

Report on Financial Results for City of Adelaide
Statement of Comprehensive Income
for the year ended 30 June 2022

2018-19 Actuals*	2019-20 Actuals	2020-21 Actual	2021-22 Actual	2021-22 Adopted Budget	Variance	2021-22 Actual vs Budget Commentary		
			\$ '000					
Income								
108,846	115,634	118,510	Rates Revenues	121,350	121,190	160 0%		
13,313	11,770	10,709	Statutory Charges	10,208	11,601	(1,393) -12%	Lower than expected income for expiation fees and associated revenue \$3.3m, offset by better than expected income for Development Act Fees.	
10,854	9,952	10,695	<i>Parking Fees</i>	10,302	11,778	(1,476)	-13%	Lower than expected on-street parking ticket machine income.
11,201	10,947	9,805	<i>Property Lease</i>	9,727	8,205	1,522	19%	Additional income from the Central Market Arcade due to project retiming
6,228	4,900	4,551	<i>Adelaide Aquatic Centre Charges</i>	5,526	6,086	(560)	-9%	Lower than expected income as a result of extended restrictions due to COVID-19.
2,056	2,232	3,234	<i>North Adelaide Golf Course</i>	3,554	2,420	1,134	47%	Additional income due to COVID-19 not impacting income streams.
30,016	26,285	27,341	<i>Off-Street Parking</i>	27,911	28,415	(504)	-2%	Lower than expected income as a result of extended restrictions due to COVID-19 and the impact of city workers working from home.
3,480	3,741	3,231	<i>Property Recovery</i>	3,087	2,495	592	24%	Additional income partly due to the Central Market Arcade project retiming, as well as other recoveries
3,485	2,979	2,393	<i>Other User Charges</i>	3,025	2,870	155	5%	Individually immaterial items
67,320	61,036	61,250	Total User Charges	63,132	62,267	865	1%	
3,751	8,560	5,432	Grants, Subsidies and Contributions	9,375	3,274	6,101	186%	including Reignite, Adelaide Unleashed and Mainstreets funding, in addition the we received an additional 25% early payment of the Financial Assistance Grant.
298	231	276	Investment Income	341	20	321	1594%	Investment Property Rental Income \$187k, Budgeted within User Charges.
1,502	1,443	665	Reimbursements	934	541	393	73%	Increase in private works reimbursement
631	539	540	Other Income	366	3,029	(2,663)	-88%	Budget included a 50% allocation of the \$4.75m budget repair item.
79	-	-	Net Gain - Equity Accounted Council Businesses	-	-	-	0%	
195,740	199,213	197,382	Total Income	205,706	201,923	3,783	2%	
Expenses								
76,916	79,757	74,410	Employee Costs	69,092	73,950	(4,858)	-7%	Due to tight vacancy management.
6,585	-	-	<i>Minimum Lease Payments (Replaced by AASB16 Leases from 2019-20)</i>	-	-	-	-	
23,108	23,854	17,329	<i>Contractors</i>	14,558	9,179	5,379	59%	Budget included a 50% allocation of the \$4.75m budget repair item.
8,729	8,629	7,954	<i>Maintenance</i>	8,144	8,929	(785)	-9%	Increase on budget due to and increase in COVID-19 response measures including Adelaide Unleashed, Christmas festival and New Years Eve.
1,525	1,445	1,531	<i>Legal Expenses</i>	1,428	1,108	320	29%	Reduced spend on maintenance activities.
2,182	2,241	2,354	<i>Levies Paid to Government - including NRM levy</i>	2,346	2,299	47	2%	Additional legal spend in relation to People Services and other legal matters.

