

City of Adelaide

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Adelaide. Designed for Life.



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Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2022 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.

Clare Mockler
Chief Executive Officer

Date:

Sandy Verschoor
Lord Mayor

Date:

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	121,350	118,510
Statutory Charges	2b	10,208	10,709
User Charges	2c	63,132	61,250
Grants, Subsidies and Contributions	2g	9,375	5,432
Investment Income	2d	341	276
Reimbursements	2e	934	665
Other income	2f	366	540
Total Income		<u>205,706</u>	<u>197,382</u>
Expenses			
Employee costs	3a	69,092	74,410
Materials, Contracts and Other Expenses	3b	77,765	71,353
Depreciation, Amortisation and Impairment	3c	56,568	56,808
Finance Costs	3d	1,277	1,740
Net loss - Equity Accounted Council Businesses	18(a)	27	4
Total Expenses		<u>204,729</u>	<u>204,315</u>
Operating Surplus / (Deficit)		<u>977</u>	<u>(6,933)</u>
Physical Resources Received Free of Charge	2i	373	450
Asset Disposal & Fair Value Adjustments	4	(658)	(6,527)
Amounts Received Specifically for New or Upgraded Assets	2g	3,411	2,698
Net Surplus / (Deficit)		<u>4,103</u>	<u>(10,312)</u>
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	84,305	48,206
Net Actuarial Gain/(Loss) on Defined Benefit Plan		(206)	203
Total Amounts which will not be reclassified subsequently to operating result		<u>84,099</u>	<u>48,409</u>
Total Other Comprehensive Income		<u>84,099</u>	<u>48,409</u>
Total Comprehensive Income		<u>88,202</u>	<u>38,097</u>

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

City of Adelaide

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	2,984	1,912
Trade & Other Receivables	5b	15,774	16,299
Inventories	5c	541	506
Non-Current Assets Held for Sale	19	5,965	958
Total current assets		<u>25,264</u>	<u>19,675</u>
Non-current assets			
Financial Assets	6a	466	376
Equity Accounted Investments in Council Businesses	6b	1,412	1,119
Other Non-Current Assets	6c	42,473	2,107
Infrastructure, Property, Plant & Equipment	7a(i)	1,906,716	1,897,255
Investment Property	7a(ii)	2,870	2,870
Total non-current assets		<u>1,953,937</u>	<u>1,903,727</u>
TOTAL ASSETS		<u>1,979,201</u>	<u>1,923,402</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	24,286	24,843
Borrowings	8b	4,842	4,690
Provisions	8c	13,605	13,320
Total Current Liabilities		<u>42,733</u>	<u>42,853</u>
Non-Current Liabilities			
Trade & Other Payables	8a	293	1,293
Borrowings	8b	54,041	85,163
Provisions	8c	1,655	1,816
Total Non-Current Liabilities		<u>55,989</u>	<u>88,272</u>
TOTAL LIABILITIES		<u>98,722</u>	<u>131,125</u>
Net Assets		<u>1,880,479</u>	<u>1,792,277</u>
EQUITY			
Accumulated surplus		792,359	806,973
Asset revaluation reserves	9a	1,066,521	982,216
Other reserves	9b	21,599	3,088
Total Council Equity		<u>1,880,479</u>	<u>1,792,277</u>
Total Equity		<u>1,880,479</u>	<u>1,792,277</u>

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

City of Adelaide

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2022					
Balance at the end of previous reporting period		806,973	982,216	3,088	1,792,277
Net Surplus / (Deficit) for Year		4,103	–	–	4,103
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	84,305	–	84,305
- Defined Benefit Actuarial Gain		–	–	(206)	(206)
Other comprehensive income		–	84,305	(206)	84,099
Total comprehensive income		4,103	84,305	(206)	88,202
Transfers between Reserves		(18,717)	–	18,717	–
Balance at the end of period		792,359	1,066,521	21,599	1,880,479
2021					
Balance at the end of previous reporting period		818,558	934,010	1,612	1,754,180
Net Surplus / (Deficit) for Year		(10,312)	–	–	(10,312)
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	48,206	–	48,206
- Defined Benefit Actuarial Gain		–	–	203	203
Other comprehensive income		–	48,206	203	48,409
Total comprehensive income		(10,312)	48,206	203	38,097
Transfers between Reserves		(1,273)	–	1,273	–
Balance at the end of period		806,973	982,216	3,088	1,792,277

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

City of Adelaide

Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		210,275	198,572
Investment Receipts		341	276
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(146,555)	(144,230)
Finance Payments		(1,277)	(1,740)
Net cash provided by (or used in) Operating Activities	10b	<u>62,784</u>	<u>52,878</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		3,411	2,698
Sale of Replaced Assets		1,322	815
Sale of Surplus Assets		19,407	1,405
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(29,987)	(23,205)
Expenditure on New/Upgraded Assets		(22,832)	(12,425)
Net Purchase of Investment Securities		(90)	(17)
Capital contributed to Equity Accounted Council Businesses		(320)	(451)
Net cash provided (or used in) investing activities		<u>(29,089)</u>	<u>(31,180)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		82,350	87,900
Proceeds from Bonds & Deposits		–	1,007
<u>Payments</u>			
Repayments of Borrowings		(109,050)	(104,800)
Repayment of Finance Lease Liabilities		(4,724)	(4,838)
Repayment of Bonds & Deposits		(1,199)	–
Net Cash provided by (or used in) Financing Activities		<u>(32,623)</u>	<u>(20,731)</u>
Net Increase (Decrease) in Cash Held		1,072	967
plus: Cash & Cash Equivalents at beginning of period		1,912	945
Cash and cash equivalents held at end of period	10a	<u>2,984</u>	<u>1,912</u>
Additional Information:			
plus: Investments on hand – end of year	6b	466	376
Total Cash, Cash Equivalents & Investments		<u>3,450</u>	<u>2,288</u>

