

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2000

13

1999/2000  
ANNUAL  
REPORT

The Corporation of the **City of Adelaide**

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**OPERATING STATEMENT**

For the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
<b>OPERATING EXPENSES</b>			
Employee costs	2. 4.	31,900	30,668
Contractual services	2.	19,130	18,321
Materials	2.	6,536	6,322
Finance charges		1,339	1,656
Depreciation	5.	13,949	14,244
Loss on revaluations		20	251
Loss on disposal of non-current assets	7.	166	190
Other	2.	12,573	12,928
<b>TOTAL OPERATING EXPENSES</b>		<b>85,613</b>	84,580
<b>OPERATING REVENUE</b>			
Rates			
General		37,287	35,892
Other		1,477	1,104
Statutory charges		6,556	5,748
User charges	2.	44,967	41,950
Operating grants and subsidies	2. 3.	1,300	1,588
Investment income		135	300
Reimbursements and donations	2.	26	23
Other	2.	610	313
<b>TOTAL OPERATING REVENUE</b>		<b>92,358</b>	86,918
<b>OPERATING SURPLUS / (DEFICIT) BEFORE ABNORMAL ITEMS</b>			
Abnormal items	8.	(811)	(3,044)
<b>OPERATING SURPLUS / (DEFICIT) AFTER ABNORMAL ITEMS</b>			
Capital revenues		5,934	(706)
Capital grants, subsidies & monetary contributions	2. 3.	1,873	1,259
Physical resources received free of charge	24.	2,023	-
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>9,830</b>	553

*The above operating statement should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION**

For the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
<b>CURRENT ASSETS</b>			
Cash	9.	120	21
Receivables	10.	3,828	4,313
Inventory at cost		371	336
Investments	9. 11.	946	4,606
Other	12.	380	552
<b>Total Current Assets</b>		<b>5,645</b>	<b>9,828</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	13.	203	232
Land & Buildings	14.	613,513	613,093
Infrastructure	15.	148,475	145,490
Equipment, Furniture and Fittings	16.	10,362	9,904
Other	17.	17,948	17,820
<b>Total Non-Current Assets</b>		<b>790,501</b>	<b>786,539</b>
<b>TOTAL ASSETS</b>		<b>796,146</b>	<b>796,367</b>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	9.	-	831
Payables	18.	9,095	8,068
Provisions	18.	4,682	7,641
Loans	19.	12,581	13,033
<b>Total Current Liabilities</b>		<b>26,358</b>	<b>29,573</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18.	6,701	6,906
Loans	19.	10,684	17,315
<b>Total Non-Current Liabilities</b>		<b>17,385</b>	<b>24,221</b>
<b>TOTAL LIABILITIES</b>		<b>43,743</b>	<b>53,794</b>
<b>NET ASSETS</b>		<b>752,403</b>	<b>742,573</b>
<b>EQUITY</b>			
Accumulated surplus		650,373	641,573
Reserves		102,030	101,000
<b>TOTAL EQUITY</b>		<b>752,403</b>	<b>742,573</b>

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

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
<b>ACCUMULATED SURPLUS:</b>			
Balance at beginning of year		641,573	658,472
Change in net assets resulting from operations		9,830	553
Transfer to works program reserve		(1,030)	-
Adjustment to accumulated surplus		-	(17,452)
Balance at end of year		<b>650,373</b>	641,573
<b>RESERVES:</b>			
<b>Asset Revaluation</b>			
Balance at beginning of year		101,000	124,098
Revaluation increment / (decrement)	20.	-	(23,098)
Balance at end of year		<b>101,000</b>	101,000
<b>Works Program</b>			
Balance at beginning of year		-	-
Transfer from accumulated surplus	20.	1,030	-
Balance at end of year		<b>1,030</b>	-
<b>TOTAL RESERVE FUNDS:</b>		<b>102,030</b>	101,000
<b>BALANCE AT END OF YEAR</b>		<b>752,403</b>	742,573