5,801	6,353	4,774	Parts, Accessories & Consumables	5,892	6,310	(418)	-7%	Reduced spend in line with reduction in maintenance activity.
7,245	7,419	4,134	Professional Services	3,932	5,334	(1,402)	-26%	Following reshaping our organisation, we identified opportunities to reduce the requirement for professional services.
3,718	2,681	2,581	Advertising and Promotion	4,068	2,929	1,139	39%	As a result of Reignite and Adelaide Unleashed campaigns to entice the community back into the City.
1,118	994	988	Bank Charges and Cash Collection	1,034	980	54	5%	
2,833	2,904	3,094	Cleaning	2,962	2,904	58	2%	
9,156	8,981	7,592	Energy and Water	7,857	10,043	(2,186)	-22%	Due to favourable prices in new renewable electricity
2,060	2,075	2,165	Insurance	2,237	2,204	33	1%	
-	-	-	Project Related Expenditure	-	1,543	(1,543)	-100%	Actuals of \$1,215k have been allocated to the individual expense categories in line with the nature of the expense. i.e. contractors.
2,123	2,267	1,839	Security	2,025	2,121	(96)	-5%	
9,082	4,719	6,975	Sponsorships, Contributions and Donations	10,829	6,872	3,957	58%	Due to COVID-19 support provided through grant programs, as well as contributions to third party infrastructure.
1,171	1,255	1,670	Subscriptions	1,684	1,517	167	11%	Due to an increase in cloud based software subscriptions
1,370	1,512	1,674	Waste Services	1,673	1,707	(34)	-2%	
6,455	6,465	4,699	Other expenses	7,096	7,522	(426)	-6%	Individually immaterial items
94,261	83,794	71,353	Total Materials, Contracts & Other Expenses	77,765	73,501	4,264	6%	
44,292	51,869	56,808	Depreciation, Amortisation & Impairment	56,568	52,614	3,954	8%	Additional depreciation as a result of the impact of revaluations.
1,448	2,121	1,740	Finance Costs	1,277	1,826	(549)	-30%	Reduced interest expense as a result of lower than anticipated borrowings.
-	18	4	Net loss - Equity Accounted Council Businesses	27	-	27	-	Share of operating loss in Brown Hill and Keswick Creeks Stormwater Board.
216,917	217,559	204,315	Total Expenses	204,729	201,891	2,838	1%	
(21,177)	(18,346)	(6,933)	Operating Surplus / (Deficit)	977	31	946	3008%	
-	-	450	Physical Resources Receive Free of Charge	373	-	373	-	North Terrace
(4,838)	1,092	(6,527)	Asset Disposal & Fair Value Adjustments	(658)	(861)	203	-24%	
5,625	1,205	2,698	Amounts Received Specifically for New or Upgraded	3,411	156	3,255	2087%	Grant funding recognised in the current period relating to New and Upgraded Assets including LRCI funding, Whitmore Square Greening, City Deals and other funding partnership programs.
(20,390)	(16,049)	(10,312)	Net Surplus / (Deficit)	4,103	(674)	4,777	-709%	
Other Comprehensive Income								
181,546	16,222	48,206	Changes in Revaluation Surplus - I,PP&E	84,305	-	84,305	-	The movement represents an accounting adjustment for the net increase in the asset valuations conducted during the year for Footpaths, Park Lands and Open Space, and a methodology review for Roads.
90	(47)	203	Net actuarial gains/(losses) on CCASP sub-fund	(206)	-	(206)	-	Net less on the defined benefit plan, which was closed in March 2022.
181,636	16,175	48,409	Total Other Comprehensive Income	84,099	-	84,099		
161,246	126	38,097	Total Comprehensive Income	88,202	(674)	88,876	-13188%	

* The new AASB16 accounting standards for leases was adopted in 2019-20, whereby Council as a lessee treats leases as a finance lease. Previous to this, the leases were treated as minimum lease payments.