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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 30 September 2022

1.2 Critical Accounting Estimates

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

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

1.3 Rounding

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

1.4 Estimates and assumptions

The COVID-19 pandemic has impacted the 2021/22 financial statements. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include:

1. Reduction in net income due to closure or reduction of services provided during the pandemic, including Off Street Parking, Expiations and On-Street Parking.
2. Payment of stimulus packages and investment in a wide range of initiatives to boost economic activity within the city to help City businesses and residents recover.
3. Reduction in expenditure in relation to cancelled events offset by expenditure through additional cleansing services to keep our City safe.

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2022/23 financial year but these have been largely taken into account during the development of the budget process for 2022/23 including, but not limited to expected lower net income resulting from lower visitation to the city as well as further stimulus / sponsorship packages to be offered to stimulate the city economy. The budget assumptions for 2022/23 assumes that the emergency declaration remains lifted and restrictions will not be reinstated. Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(2) The Local Government Reporting Entity

The City of Adelaide is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 25 Pirie Street, Adelaide. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

1. Adelaide Central Market Authority
2. Adelaide Economic Development Agency
3. Adelaide Park Lands Authority

Note 1. Summary of Significant Accounting Policies (continued)

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

(3) Income Recognition

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

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

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

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

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

(5) Inventories

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

(6) Non-Current Assets Held for Sale

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

Capital works still in progress at reporting date are recognised as Infrastructure, Property, Plant and Equipment.

6.2 Materiality

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

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

Buildings

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

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	30 to 80 years
Sealed Roads - Formation	Indefinite
Bridges – Major	20 to 100 years
Bridges – Minor	25 to 75 years
Footpaths and Bikeways - Surface	20 to 40 years
Footpaths and Bikeways - Pavement	40 to 100 years
Footpaths and Bikeways - Formation	Indefinite
Kerb and Water Table	60 to 120 years
Stormwater Drainage Networks	50 to 125 years
Culverts	80 years
Weir Components	25 to 100 years
Basins	50 to 80 years
Earth Retaining Structures	30 to 80 years
Gross Pollutant Traps	80 years
Irrigation	15 to 25 years
Traffic Signals	10 to 30 years
Lighting and Electricals	25 to 30 years
Electrical Switch Boards	30 years
CCTV	5 to 10 years
Sports Fields	15 to 50 years

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

6.5 Impairment

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

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

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

(7) Investment property

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

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

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

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

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

(8) Payables

8.1 Goods & Services

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

8.2 Payments Received in Advance & Deposits

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

(9) Borrowings

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(10) Employee Benefits

10.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate 3.77% (2021, 1.52%)

Weighted average settlement period 10 years (2021, 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 the Local Government Superannuation Scheme, managed by Hostplus (formerly Statewide Super). The Corporation of the City of Adelaide Superannuation Plan, managed by Statewider Super was closed on 25 March 2022 and the surplus assets were paid to the City of Adelaide.

The Local Government Superannuation Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

(11) Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

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

(12) Leases

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

12.1 Council as a lessee

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

i) Right-of-Use-Assets

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

Note 1. Summary of Significant Accounting Policies (continued)

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

ii) Lease Liabilities

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

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

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

iv) Leases with a variable value

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

12.2 Council as a lessor

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

(13) Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 18.

(14) GST Implications

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

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

(15) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 16 Covid-19 Related Rent Concessions

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of Council.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

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

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

(16) Comparative Figures

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

(17) Disclaimer

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

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	123,141	120,133
Less: Mandatory Rebates	(5,530)	(5,482)
Less: Discretionary Rebates, Remissions & Write Offs	(2,091)	(1,924)
Total General Rates	115,520	112,727
Other Rates (Including Service Charges)		
Landscape Levy	1,979	1,902
Rundle Mall Separate Rate	3,810	3,840
Building Upgrade Finance	41	41
Total Other Rates (Including Service Charges)	5,830	5,783
Total Rates	121,350	118,510
(b) Statutory Charges		
Development Act Fees	1,921	1,635
Animal Registration Fees & Fines	39	29
Parking Fines / Expiation Fees	7,093	8,062
Other Fees, Fines, Penalties and Expiations	276	190
Encroachments Fees	328	191
Food Inspections Fees / Fines	23	23
Residential Parking Permits	50	50
Section 7 Searches	111	100
Temporary Parking Control Permits	316	393
Water Systems Fees	51	36
Total Statutory Charges	10,208	10,709

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(c) User Charges		
Parking Fees	10,302	10,695
Property Lease	9,727	9,805
Sundry	120	192
Adelaide Aquatic Centre Charges	5,526	4,551
Adelaide Golf Links Charges	3,554	3,234
Adelaide Town Hall Charges	1,434	313
Bus Ticket Sales	6	7
Compost Sales	690	678
Event Fees	138	81
Library Centre	6	6
Off-Street Parking	27,911	27,341
Park Lands Events Fees	352	665
Property Recovery	3,087	3,321
Rundle Mall	279	361
<u>Total User Charges</u>	<u>63,132</u>	<u>61,250</u>
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	56	51
- Banks & Other	8	16
Investment Property Rental Income	187	192
Financial Instrument - Fair Value Increase / (Decrease)	90	17
<u>Total Investment Income</u>	<u>341</u>	<u>276</u>
(e) Reimbursements		
Private Works	567	455
Other	367	210
<u>Total Reimbursements</u>	<u>934</u>	<u>665</u>
(f) Other income		
Insurance & Other Recoupments	28	301
Sundry	237	239
Commission	101	-
<u>Total Other income</u>	<u>366</u>	<u>540</u>

