
Accumulated surplus/(deficit)		<u>(1,040,509)</u>	<u>250,729</u>
Total equity		<u>37,074,236</u>	<u>35,167,809</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Brown Hill & Keswick Creeks Storm Water Board
Statement of changes in equity
For the year ended 30 June 2023

	Capital Contributions of Council \$	Capital Funding and Grants \$	Asset Revaluation Reserve \$	Accumulated Surplus \$	Total equity \$
Balance at 1 July 2021	13,869,907	11,638,521	279,477	116,725	25,904,630
Net surplus for the year	-	-	-	5,134,004	5,134,004
Other comprehensive income for the year	-	-	129,175	-	129,175
Total comprehensive income for the year	-	-	129,175	5,134,004	5,263,179
Capital contribution of Councils	4,000,000	-	-	-	4,000,000
Transfer to capital funding / grants	-	5,000,000	-	(5,000,000)	-
Balance at 30 June 2022	<u>17,869,907</u>	<u>16,638,521</u>	<u>408,652</u>	<u>250,729</u>	<u>35,167,809</u>

	Capital Contributions of Council \$	Capital Funding and Grants \$	Asset Revaluation Reserve \$	Accumulated Surplus / (Deficit) \$	Total equity \$
Balance at 1 July 2022	17,869,907	16,638,521	408,652	250,729	35,167,809
Net deficit for the year	-	-	-	(705,311)	(705,311)
Other comprehensive income for the year	-	-	161,738	-	161,738
Total comprehensive income for the year	-	-	161,738	(705,311)	(543,573)
Capital contribution of Councils	2,450,000	-	-	-	2,450,000
Transfer to capital funding / grants	-	585,927	-	(585,927)	-
Balance at 30 June 2023	<u>20,319,907</u>	<u>17,224,448</u>	<u>570,390</u>	<u>(1,040,509)</u>	<u>37,074,236</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Brown Hill & Keswick Creeks Storm Water Board
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Operating receipts from constituent councils		925,240	366,372
Payments to employees		(355,012)	(291,623)
Payments to suppliers		(482,260)	(503,546)
Interest received		323,021	59,621
Interest paid		(204)	(212)
		<u> </u>	<u> </u>
Net cash from/(used in) operating activities	28	<u>410,785</u>	<u>(369,388)</u>
Cash flows from investing activities			
Payments for New / Upgraded assets		(6,332,058)	(11,263,316)
Proceeds from grant funding for new / upgraded assets	9	<u>4,120,105</u>	<u>5,000,000</u>
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(2,211,953)</u>	<u>(6,263,316)</u>
Cash flows from financing activities			
Contributions from Constituent Councils	16	<u>2,450,000</u>	<u>4,000,000</u>
		<u> </u>	<u> </u>
Net cash from financing activities		<u>2,450,000</u>	<u>4,000,000</u>
		<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents		648,832	(2,632,704)
Cash and cash equivalents at the beginning of the financial year		<u>9,502,569</u>	<u>12,135,273</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	11	<u><u>10,151,401</u></u>	<u><u>9,502,569</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies

New or amended Accounting Standards and Interpretations adopted

The Board has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Basis of preparation

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

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

The Board was established by a Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority. The Board's responsibilities extend to the ongoing maintenance and operation of stormwater infrastructure delivered by the Board under the Stormwater Management Plan. The property owner (whether that be a Council of private land owner) is responsible for maintenance and upkeep of any existing assets, all new non-stormwater assets and all landscaping components. This may require the transfer of assets to the property owner subsequent to the initial construction defects period.

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

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

The financial statements were authorised for issue on 13 September 2023 by the members of the Board.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board'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 disclosed in Note 2.

(a) Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies (continued)

Specific revenue streams

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

Operating revenue from constituent councils

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

Grant revenue

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

When grant revenue received meets the "enforceability" and "sufficiently specific" criteria in accordance with AASB 1058 and AASB 15, the grant revenue is recognised in the statement of financial position as a liability until the performance obligations have been met and delivered to the contributor.

Otherwise the grant is recognised as income in the statement of comprehensive income when the Board obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Board and the amount of grant can be measured reliably.