Minute 6 - Item 5.1 - Tabled Document - Revised Attachment P

**Statement of Financial Position
as at 30 June 2022**

2018-19 Actuals	2019-20 Actuals	2020-21 Actual	\$ '000	2021-22 Actual	2021-22 Adopted Budget	Variance	2021-22 Actual vs Budget Commentary	
ASSETS								
Current Assets								
6,069	945	1,912	Cash and Cash Equivalents	2,984	800	2,184	273%	Timing of cash flow. Normal cash balance of \$500k is kept in the trading bank accounts, with daily sweeps to offset borrowings
10,548	14,117	16,299	Trade & Other Receivables	15,774	13,489	2,285	17%	Timing, overdue debtors are chased and put on a payment plan where necessary. Aged debt is provided for in doubtful debts.
159	51	-	Other Financial Assets	-	41	(41)	-100%	Ergo Apartments are classified as Non-Current
641	576	506	Inventories	541	576	(35)	-6%	
-	-	958	Non-Current Assets Held for Sale	5,965	-	5,965	-	Residential Housing classified as Held For Sale at 30 June, expected to be sold in FY23.
17,417	15,689	19,675	Total Current Assets	25,264	14,907	10,357		
Non-Current Assets								
278	308	376	Financial Assets	466	249	217	87%	Ergo Apartments
629	672	1,119	Equity Accounted Investments in Council Businesses	1,412	605	807	133%	Equity Share Brown Hill and Keswick Creeks Stormwater Board, increase is in line with the capital investment made during the period.
1,659	2,161	2,107	Other Non-Current Assets	42,473	2,600	39,873	1534%	Includes the Non-Current Receivable for the future cash flows of major projects, and Deferred rent as a result of COVID-19 measures. Note - the Employee benefits (unfunded superannuation asset fund) was closed in March 2022.
1,817,364	1,860,634	1,897,255	Infrastructure, Property, Plant & Equipment	1,906,716	1,882,879	23,837	1%	Movements in the capital program, including revaluations offset against asset sales.
2,865	2,860	2,870	Investment Property	2,870	2,161	709	33%	Investment Property is in line with FY21 actuals.
1,822,795	1,866,635	1,903,727	Total Non-Current Assets	1,953,937	1,888,494	65,443		
1,840,212	1,882,324	1,923,402	TOTAL ASSETS	1,979,201	1,903,400	75,801		
LIABILITIES								
Current Liabilities								
28,529	18,557	24,843	Trade & Other Payables	24,286	18,837	5,449	29%	Timing of payments received in advance for projects to be delivered in future years.
-	4,837	4,690	Borrowings (Finance Leases)	4,842	5,093	(251)	-5%	
13,879	14,606	13,320	Provisions	13,605	12,305	1,300	11%	Employee provisions.
42,408	38,000	42,853	Total Current Liabilities	42,733	36,236	6,497		
Non-Current Liabilities								
293	293	1,293	Trade & Other Payables	293	1,293	(1,000)	-77%	Payables expected to settle greater than 12 months.
41,450	51,600	34,700	Borrowings	8,000	77,483	(69,483)	-90%	Borrowings were significantly lower than anticipated due to the operating result, as well as the timing of spend on Infrastructure.
-	36,296	50,463	Borrowings (Finance Leases)	46,041	46,783	(742)	-2%	
2,007	1,955	1,816	Provisions	1,655	1,616	39	2%	Employee provisions.
43,750	90,144	88,272	Total Non-Current Liabilities	55,989	127,174	(71,185)		
86,158	128,144	131,125	TOTAL LIABILITIES	98,722	163,410	(64,688)		

1,754,054	1,754,180	1,792,277	Net Assets	1,880,479	1,739,990	140,489	
EQUITY							
834,607	818,558	806,973	Accumulated Surplus	792,262	802,195	(9,933)	A result of the operating position.
917,788	934,010	982,216	Asset Revaluation Reserves	1,066,618	934,010	132,608	Movement as a result of revaluations in the period, as well as adjustment for assets disposed of during the period, which previously had been revalued.
1,659	1,612	1,815	<i>Defined Benefit - Unfunded Superannuation Liability</i>	-	1,612	(1,612)	The defined benefit plan was closed during the period.
-	-	1,273	<i>Future Fund Reserve</i>	21,599	2,173	19,426	Increase is a result of underperforming properties divested during the period.
1,659	1,612	3,088	Total Other Reserves	21,599	3,785	17,814	
1,754,054	1,754,180	1,792,277	Total Council Equity	1,880,479	1,739,990	140,489	

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Financial Indicators for the year ended 30 June 2022

2018-19
Actuals

2019-20
Actuals

2020-21
Actual \$ '000

2021-22
Actual

2021-22
Adopted
Budget

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

	2018-19 Actuals	2019-20 Actuals	2020-21 Actual	2021-22 Actual	2021-22 Adopted Budget
			-6,933	977	
			197,382	205,706	
	-11%	-10%	-4%	0%	0%
	<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				

2. Net Financial Liabilities Ratio

	2018-19 Actuals	2019-20 Actuals	2020-21 Actual	2021-22 Actual	2021-22 Adopted Budget
			112,538	79,498	
			197,382	205,706	
	35%	57%	57%	39%	48%
	<i>Net financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy). A negative figure denotes a Net Financial Asset Position.</i>				

3. Asset Sustainability Ratio

	2018-19 Actuals	2019-20 Actuals	2020-21 Actual	2021-22 Actual	2021-22 Adopted Budget
			22,390	29,987	
			31,107	65,854	
	76%	40%	72%	46%	60%
	<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>				