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

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2000

	Note	2000 \$'000 Inflows (Outflows)	1999 \$'000 Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total operating payments		(73,738)	(72,452)
Total operating receipts		92,738	85,557
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	24.	<b>19,000</b>	13,105
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Payments</i>			
Principal repayments on loans		(13,033)	(5,777)
Interest paid		(1,465)	(1,446)
<i>Receipts</i>			
Loans received		5,950	14,233
Interest received		165	278
<b>NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES</b>		<b>(8,383)</b>	7,288
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<i>Payments</i>			
Purchase of capital items		(17,028)	(18,207)
<i>Receipts</i>			
Capital grants/subsidies/contributions		1,873	1,259
Sale of land & buildings		809	-
Sale of plant & equipment		999	535
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>		<b>(13,347)</b>	(16,413)
<b>Net increase (decrease) in cash held</b>		<b>(2,730)</b>	3,980
<b>CASH AT BEGINNING OF YEAR</b>		<b>3,796</b>	(184)
<b>CASH AT END OF YEAR</b>	9.	<b>1,066</b>	3,796

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

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial report of the Corporation of the City of Adelaide has been prepared in accordance with the provisions of the Local Government Act 1999, as amended, the Local Government (Financial Management) Regulations 1999, as amended, the City of Adelaide Act 1998, and applicable Australian Accounting Standards. The report has been prepared on the accrual basis under the convention of historic cost accounting, with the exception that non-current assets, including infrastructure assets, other than investments and land held for resale have been revalued to their current cost less accumulated depreciation, and are then revalued on that basis at least every 5 years. The accounting policies adopted for the reporting period are consistent with those of the previous reporting period.

### (b) The Local Government Reporting Entity

All funds through which the Corporation controls resources to carry on its functions have been included in the financial report.

In the process of reporting on the Corporation as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated in full.

### (c) Acquisitions of Assets

The cost method of accounting is used for the initial acquisition of all assets. 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. Assets acquired at no cost of acquisition, or for nominal consideration, are initially recognised at their fair values as at the date of acquisition.

### (d) Materiality

Items of property, plant and equipment with a total value of less than \$3,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

### (e) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

### (f) Depreciation of Non-current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets. Land is not a depreciable asset.

Depreciation is recognised on a straight-line basis over the estimated useful life of each asset, from the time the asset is first put into use or is ready for use. Depreciation rates are reviewed each year. The following estimated useful lives are used in the calculation of depreciation:

• Land & Buildings	30 – 250 years
• Infrastructure	5 – 75 years
• Equipment, Furniture and Fittings	2 – 20 years
• Other	40 – 100 years

### (g) Non-current Assets Constructed by the Corporation

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

### (h) Maintenance and Repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Employee Entitlements

#### (i) *Wages, Salaries and Annual Leave*

A liability is recognised, and is measured as the amount unpaid at balance date at current pay rates plus oncosts in respect of employees' services up to that date.

#### (ii) *Long Service Leave*

In accordance with AAS30 the method of calculation of long service leave liability is based on an estimate of:

- The number of employees classified by years of service
- The service value, representing the expense incurred based on service to date
- The inflated liability taking into account remuneration rate increases
- The discounted liability as an estimate of the present value of future cash flows
- The probability of employees attaining legal entitlement to a prorata payment (based on actual experience over three financial years)

#### (iii) *Sick Leave*

Corporation employees accumulate non-vesting sick leave entitlements. In assessing its sick leave liability to comply with AAS30 the Corporation analysed employee payment and entitlement accrual experience and ascertained that in each year the amount paid was less than new entitlements accrued for that year. Therefore, in accordance with the view of the Urgent Issues Group of the Australian Accounting Standards Board, the Corporation has found that unused entitlements does not give rise to a liability at the end of the reporting period because it was probable that, based on past experience, sick leave expected to be taken in future reporting periods was less than entitlements which are expected to accrue in those periods.

#### (iv) *Superannuation*

The superannuation expense for the reporting period is the amount of the statutory contribution the Corporation makes to the Local Government Superannuation Scheme, which provide benefits to its employees.