Interest revenue

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

Other income

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

(b) Equity

Capital contributions

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

(c) Income tax

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

(d) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies (continued)

The Board has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(g) Financial instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

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

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

Financial assets

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

Classification

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

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

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

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

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

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

Impairment of financial assets

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

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

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies (continued)

Financial liabilities

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

The financial liabilities of the Board comprise trade payables.

(h) Property, plant and equipment

Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or nominal consideration, cost is determined as fair value at the date of acquisition. All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held 'ready for use'. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees, engineering design costs and all other costs incurred.

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. The Board considers that it controls the infrastructure assets in accordance with its Charter. The constructed infrastructure assets may be located on land owned by constituent councils or private property owners.

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

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

Subsequent Measurement

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

In line with the Board's capitalisation policy a valuation of infrastructure and land improvements has been undertaken as at 30 June 2023. The valuation was undertaken by Tina-James Freeman, Asset Consultant at Tonkin. Refer to Note 20 for additional information on fair value determination of stormwater infrastructure.

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

Depreciation

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

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

Fixed asset class	Depreciation rate
Land improvements	0.67 - 4%
Office equipment	10%
Computer equipment	10-33%
Stormwater infrastructure	1-6.6%

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies (continued)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed by the Project Director in consultation with the Board's Asset Consultant. In addition, the Board's Asset Capitalisation Policy is reviewed every 2 years, with the last review undertaken in June 2023. Any revisions are accounted for prospectively as a change in estimate.

(i) Impairment of non-financial assets

Non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Board prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee benefits

Short-term employee benefits

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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

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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) 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.

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 1. Significant accounting policies (continued)

(m) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Board for the annual reporting period ended 30 June 2023. The Board has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

The significant estimates and judgements made have been described below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. Level 3 inputs are unobservable inputs. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. For further information relating to fair value measurement, refer to Note 20.

Impairment of property, plant and equipment

The Board assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Board and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Key estimates fair valuation of stormwater infrastructure and land improvements

Stormwater infrastructure assets are carried at fair value. As there is no market for the Board to use to determine fair value, all assets have been valued as Level 3 inputs using a cost approach. Level 3 inputs are unobservable inputs. For further information relating to fair value measurement refer to Note 20.

Note 3. Operating contributions

	2023	2022
	\$	\$
City of Mitcham	133,594	97,177
City of Burnside	133,594	97,177
City of West Torrens	133,594	97,177
The Corporation of the City of Adelaide	133,594	97,177
The Corporation of the City of Unley	133,594	97,177
	<u>667,970</u>	<u>485,885</u>

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

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 4. Investment income

	2023	2022
	\$	\$
Bank Interest	349,089	59,621

Note 5. Employee Costs

	2023	2022
	\$	\$
Salaries and Wages - Board	80,500	82,000
Salaries and Wages - Employee	239,464	197,086
Superannuation contributions	33,596	27,909
Workers compensation	1,452	3,356
Employee entitlement costs	15,378	6,616
Total Employee costs	370,390	316,967

Note 6. Materials, Contracts & Other Expenses

	2023	2022
	\$	\$
Contractor & Consultant Services	23,056	13,602
Meeting Room Hire and Teleconference	1,256	1,142
Financial Services	33,164	40,391
Insurance - Mutual Liability Scheme	48,981	46,649
IT Services	4,718	2,398
Legal Services	10,422	13,878
Office expenses, Printing and Postage	2,966	1,516
PR, Website and Graphic Design	12,068	9,683
Professional Development	1,182	1,129
Asset Operating Costs & Maintenance	172,829	71,345
Asset Management Plan & Valuations	10,470	21,654
Business Case & Funding Campaign	-	203,497
Cyber security cost	-	38,995
Prescribed Expenses - Audit Remuneration	5,270	5,150
Sundry	648	612
Total Materials, Contracts & Other Expenses	327,030	471,641

Note 7. Finance costs

	2023	2022
	\$	\$
Bank fees	204	213
Interest expenses	-	7
Total finance costs	204	220

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 8. Depreciation

	2023	2022
	\$	\$
Infrastructure and land improvements	192,947	86,279
Office equipment	605	-
	<u>193,552</u>	<u>86,279</u>

Note 9. Capital Funding / Grants for New / Upgraded assets

	2023	2022
	\$	\$
Stormwater Management Authority	-	5,000,000
Federal Funding (i)	585,986	-
	<u>585,986</u>	<u>5,000,000</u>

(i) Total Federal funding received during the year is \$4,120,105. Of the total amount received, only \$585,986 is recognised as revenue and the balance \$3,534,119 is recorded as payments received in advance at Note 14 'Trade and other payables'.