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	3,411	2,698
Total Amounts Received Specifically for New or Upgraded Assets	3,411	2,698
Other Grants, Subsidies and Contributions	7,145	3,416
Untied - Financial Assistance Grant	1,178	948
Roads to Recovery	255	256
Home and Community Care Grant	291	287
Library and Communications	504	478
Sundry	2	47
Total Other Grants, Subsidies and Contributions	9,375	5,432
Total Grants, Subsidies, Contributions	12,786	8,130

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

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

(i) Sources of grants

Commonwealth Government	4,709	2,371
State Government	7,877	5,613
Other	200	146
Total	12,786	8,130

(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	14	14
Unexpended at the close of this reporting period	14	14

(i) Physical Resources Received Free of Charge

Other	373	450
Total Physical Resources Received Free of Charge	373	450

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		61,317	67,212
Employee Leave Expense		7,290	5,804
Superannuation - Defined Contribution Plan Contributions	17	6,341	6,020
Workers' Compensation Insurance		1,624	1,478
Income Protection Insurance		324	344
Less: Capitalised and Distributed Costs		(7,804)	(6,448)
<u>Total Operating Employee Costs</u>		<u>69,092</u>	<u>74,410</u>
Number of Employees (full time equivalent at end of reporting period)		693	657
Number of Employees (temporary full time equivalent at end of reporting period)		116	89
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration		107	67
Bad and Doubtful Debts		409	344
Elected Members' Expenses		500	486
Election Expenses		147	28
Lease Expense - Low Value Assets / Short Term Leases		29	34
Lease Expense - Variable Payments		689	766
Other		78	29
<u>Subtotal - Prescribed Expenses</u>		<u>1,959</u>	<u>1,754</u>

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 3. Expenses (continued)

\$ '000	2022	2021
(ii) Other Materials, Contracts and Expenses		
Contractors	14,558	17,329
Energy	5,761	5,504
Maintenance	8,144	7,954
Legal Expenses	1,428	1,531
Levies Paid to Government - including NRM levy	2,346	2,354
Levies - Other	41	41
Parts, Accessories & Consumables	5,892	4,774
Professional Services	3,932	4,134
Advertising and Promotion	4,068	2,581
Bank Charges and Cash Collection	1,034	988
Catering	880	133
Cleaning	2,962	3,094
Communications	304	325
Contractual Expenses	363	278
Water	2,096	2,088
Entertainment - Council and Civic Events	56	8
External Plant Hire	1,273	601
Insurance	2,237	2,165
Investment Property Expenses	248	156
Minor Plant and Equipment	456	513
Printing, Freight and Postage	459	459
Rates and Taxes	327	261
Registrations	196	204
Searches	240	278
Security	2,025	1,839
Sponsorships, Contributions and Donations	10,829	6,975
Subscriptions	1,684	1,670
Training and Development	328	244
Waste Services	1,673	1,674
Other	71	129
Less: Capitalised and Distributed Costs	(105)	(685)
Subtotal - Other Material, Contracts & Expenses	75,806	69,599
<u>Total Materials, Contracts and Other Expenses</u>	<u>77,765</u>	<u>71,353</u>

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings	12,798	12,160
Infrastructure		
- Stormwater and Drainage	2,759	2,704
- Public Art	4	-
- Bridges	2,099	2,090
- Footpaths	6,805	6,682
- Kerb & Water Table	1,430	1,412
- Public Lighting	5,234	5,121
- Roads	7,080	7,924
- Ticket Machines	289	307
- Traffic Signals	3,102	3,535
- Urban Elements	3,220	2,634
Right-of-use Assets	5,188	5,286
Plant & Equipment	2,095	2,212
Furniture & Fittings	1,417	2,411
Library Books	561	98
Park Land Improvements	2,487	2,232
Subtotal	56,568	56,808
Total Depreciation, Amortisation and Impairment	56,568	56,808
(d) Finance Costs		
Interest on Loans	261	830
Interest on Leases	1,016	910
Total Finance Costs	1,277	1,740

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	1,322	815
Less: Carrying Amount of Assets Sold	(3,634)	(4,472)
Gain (Loss) on Disposal	(2,312)	(3,657)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	64,907	1,405
Less: Carrying Amount of Assets Sold	(63,253)	(3,510)
Gain (Loss) on Disposal	1,654	(2,105)
Fair Value Adjustments		
Investment Property - Fair Value Increase / (Decrease)	-	(765)
Total Fair Value Adjustments	-	(765)
Net Gain (Loss) on Disposal or Revaluation of Assets	(658)	(6,527)

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	2,573	1,502
Deposits at Call	411	410
<u>Total Cash & Cash Equivalent Assets</u>	<u>2,984</u>	<u>1,912</u>
(b) Trade & Other Receivables		
Rates - General & Other	6,228	7,094
Accrued Revenues	3,197	2,689
Debtors - General	3,349	4,724
GST Recoupment	1,930	644
Prepayments	2,196	1,709
Deferred Rent	163	320
Subtotal	<u>17,063</u>	<u>17,180</u>
Less: Allowance for Doubtful Debts	(1,289)	(881)
<u>Total Trade & Other Receivables</u>	<u>15,774</u>	<u>16,299</u>
(c) Inventories		
Stores & Materials	339	359
Trading Stock	150	118
Other	52	29
<u>Total Inventories</u>	<u>541</u>	<u>506</u>