During the year ended 30 June 1995, as a result of an actuarial assessment, the Corporation suspended contributions to the 'City of Adelaide Plan'. Details of those arrangements are set out in note 21.

### (j) Investments

Investments are brought to account at cost. Interest revenues are recognised as they accrue.

### (k) Land Held for Resale

Non-current land held for development or resale is valued at the lower of cost and net realisable value. Revenue arising from the sale of land is recognised in the operating statement on the signing of a valid unconditional contract of sale. Details of Land Held for Resale are set out in note 14.

### (l) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Assets acquired under finance leases are capitalised. The initial amount of the leased asset and the corresponding lease liability is the present value of the minimum lease payments. The assets are amortised over the life of the relevant lease or, where ownership is expected to be obtained, the expected economic life of the asset. Lease payments are allocated between interest expense and the lease liability. The interest expense is charged against operating surplus when paid. Operating leases are not capitalised and lease payments are expensed as incurred.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Revenue Recognition

Revenues are recognised when the Corporation obtains control over the assets arising from the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured and the timing of commencement of control depends upon the arrangements that exist between the grantor and the Corporation.

Contributions not received, over which the Corporation has control, are recognised as receivables. In respect of uncollected rates, provision is made for amounts considered uncollectable, although the rate collection provisions of the Local Government Act are such that rates, as a charge on the land and collectible as a last resort by sale of the property, can be considered to be virtually certain of collection in most instances.

Where contributions, recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in the notes.

#### (n) Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdraft.

#### (o) Inventories

Inventories have been valued at the lower of cost and net realisable value. Costs have been assigned on the basis of the "Average Cost" method. Inventories comprise raw materials, spare parts, fuel and consumables.

#### (p) Comparatives

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### (q) Receivables

Receivables are recorded at amounts due less any provision for doubtful debts.

#### (r) Accounts Payable

Accounts payable are recognised when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services.

#### (s) Borrowings

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

#### (t) Financial Instruments

The Corporation has no forward foreign exchange contracts, forward interest rate contracts or other interest rate products. Exposure to interest rate and credit risk as at reporting date is detailed in Note 29.

#### (u) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

### 2. FUNCTIONS/ACTIVITIES OF THE MUNICIPALITY

The Corporation has prepared its Operating Statement in accordance with the nature and type of revenue and expenses. In accordance with Regulation 8 of the Local Government (Financial Management) Regulations the following schedules detail the Corporation's revenue, expenses and assets by functions and activities. These schedules are in the form prepared for presentation to the Local Government Grants Commission and the Australian Bureau of Statistics. In accordance with that form there are categories of expenses and revenue (as noted at the heading of each schedule) which are not classified by function/activity.

The activities of the Corporation are categorised into the following broad functions:

#### **Administration**

General operations, Corporation operations, elections, Corporation offices, rates, general grants.

#### **Public Order & Safety**

Fire protection, dog control.

#### **Health**

Health Inspection, immunisation.

#### **Social Security & Welfare**

Aged and disabled services, families, children, and community welfare.

#### **Housing & Community Services**

Housing, town planning, community development, sanitation and garbage, urban storm water drainage, and protection of the environment.

#### **Recreation & Culture**

Libraries, cultural services, sport and recreation.

#### **Agricultural Services**

Soil erosion control.

#### **Mining, Manufacturing, Construction**

Building control.

#### **Transport & Communication**

Road construction and maintenance, footpaths, bridges, parking, buses and street furniture.

#### **Economic Affairs**

Tourism, city markets.