Note 10. Asset disposal

	2023	2022
	\$	\$
Carrying amount of assets transferred to council	<u>1,417,180</u>	<u>-</u>

Note 11. Cash and cash equivalents

	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank and in hand	<u>10,151,401</u>	<u>9,502,569</u>

As at 30 June 2023, cash held includes an amount of \$8,803,000 (2022: \$1,920,000) which is restricted for the purpose of approved capital development projects (refer to Note 24 'Commitments').

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 12. Trade and other receivables

	2023 \$	2022 \$
<i>Current assets</i>		
Trade receivables	-	230,802
GST receivable	248,626	190,981
Accrued revenue	33,344	7,276
Prepayments	13,551	12,245
	<u>295,521</u>	<u>441,304</u>

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

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

Note 13. Infrastructure, property, plant and equipment

	2023 \$	2022 \$
<i>Non-current assets</i>		
Infrastructure and Land Improvements - at independent valuation	26,728,566	21,226,430
Infrastructure and Land Improvements - accumulated depreciation	(318,047)	(148,436)
	<u>26,410,519</u>	<u>21,077,994</u>
Computer equipment - at cost	2,454	4,493
Less: Accumulated depreciation	(605)	(4,493)
	<u>1,849</u>	<u>-</u>
Capital works-in-progress	4,257,119	4,708,429
	<u>30,669,487</u>	<u>25,786,423</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 13. Infrastructure, property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Capital Works in Progress	Infrastructure and Land Improvements	Office Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2021	4,916,640	8,717,743	-	13,634,383
Additions	11,645,539	463,605	-	12,109,144
Transfers in/(out)	(11,853,750)	11,853,750	-	-
Revaluation increments	-	129,175	-	129,175
Depreciation expense	-	(86,279)	-	(86,279)
Balance at 30 June 2022	4,708,429	21,077,994	-	25,786,423
Additions	6,303,763	25,841	2,454	6,332,058
Transfers in/(out)	(6,755,073)	6,755,073	-	-
Revaluation increments	-	161,738	-	161,738
Disposals	-	(1,417,180)	-	(1,417,180)
Depreciation expense	-	(192,947)	(605)	(193,552)
Balance at 30 June 2023	<u>4,257,119</u>	<u>26,410,519</u>	<u>1,849</u>	<u>30,669,487</u>

Valuations of land and buildings

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements was undertaken as at 30 June 2023. The valuation was undertaken by Tina-James Freeman, Asset Consultant at Tonkin. The valuation basis used for the infrastructure and land improvement assets is the depreciated replacement cost basis. Following agreement between the Board and the Owners Executive Group of the Constituent Councils regarding ongoing maintenance responsibilities, some assets delivered by the Board were handed over to the property owner during the year. These assets include non-stormwater infrastructure such as footbridges, boardwalks and pathways. Assets located at Upper Brown Hill Creek- Hawthorn Reserve and the South Park Lands wetland and creek works sites have been handed over to the Cities of Mitcham and Adelaide. The carrying value of those assets handed over to the property owner at 30 June 2023 is \$1,417,180. As further work packages are completed on public and privately owned land, there will continue to be assets delivered by the Board that are returned to the responsibility of the property owner.

	2023	2022
	\$	\$
Capital works-in-progress		
South Parklands Stormwater Reference Design	-	3,806,423
Lower Brown Hill Creek - Package 1	896,838	744,629
Upper Brown Hill Creek - Area 3A Millswood	1,928,857	3,135
Upper Brown Hill Creek - Area 1C Forestville	1,382,371	107,369
	49,053	46,873
	<u>4,257,119</u>	<u>4,708,429</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 14. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	223,822	180,862
Accrued expenses	229,703	341,129
Credit card	(524)	(837)
PAYG payable	5,882	8,899
Superannuation payable	8,386	7,027
Payments received in advance (capital grants)	3,534,119	-
	<u>4,001,388</u>	<u>537,080</u>