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 6. Non-Current Assets

\$ '000	2022	2021
(a) Financial Assets		
Other Financial Assets (Investments)		
Ergo Apartments - Shared Equity Loans at Fair Value through Surplus/(Deficit)	466	376
Total Other Financial Assets (Investments)	466	376
Total Financial Assets	466	376

\$ '000	Notes	2022	2021
(b) Equity Accounted Investments in Council Businesses			
The Brown Hill and Keswick Creeks Stormwater Board	18(a)i	1,412	1,119
Total Equity Accounted Investments in Council Businesses		1,412	1,119

(c) Other Non-Current Assets

Other			
Employee Entitlements (unfunded superannuation asset)		–	1,815
Other Financial Asset at Amortised Cost		17,261	–
Deferred Rent		129	292
Prepayment for Development Contract		25,083	–
Total Other		42,473	2,107
Total Other Non-Current Assets		42,473	2,107

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

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

(a(i)) Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/06/21				Asset movements during the reporting period											as at 30/06/22				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Projected Related Expenditure (Note 3b)	Reclassification	Gifted Assets	TfIs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
		\$ '000																			
Capital Work in Progress		-	15,898	-	15,898	26,111	28,204	-	-	(31,068)	(320)	(1,215)	-	-	-	-	-	-	37,610	-	37,610
Land																					
Land - Other	2	221,230	-	-	221,230	-	-	(59,033)	-	-	-	-	4,900	-	-	(3,101)	-	163,995	-	163,995	
Community Land	3	18,580	-	-	18,580	-	-	-	-	-	-	(4,900)	-	-	-	-	-	13,680	-	13,680	
Land - Crown	3	-	388,400	-	388,400	-	-	-	-	-	-	-	-	-	-	-	-	-	388,400	-	388,400
Buildings																					
Buildings	2	316,849	-	(159,334)	157,515	-	-	(348)	(7,721)	2,441	-	-	-	(8,005)	-	2,755	301,993	-	(155,355)	146,638	
Buildings	3	237,550	-	(91,881)	145,669	-	-	-	(5,077)	206	-	-	-	-	(7,394)	-	227,913	-	(94,511)	133,402	
Park Land & Open Space Assets	3	58,269	-	(13,636)	44,633	-	-	(324)	(2,487)	780	-	826	-	-	(340)	-	57,565	-	(14,478)	43,087	
Infrastructure																					
- Stormwater and Drainage	3	272,877	-	(138,463)	134,414	-	-	(397)	(2,759)	2,747	-	-	-	-	-	88	274,768	-	(140,674)	134,094	
- Bridges	3	178,520	-	(116,942)	61,578	-	-	(1)	(2,099)	24	-	-	-	-	-	-	178,529	-	(119,026)	59,503	
- Footpaths	3	291,713	-	(86,139)	205,574	-	-	(724)	(6,805)	6,809	-	-	373	-	-	75,788	481,057	-	(200,041)	281,016	
- Kerb & Water Table	3	118,198	-	(46,801)	71,397	-	-	(405)	(1,430)	2,263	-	-	-	-	-	-	119,190	-	(47,365)	71,825	
- Public Lighting	3	141,860	-	(74,973)	66,887	-	-	(264)	(5,234)	2,835	-	-	-	-	-	-	144,092	-	(79,867)	64,225	
- Roads	3	292,414	-	(101,462)	190,952	-	-	(611)	(7,080)	2,993	-	-	-	-	-	15,662	292,938	-	(91,021)	201,917	
- Ticket Machines	3	2,508	-	(1,251)	1,257	-	-	(30)	(289)	-	-	-	-	-	-	427	1,685	-	(319)	1,366	
- Traffic Signals	3	59,996	-	(36,491)	23,505	-	-	(360)	(3,102)	2,321	-	-	-	-	-	-	60,525	-	(38,161)	22,364	
- Urban Elements	3	55,852	-	(24,679)	31,173	-	-	(127)	(3,220)	973	-	(145)	-	-	-	-	56,201	-	(27,547)	28,654	
- Public Art	3	38,712	-	-	38,712	-	-	(587)	(4)	645	-	(681)	-	-	-	420	38,914	-	(409)	38,505	
Other																					
Right-of-Use Assets		64,580	-	(11,675)	52,905	117	-	-	(5,188)	-	338	-	-	-	-	-	64,922	-	(16,751)	48,171	
Library Books		-	8,429	(6,508)	1,921	-	-	-	(561)	534	7	-	-	-	-	-	-	8,970	(7,068)	1,902	
Furniture & Fittings		-	44,890	(41,359)	3,531	-	-	-	(1,417)	1,769	-	-	-	-	-	-	-	42,577	(38,694)	3,883	
Plant & Equipment		-	21,280	(11,104)	10,176	-	-	(678)	(2,095)	3,728	-	-	-	-	-	-	-	21,566	(10,435)	11,131	
Civic Collection		-	11,348	-	11,348	-	-	-	-	-	-	-	-	-	-	-	-	11,348	-	11,348	
Total Infrastructure, Property, Plant & Equipment		2,369,708	490,245	(962,698)	1,897,255	26,228	28,204	(63,889)	(56,568)	-	25	(1,215)	-	373	(8,005)	(10,835)	95,140	2,477,967	510,471	(1,081,722)	1,906,716
Comparatives		2,220,419	537,724	(897,509)	1,860,634	14,007	25,824	(7,984)	(56,808)	(775)	18,403	(3,751)	-	450	(958)	(420)	48,626	2,369,708	490,245	(962,698)	1,897,255