#### **Other Purposes**

Plant operations, investment properties and other.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

For the year ended 30 June 2000

**2. (a) Selected expenses by function  
(excludes finance charges, depreciation, loss on disposal and revaluation)**

Functions/Activity	Wages and Salaries		Contractual Services		Materials		Other	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Administration (before allocation)</b>	12,079	10,808	4,704	3,842	1,077	1,122	1,462	2,092
less expenses allocated to functions	-	-	-	-	(168)	(192)	-	-
<b>Public order &amp; safety</b>								
Fire protection - other	-	-	-	-	-	-	274	1,506
<b>Health</b>								
Health inspection	110	87	340	3	-	-	50	(10)
Other health	487	459	61	86	1	3	(63)	(66)
<b>Social security &amp; welfare</b>								
Aged & disabled services	75	70	49	73	4	5	7	45
Families and children	94	121	109	124	16	-	58	74
Other welfare	-	-	-	-	-	-	-	-
<b>Housing &amp; community services</b>								
Housing	-	-	-	-	-	-	-	-
Town planning	1,589	1,583	751	1,227	28	54	1,767	1,210
Other Community development	930	960	85	241	13	18	950	1,175
Sanitation & garbage	2,411	2,141	4,210	4,643	213	218	3,234	3,005
Urban stormwater drains	75	70	41	98	4	17	678	636
Protection of the environment	49	65	47	9	-	2	2	94
Other community amenities	-	-	1	1	2	4	5	(1)
<b>Recreation &amp; culture</b>								
Libraries	1,091	1,027	125	91	54	44	133	369
Other cultural services	448	409	599	567	32	18	1,649	1,228
Sport & recreation	5,328	5,418	1,109	1,060	1,437	1,226	1,056	991
<b>Agricultural services</b>	28	42	4	5	4	4	40	24
<b>Mining, manufacture, construction</b>								
Building control	699	665	42	9	8	5	281	114
<b>Transport and communication</b>								
Roads maintenance - sealed	1,428	1,819	602	819	1,821	1,898	(1,127)	(1,811)
Other road services	658	515	143	191	356	325	(37)	56
Bridges	-	-	-	-	-	-	-	-
Footpaths	-	-	-	23	-	(4)	-	-
Parking	3,759	3,836	3,258	2,772	568	505	486	400
Bus	-	-	42	16	-	-	27	30
<b>Economic affairs</b>	-	-	1,070	996	188	204	612	420
<b>Other purposes</b>								
Other	562	573	1,738	1,425	878	846	1,029	1,347
	<b>31,900</b>	<b>30,668</b>	<b>19,130</b>	<b>18,321</b>	<b>6,536</b>	<b>6,322</b>	<b>12,573</b>	<b>12,928</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

### 2. (b) Revenue by function (excludes rates, statutory charges, investment income and abnormal items)

Functions/Activity	User Charges		Grants and Subsidies				Reimbursements and Donations		Other	
	2000 \$'000	1999 \$'000	Operating 2000 \$'000	Operating 1999 \$'000	Capital 2000 \$'000	Capital 1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Administration</b>	129	182	442	495	329	-	8	7	56	78
<b>Public order &amp; safety</b>										
Fire protection - other	8	9	-	-	-	-	-	-	-	-
<b>Health</b>										
Health inspection	-	-	18	-	-	-	-	-	-	-
Other health	1	-	-	-	-	-	-	-	-	-
<b>Social security &amp; welfare</b>										
Aged & disabled services	-	-	43	44	-	-	-	-	-	-
Families and children	-	-	10	-	-	-	-	-	-	-
Other welfare	-	-	-	110	-	-	-	-	-	-
<b>Housing &amp; community services</b>										
Housing	-	1	-	-	-	-	-	-	-	-
Town planning	412	351	69	13	3	15	-	-	3	3
Other community development	12	14	77	30	-	-	-	-	27	1
Sanitation & garbage	14,435	13,356	-	-	-	-	18	14	74	19
Urban stormwater drains	-	-	38	165	-	-	-	-	-	-
Protection of the environment	-	-	-	-	-	-	-	-	-	-
Other community amenities	-	-	-	7	-	-	-	-	-	-
<b>Recreation &amp; culture</b>										
Libraries	104	85	391	390	285	349	-	-	16	16
Other cultural services	1,028	784	-	7	-	-	-	-	5	7
Sport & recreation	4,309	3,846	1	1	214	215	-	-	153	104
<b>Agricultural services</b>										
<b>Mining, manufacture, construction</b>										
Building control	65	57	-	-	-	-	-	-	59	61
<b>Transport and Communication</b>										
Roads maintenance - sealed	321	264	208	-	51	494	-	-	17	21
Other road services	34	30	3	326	-	182	-	-	-	2
Bridges	-	-	-	-	-	4	-	-	-	-
Footpaths	-	-	-	-	268	-	-	-	-	-
Parking	19,351	18,153	-	-	-	-	-	2	-	1
Bus	131	117	-	-	-	-	-	-	-	-
<b>Economic affairs</b>	2,100	2,052	-	-	-	-	-	-	-	-
<b>Other purposes</b>										
Other	2,527	2,649	-	-	723	-	-	-	200	-
<b>Total</b>	<b>44,967</b>	<b>41,950</b>	<b>1,300</b>	<b>1,588</b>	<b>1,873</b>	<b>1,259</b>	<b>26</b>	<b>23</b>	<b>610</b>	<b>313</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