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

Note 15. Provisions

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Provision for annual leave	<u>30,719</u>	<u>25,407</u>
<i>Non-current liabilities</i>		
Provision for long service leave	<u>10,066</u>	<u>-</u>
	<u>40,785</u>	<u>25,407</u>

Note 16. Capital contributions of constituent councils

	2023	2022
	\$	\$
City of Mitcham	2,031,991	1,786,991
City of Burnside	2,438,389	2,144,389
City of West Torrens	9,956,754	8,756,254
Corporation of the City of Adelaide	1,625,593	1,429,593
Corporation of the City of Unley	4,267,180	3,752,680
Total Contributions by Owners	<u>20,319,907</u>	<u>17,869,907</u>
	2023	2022
	\$	\$
City of Mitcham Movement Table		
Opening balance	1,786,991	1,386,991
Contributions	<u>245,000</u>	<u>400,000</u>
	<u>2,031,991</u>	<u>1,786,991</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 16. Capital contributions of constituent councils (continued)

	2023	2022
	\$	\$
City of Burnside Movement Table		
Opening balance	2,144,389	1,664,389
Contributions	294,000	480,000
	<u>2,438,389</u>	<u>2,144,389</u>

	2023	2022
	\$	\$
City of West Torrens Movement Table		
Opening balance	8,756,254	6,796,254
Contributions	1,200,500	1,960,000
	<u>9,956,754</u>	<u>8,756,254</u>

	2023	2022
	\$	\$
Corporation of the City of Adelaide Movement Table		
Opening balance	1,429,593	1,109,593
Contributions	196,000	320,000
	<u>1,625,593</u>	<u>1,429,593</u>

	2023	2022
	\$	\$
Corporation of City of Unley Movement Table		
Opening balance	3,752,680	2,912,680
Contributions	514,500	840,000
	<u>4,267,180</u>	<u>3,752,680</u>

Capital contributions of constituent councils are payments received for investing in infrastructure. The rates of contributions are agreed in the Charter of the Board.

Summary of capital contributions of constituent councils received during the year:

	2023	2022
	\$	\$
City of Mitcham	245,000	400,000
City of Burnside	294,000	480,000
City of West Torrens	1,200,500	1,960,000
City of Adelaide	196,000	320,000
City of Unley	514,500	840,000
	<u>2,450,000</u>	<u>4,000,000</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 17. Asset revaluation reserve

	2023	2022
	\$	\$
Infrastructure and land improvement		
Opening balance 1 July	408,652	279,477
Net increment/(decrement)	161,738	129,175
	<u>570,390</u>	<u>408,652</u>
Closing balance 30 June	<u>570,390</u>	<u>408,652</u>

Note 18. Capital funding and grants

	2023	2022
	\$	\$
Opening balance	16,638,521	11,638,521
Transfer from accumulated surplus	585,927	5,000,000
	<u>17,224,448</u>	<u>16,638,521</u>

Capital funding and grants reserve records the total revenue recognised from the funding providers for capital works to date.

Note 19. Financial instruments

Financial risk management objectives

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

- Specific risks
- Liquidity risk
 - Credit risk

Financial instruments used

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

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

Objectives, policies and processes

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

Details of significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instruments are disclosed in note 1 Summary of Significant Accounting Policies.

Mitigation strategies for specific risks faced are described below:

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 19. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Board.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties. There is no collateral held by the Board securing trade and other receivables.

Liquidity risk

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

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

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

	2023 \$	2022 \$
Financial assets		
Held at amortised cost		
Cash and cash equivalents (due less than 1 year)	10,151,401	9,502,569
Trade and other receivables (due less than 1 year)	295,521	441,304
Total financial assets	<u>10,446,922</u>	<u>9,943,873</u>
	2023 \$	2022 \$
Financial liabilities		
Held at amortised cost		
Trade and other payables	467,269	537,080

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables (excluding estimated annual leave)	-	467,269	-	-	-	467,269
Total non-derivatives		<u>467,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,269</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 19. Financial instruments (continued)

2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables (excluding estimated annual leave)	-	537,080	-	-	-	537,080
Total non-derivatives		<u>537,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,080</u>

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Note 20. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair value hierarchy

Infrastructure and land improvements are carried at fair value. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) 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: Unobservable inputs for the asset or liability

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 20. Fair value measurement (continued)

In determining fair values for infrastructure and land improvements there is no known market for these assets, and they are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, the fair value of all assets within the infrastructure and land improvements class are considered Level 3 in the fair value hierarchy.