City of Adelaide

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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

(a(ii)) Investment Property

	Fair Value Level	as at 30/06/21				Asset movements during the reporting period							as at 30/06/22			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	WIP Transfers	Revaluation Increments/ Decrements to P&L - Investment Properties (Note 4)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																
Buildings & Structures	2	2,870	–	–	2,870	–	–	–	–	–	–	–	2,870	–	–	2,870
Total Investment Property		2,870	–	–	2,870	–	–	–	–	–	–	–	2,870	–	–	2,870
Comparatives		2,860	–	–	2,860	–	–	–	775	(765)	–	–	2,870	–	–	2,870

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

(b) Valuation of Infrastructure, Property, Plant & Equipment and Investment Property

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

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

Other Information

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

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

Highest and best use

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

Council's principal role as a provider of services to the community, promotes alignment with strategic outcomes as opposed to outright revenue generation. The highest and best use is taken to be the highest and best use available to Council, with a rebuttable presumption that the current use is the "highest and best use" incorporating such restrictions as mentioned above.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Transition to AASB 13 - Fair Value Measurement

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

Park Land & Open Space Assets

Park Land and Open Space assets were valued by Council officers at current replacement cost during the reporting period ended 30 June 2022.

Land

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

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

Buildings

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

Infrastructure

Bridges

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

Footpaths

Footpaths were valued by Council officers at current replacement cost during the reporting period ended 30 June 2022.

Kerb and Water Table

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

Public Art

Public art assets are revalued periodically by independent valuers. The most recent valuation was completed during the period ended 30 June 2022.

Public Lighting, Electrical and CCTV Network

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

Roads

Road assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2019 and was based on the unit rates to replace the associated road component. In 2022 we reassessed the componentisation of the Road, as well as their useful lives, this resulted in a revaluation increment recognised in the Asset Revaluation Reserve for the period ended 30 June 2022.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

Stormwater and Drainage

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

Ticket Machines

Ticket machines were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ended 30 June 2022 and was based on the unit rates to replace the associated ticket machine component. All acquisitions made after the date of valuation are recorded at cost.

Traffic Signals

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

Urban Elements

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

Plant & Equipment

Plant and equipment is valued at historical cost less depreciation.

Furniture & Fittings

Furniture and Fittings is valued at historical cost less depreciation.

Civic Collection

The civic collection is recognised at historical cost.

Investment Property

Investment properties were valued internally by qualified personnel. The basis of valuation is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and subject to similar leases. The most recent valuation was conducted for the period ended 30 June 2021.

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 2022

Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(a) Trade and Other Payables				
Goods & Services	498	–	6,389	–
Payments Received in Advance	13,013	293	9,115	293
Accrued Expenses - Employee Entitlements	1,215	–	950	–
Accrued Expenses - Other	7,676	–	6,511	–
Deposits, Retentions & Bonds	406	–	605	1,000
Other	1,478	–	1,273	–
<u>Total Trade and Other Payables</u>	<u>24,286</u>	<u>293</u>	<u>24,843</u>	<u>1,293</u>

\$ '000	Notes	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(b) Borrowings					
Loans		–	8,000	–	34,700
Lease Liabilities	16b	4,842	46,041	4,690	50,463
<u>Total Borrowings</u>		<u>4,842</u>	<u>54,041</u>	<u>4,690</u>	<u>85,163</u>

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

(c) Provisions

Annual Leave Employee Entitlements	6,699	–	6,321	–
Long Service Leave Employee Entitlements	6,553	1,655	6,646	1,816
Other	353	–	353	–
<u>Total Provisions</u>	<u>13,605</u>	<u>1,655</u>	<u>13,320</u>	<u>1,816</u>

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 9. Reserves

\$ '000	as at 30/06/21		Transfers	Impairments	as at 30/06/22	
	Opening Balance	Increments (Decrements)			Closing Balance	
(a) Asset Revaluation Reserve						
Land - Other	167,120	(3,101)	–	–	–	164,019
Buildings	256,291	(4,639)	–	–	–	251,652
Infrastructure						
- Stormwater and Drainage	94,745	88	–	–	–	94,833
- Public Art	3,730	420	–	–	–	4,150
- Bridges	56,005	–	–	–	–	56,005
- Footpaths	146,093	75,788	–	–	–	221,881
- Kerb & Water Table	80,721	–	–	–	–	80,721
- Public Lighting	7,527	–	–	–	–	7,527
- Roads	115,054	15,662	–	–	–	130,716
- Ticket Machines	1,202	427	–	–	–	1,629
- Traffic Signals	8,970	–	–	–	–	8,970
- Urban Elements	30,538	–	–	–	–	30,538
Park Land Improvements	13,217	(340)	–	–	–	12,877
Other Assets	1,003	–	–	–	–	1,003
Total Asset Revaluation Reserve	982,216	84,305	–	–	–	1,066,521
Comparatives	934,010	48,206	–	–	–	982,216

\$ '000	as at 30/06/21		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/22	
	Opening Balance					Closing Balance	
(b) Other Reserves							
Other Reserves ⁱ	1,273	20,326	–	–	–	–	21,599
Defined Benefit - Unfunded Superannuation Liability	1,815	–	(1,609)	(206)	–	–	–
Total Other Reserves	3,088	20,326	(1,609)	(206)	–	–	21,599
Comparatives	1,612	1,476	–	–	–	–	3,088

(i) Future Fund Reserve

Purposes of Reserves

Asset Revaluation Reserves

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

Future Fund Reserve

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

Defined Benefit Superannuation Reserve

This reserve is used to record the actuarial gains & losses on the Corporation of the City of Adelaide Superannuation Plan (CCASP) in line with AASB 119 requirements. The CCASP Fund was closed on 25/03/2022 when the surplus assets were paid to the City of Adelaide.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
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(a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	2,984	1,912
Balances per Statement of Cash Flows		2,984	1,912

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

Net Surplus/(Deficit)		4,103	(10,312)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		56,568	56,808
Fair Value Adjustments		–	765
Equity Movements in Equity Accounted Investments (Increase) / Decrease		27	4
Non-Cash Asset Acquisitions		(373)	(450)
Grants for capital acquisitions treated as Investing Activity		(3,411)	(2,698)
Net (Gain) Loss on Disposals		658	5,762
		57,572	49,879
Add (Less): Changes in Net Current Assets			
Net (Increase) / Decrease in Receivables		117	(2,477)
Change in Allowances for Under-Recovery of Receivables		(408)	(295)
Net (Increase) / Decrease in Inventories		(35)	70
Net (Increase) / Decrease in Other Assets		5,772	847
Net Increase / (Decrease) in Trade & Other Payables		(358)	6,279
Net Increase / (Decrease) in Unpaid Employee Benefits		378	(264)
Net Increase / (Decrease) in Other Provisions		(254)	(1,161)
Net Cash provided by (or used in) operations		62,784	52,878

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

\$ '000	2022	2021
(c) Reconciliation of Liabilities Arising from Financing Activities		
Borrowings and Lease Liabilities		
Opening Balance	89,853	92,733
Net Proceeds from/(Repayments of) Borrowings	(26,700)	(16,900)
Non-Cash Lease additions	454	18,858
Lease payments	(4,724)	(4,838)
Closing Balance	58,883	89,853
Bonds & Deposits		
Opening Balance	1,605	598
Bond / Deposit Proceeds Received/(Repayments Made) During the Year	(1,199)	1,007
Total Liabilities from Financing Activities	59,289	91,458

(d) Financing Arrangements

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

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

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

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 11(a). Functions

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

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Arts, Culture and Events	2,293	1,667	14,904	10,685	(12,611)	(9,018)	1,908	–	50,262	50,060
Community Development	419	356	3,736	2,654	(3,317)	(2,298)	297	287	–	–
Community Safety	2,784	2,415	4,979	3,020	(2,195)	(605)	202	–	–	–
Environmental Sustainability	204	128	2,722	2,538	(2,518)	(2,410)	–	–	–	–
Library Services	427	296	6,638	5,420	(6,211)	(5,124)	504	478	1,902	1,921
Park Lands and Open Space	2,333	2,030	22,476	21,757	(20,143)	(19,727)	1,721	–	432,899	465,325
Parking	45,849	41,291	22,701	19,334	23,148	21,957	–	–	1,366	1,257
Planning, Building and Heritage	663	511	4,976	3,559	(4,313)	(3,048)	–	–	–	–
Property Management and Development	8,553	9,020	16,667	7,021	(8,114)	1,999	31	–	562,578	603,634
Resource Recovery and Waste Management	860	726	6,275	4,651	(5,415)	(3,925)	–	–	–	–
Social and Economic Planning	393	240	3,259	4,395	(2,866)	(4,155)	1,750	–	–	–
Sports and Recreation	9,832	8,333	16,028	13,433	(6,196)	(5,100)	–	–	–	–
Streets and Transportation	785	406	54,747	46,993	(53,962)	(46,587)	1,937	256	863,598	754,307
Subsidiary Services	9,440	17,017	13,306	17,971	(3,866)	(954)	263	3,993	–	1,881
Corporate and other Capital Costs	120,871	112,946	11,315	40,884	109,556	72,062	762	418	66,596	45,017
Total Functions/Activities	205,706	197,382	204,729	204,315	977	(6,933)	9,375	5,432	1,979,201	1,923,402

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.

Note 11(b). Components of Functions

The activities relating to Council functions are as follows:

Arts, Culture and Events

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

Community Development

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

Community Safety

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

Environmental Sustainability

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

Library Services

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

Park Lands and Open Space

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

Parking

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

Planning, Building and Heritage

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

Property Management and Development

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

Resource Recovery and Waste Management

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

Social and Economic Planning

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

Sports and Recreation

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

Streets and Transportation

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

Subsidiary Services

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

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

Corporate Services

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

Note 12. Financial Instruments

Recognised Financial Instruments

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.2% (2021: 5.2%). Council is not materially exposed to any individual debtor. Credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Receivables - Shared Equity Contribution

Accounting Policy:

Accounted for in accordance with AASB 13

Terms & Conditions:

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

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12. Financial Instruments (continued)

Carrying Amount:

Fair Value

Receivables - Other Financial Assets

Accounting Policy:

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

Terms & Conditions:

Secured over the subject land. Council is not materially exposed to any individual debtor. Credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

At amortised cost.

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
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Financial Assets and Liabilities

2022

Financial Assets

Cash & Cash Equivalents	2,984	–	–	2,984	2,984
Receivables	6,546	–	–	6,546	5,257
Other Financial Assets	–	18,966	–	18,966	17,727

continued on next page ...