Note 21. Key management personnel disclosures

Compensation

Key management personnel of the Board include the Project Director and members of the Board appointed under section 112 of the Local Government Act 1999. The aggregate compensation made to key management personnel of the Board is set out below:

	2023	2022
	\$	\$
Short-term employee benefits	284,774	238,286
Post-employment benefits	29,901	23,829
	<u>314,675</u>	<u>262,115</u>

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the Board:

	2023	2022
	\$	\$
Audit remuneration	<u>5,270</u>	<u>5,150</u>

Note 23. Contingent liabilities

In the opinion of the Board Members, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report at 30 June 2023 (30 June 2022 : None).

Note 24. Commitments

	2023	2022
	\$	\$
South Park Lands		
Park 16 - Wetland	300,000	600,000
Park 20 - Creek works	-	1,000,000
Project management	45,000	100,000
	<u>345,000</u>	<u>1,700,000</u>

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 24. Commitments (continued)

	2023	2022
	\$	\$
Other capital commitments		
UBHC Millswood	1,973,000	-
UBHC Forestville	655,000	-
LBHC Packages 1-3	5,427,000	-
	<u>8,055,000</u>	<u>-</u>
	2023	2022
	\$	\$
Reference design		
Engineering Services	50,000	144,000
Consultant Services	200,000	24,000
Geotech	3,000	36,000
Legal	-	4,000
Project management	150,000	12,000
	<u>403,000</u>	<u>220,000</u>
	2023	2022
	\$	\$
Total contracted commitments	<u>8,803,000</u>	<u>1,920,000</u>

All contracted commitments noted above are expected to be paid within the next twelve months.

The Authority was awarded a \$10 million grant from the Commonwealth Government in FY2022 and these funds are being provided over 3 financial years (FY2023, FY2024 and FY2025) to contribute toward the delivery of Packages 1, 2 and 3 of the Lower Brown Hill Creek upgrades.

Note 25. Related parties

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

There were no transactions with related parties during the current and previous financial year.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. There were no transactions with other related parties for the year ending 30 June 2023 (2022: Nil).

Note 26. Statutory Information

The registered office and principal place of business of the Board is:
Brown Hill & Keswick Creeks Stormwater Board
PO Box 124 Unley SA 5061

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Board's operations, the results of those operations, or the Board's state of affairs in future financial years.

Brown Hill & Keswick Creeks Storm Water Board
Notes to the financial statements
As at 30 June 2023

Note 28. Reconciliation of net surplus/(deficit) to net cash from/(used in) operating activities

	2023	2022
	\$	\$
Net surplus/(deficit) for the year	(705,311)	5,134,004
Adjustments for:		
Depreciation and amortisation	193,552	86,279
Capital funding / grants	(585,986)	(5,000,000)
Physical resources received free of charge	-	(463,605)
Net loss on disposal of non-current assets	1,417,180	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	173,156	(150,964)
Increase in accrued revenue	(26,068)	(7,276)
Increase in prepayments	(1,306)	(12,245)
Increase in employee benefits	15,378	6,616
Increase/(decrease) in trade and other payables (excluding income in advance relating to capital grants)	(69,810)	37,803
Net cash from/(used in) operating activities	<u>410,785</u>	<u>(369,388)</u>

Brown Hill & Keswick Creeks Storm Water Board
Certification of auditor independence
As at 30 June 2023

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 2023, the Board's Auditor, Dean Newbery & Partners 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.

Judith Choate

Judith Choate (Sep 14, 2023 19:33 GMT+9.5)

Judith Choate
Board Member
14 September 2023

Geoff Vogt

Geoff Vogt (Sep 14, 2023 20:41 GMT+9.5)

Geoff Vogt
Board Member
14 September 2023

**Brown Hill & Keswick Creeks Storm Water Board
Statement by the auditor**

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**Brown Hill & Keswick Creeks Storm Water Board
Statement by the auditor**

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Final Audit Report

2023-09-14

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