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Total Financial Assets	9,530	18,966	–	28,496	25,968
Financial Liabilities					
Payables	11,273	–	–	11,273	11,273
Non-Current Borrowings	–	8,000	–	8,000	8,000
Leases	5,771	23,146	27,309	56,226	50,883
Total Financial Liabilities	17,044	31,146	27,309	75,499	70,156
2021					
Financial Assets					
Cash & Cash Equivalents	1,912	–	–	1,912	1,912
Receivables	6,532	–	–	6,532	6,532
Other Financial Assets	–	376	–	376	376
Total Financial Assets	8,444	376	–	8,820	8,820
Financial Liabilities					
Payables	17,919	–	–	17,919	16,728
Non-Current Borrowings	–	30,000	4,700	34,700	34,700
Leases	5,703	22,859	32,923	61,485	55,153
Total Financial Liabilities	23,622	52,859	37,623	114,104	106,581

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	1.38%	8,000	1.41%	34,700
		8,000		34,700

Net Fair Value

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Expected Credit Losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Note 13. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	31,543	297
Drainage & Waterways	270	259
IT Corporate System	25	343
Lighting & Electrical	671	358
Park Lands & Squares	4,026	2,919
Plant & Equipment	4,524	1,104
Streetscapes	–	715
Transportation	5,393	7,040
Urban Elements	351	336
	46,803	13,371
These expenditures are payable:		
Not later than one year	35,943	13,371
Later than one year and not later than 5 years	10,860	–
	46,803	13,371

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 14. Financial Indicators

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020	
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These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	<u>977</u>			
Total Operating Income	<u>205,706</u>	0%	(4)%	(9)%

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	<u>79,498</u>			
Total Operating Income	<u>205,706</u>	39%	57%	57%

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

Adjusted Operating Surplus Ratio

Operating Surplus	<u>728</u>			
Total Operating Income	<u>205,457</u>	0.4%	(3.5)%	(9.2)%

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	<u>80,245</u>			
Total Operating Income	<u>205,457</u>	39%	57%	57%

3. Asset Renewal Funding Ratio

Asset Renewals	<u>29,987</u>			
Infrastructure & Asset Management Plan required expenditure	<u>65,854</u>	46%	72%	40%

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Uniform Presentation of Finances

\$ '000	2022	2021
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	205,706	197,382
less Expenses	(204,729)	(204,315)
Operating Surplus / (Deficit)	977	(6,933)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(29,987)	(23,205)
add back Depreciation, Amortisation and Impairment	56,568	56,808
add back Proceeds from Sale of Replaced Assets	1,322	815
	27,903	34,418
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(22,832)	(12,425)
add back Amounts Received Specifically for New and Upgraded Assets	3,411	2,698
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	19,407	1,405
	(14)	(8,322)
Net Lending / (Borrowing) for Financial Year	28,866	19,163

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 16. Leases

(i) Council as a lessee

Terms and conditions of leases

Buildings

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

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

(a) Right of use assets

\$ '000	Buildings	Total
2022		
Opening balance	52,905	52,905
Additions to right-of-use assets	117	117
Adjustments to right-of-use assets due to re-measurement of lease liability	337	337
Depreciation charge	(5,188)	(5,188)
Balance at 30 June	48,171	48,171
2021		
Opening balance	39,333	39,333
Additions to right-of-use assets	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	18,858	18,858
Depreciation charge	(5,286)	(5,286)
Balance at 30 June	52,905	52,905

(b) Lease liabilities

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

\$ '000	2022	2021
Balance at 1 July	55,154	41,133
Additions	454	18,858
Accretion of interest	1,016	910
Payments	(5,741)	(5,747)
Balance at 30 June	50,883	55,154
Classified as:		
Current	4,842	4,691
Non Current	46,041	50,463

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

The Group had total cash outflows for leases of \$5.741m

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 16. Leases (continued)

\$ '000	2022	2021
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	5,188	5,286
Interest expense on lease liabilities	1,016	910
Expense relating to short term leases	16	18
Expense relating to leases of low-value assets	13	16
Variable lease payments	689	766
Other	78	29
Total amount recognised in profit or loss	7,000	7,025

(ii) Council as a lessor

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

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

\$ '000	2022	2021
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	7,080	5,895
Later than one year and not later than 5 years	13,661	12,049
Later than 5 years	9,519	20,962
	30,260	38,906

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 17. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.0% in 2021/22; 9.50% in 2020/21). 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 2020/21) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 18(a). Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2022	2021	2022	2021
Council's Share of Net Income				
Joint Ventures	(27)	(4)	1,412	1,119
Total Council's Share of Net Income	(27)	(4)	1,412	1,119

(i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2022	2021
The Brown Hill and Keswick Creeks Stormwater Board	Implementation & oversight of stormwater infrastructure	1,412	1,119
Total Carrying Amounts - Joint Ventures & Associates		1,412	1,119

The Brown Hill and Keswick Creeks Stormwater Board

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

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021
The Brown Hill and Keswick Creeks Stormwater Board	8.00%	8.00%	8.00%	8.00%	20.00%	20.00%

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

(c) Movement in Investment in Joint Venture or Associate

\$ '000	The Brown Hill and Keswick Creeks Stormwater Board	
	2022	2021
Opening Balance	1,119	672
Share in Operating Result	(27)	(4)
New Capital Contributions	320	451
Council's Equity Share in the Joint Venture or Associate	1,412	1,119

Note 18(b). Controlled Entities

Subsidiaries

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

Name of Operation/Entity	Principal Activity and Place of Business
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 \$ '000	Ownership 2022	Ownership 2021	Voting Rights 2022	Voting Rights 2021
Council's Interest in Subsidiary	100%	100%	100%	100%

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

The ACMA Charter has been amended, and has resulted in the the loan from the City of Adelaide, and the lease liability has been transferred to the City of Adelaide during 2021-22.

Other disclosures

In the prior year, ACMA paid a management fee of \$505,546 for the operational runing of car park. As a result of ACMA Charter update, the Star Carpark has been transferred to the City of Adelaide and no fee is payable for the year.

Council has a lease agreement with ACMA for the Central Market Complex until the 30 September 2033. In the prior period, the lease charge totalled \$2,741,870. Due to the change in the ACMA Charter, the above lease was surrendered and a new lease commenced on 8 July 2021 for a period on 20 years. The lease contains payment terms of \$1 per annum and is deemed a "Peppercorn" lease.

ACMA contracts staff from Council with the cost totalling \$966,880 for the year (\$920,293 2020-21).

No distribution to owners has been declared for the year (\$2,531,000 2020-21).

Council, as the parent company, has provided an equity contribution of \$146,000 (\$649,000 2020-21) for the year to continue to support ACMA on a going concern basis.

Name of Operation/Entity	Principal Activity and Place of Business
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City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 18(b). Controlled Entities (continued)

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 \$ '000	Ownership 2022	Ownership 2021	Voting Rights 2022	Voting Rights 2021
Council's Interest in Subsidiary	100%	100%	100%	100%

The nature and extent of significant restrictions relating to the Subsidiary

Council funds the operations of APLA through the provision of an annual grant which for 2021-22 totalled \$155,428 (\$121,655 2020-21).

Other disclosures

APLA contracts staff from Council with the cost totalling \$74,370 for the year (\$65,052 2020-21).

City of Adelaide

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 18(b). Controlled Entities (continued)

Name of Operation/Entity

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

Interests in Subsidiary \$ '000	Ownership 2022	Ownership 2021	Voting Rights 2022	Voting Rights 2021
Council's Interest in Subsidiary	100%	100%	100%	100%

Other disclosures

AEDA contracts staff from Council with the costs totalling \$3,599,747 (\$1,427,545 for the period 14 January 2021 to 30 June 2021).

Plant & Equipment Assets were transferred to the City of Adelaide at their net carrying value of \$170,171

In the period an amount of \$8,896,835 (2021: \$3,913,518) was received by the Agency as contribution from the City of Adelaide.

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

Details of Assets & Disposal Groups

At 30 June 2022, Council was actively selling residential apartments within the same building. As a result, the building has been classified as held for sale in the financial statements.

\$ '000	2022	2021
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(i). Carrying Amounts of Assets and Liabilities

Assets

Infrastructure, Property, Plant and Equipment	5,965	958
Total Assets	5,965	958
Net Assets	5,965	958

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

1. Land under roads

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

At reporting date, Council controlled **190** km of road reserves of an average width of **9.55** metres.

2. Potential insurance losses

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

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

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

3. Legal expenses

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

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

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

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

Council is a party to an ongoing matter in the Supreme Court of SA for which a likely estimate of financial settlement is unable to be provided for at this stage. As a result, the financial statements have not recognised a provision for any future settlement costs.

4. Other contingent liabilities

Council has committed to expenditure of \$1,201,732 as at 30 June 2022 through the Heritage Incentive Scheme (HIS). The payment of the scheme is contingent on the satisfaction that all the HIS grant requirements have been met. As a result, the financial statements have not recognised this liability.

6. Contingent assets

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 21. Events after the Reporting Date

Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

Note 22. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Lord Mayor, Councillors, CEO and Directors. In all, 19 persons were paid the following total compensation:

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	2,312	2,430
Post-Employment Benefits	301	282
Total	2,613	2,712
Compensation paid excludes reimbursement of expenses incurred on behalf of Council		
Receipts from Key Management Personnel comprise:		
Rentals for Council property	272	355
Total	272	355

Rentals for Council Property relates to Adelaide Central Market stall holdings. During the period, the parties to the rental revenue disclosed received \$0 (2020-21: \$73,264) in COVID19 rent waiver and other rent abatement in accordance with a decision of City of Adelaide to provide rent relief to all Adelaide Central Market stallholders.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 23. Capital City Development and Economic Development

Expenditure incurred in accordance with the Capital City Committee Capital City Development Program per Section 34(1)(b) of the *City of Adelaide Act 1998* totalled \$33.6m for 2021-22 (\$24.1 m 2020-21). This represents 16.37% (13.59% 2020-21) of total expenditure for the year ended 30 June 2022.

In accordance with the requirements of the *City of Adelaide Act 1998*, expenditure of \$13.3m (\$13.7m 2020-21) was incurred for works, services and activities that directly related to Council's economic development program. This represents 6.49% (7.05% 2020-21) of the total expenditure for the year ended 30 June 2022.

City of Adelaide

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Report - Financial Statements

City of Adelaide

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Report - Internal Controls

General Purpose Financial Statements

for the year ended 30 June 2022

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide City Council for the year ended 30 June 2022, the Council's Auditor, BDO (Audit) SA has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Clare Mockler
Chief Executive Officer

David Powell
Presiding Member, Audit Committee

Date:

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide City Council for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Auditor's Name

Audit Firm Name

Date: 30 September 2022