For the year ended 30 June 2000

**2. (c) Assets & Liabilities**

Functions/Activity	2000 \$'000	1999 \$'000
<b>Current assets</b>	5,645	9,828
<b>Current liabilities</b>	(26,358)	(29,573)
<b>Non-current assets</b>		
<b>Administration</b>	43,264	43,828
<b>Public order &amp; safety</b>		
Other public order & safety	2	2
<b>Health</b>		
Health inspection	53	53
Other health	66	66
<b>Social security &amp; welfare</b>		
Aged & disabled services	1,077	1,077
<b>Housing &amp; community services</b>		
Town planning	158	158
Land development	16,934	17,701
Sanitation & garbage	10,499	10,561
Urban stormwater drains	25,889	26,474
Other community amenities	19,604	19,616
<b>Recreation &amp; culture</b>		
Libraries	1,322	1,292
Other cultural services	14,570	14,480
Sport & recreation	435,025	433,660
<b>Fuel and energy</b>		
Agricultural services	25	25
Mining, manufacture, construction	17	17
<b>Transport and communication</b>		
Roads maintenance - sealed	57,358	58,980
Other road services	16,042	14,358
Bridges	18,228	16,342
Footpaths	18,942	17,404
Parking	96,623	95,572
<b>Economic affairs</b>	979	1,027
<b>Other purposes</b>		
Other	13,824	13,846
<b>Non-current liabilities</b>	(17,385)	(24,221)
<b>Equity</b>	(752,403)	(742,573)
	0	0

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>3. GRANTS AND SUBSIDIES</b>		
Grants and subsidies were received in respect of the following functions:		
<b>Administration</b>		
Local Government Grants Commission	442	495
	<b>442</b>	<b>495</b>
<b>Social Security &amp; Welfare</b>		
Home and Community Care Scheme	42	44
Crime Prevention	73	70
Aboriginal Development	5	40
	<b>120</b>	<b>154</b>
<b>Housing and Community Amenities</b>		
Youth Economic Development	10	30
West End Development	32	13
Kerbside Cafe	3	15
Storm water drains programme	38	165
Sports strategy	31	7
Light Square Upgrade	100	-
Underground cabling	59	-
	<b>273</b>	<b>230</b>
<b>Recreation and Culture</b>		
Libraries Board	676	739
Cycle Path Network Construction-Local Govt Capital Works	-	103
Torrens Lake Redevelopment	151	112
Special Events	-	2
Urban Forestry Biodiversity programme	-	5
Adelaide Aquatic Centre	501	1
City Skate Park	214	-
	<b>1,542</b>	<b>962</b>
<b>Transport &amp; Communication</b>		
Urban Local Roads	165	166
Sensational Adelaide	-	288
Black Spot Funding	-	392
Roads through Park Lands	40	160
Grenfell Street Pedestrian Crossing	48	-
Leigh Street Development	268	-
Gawler Place Car Park Upgrade	223	-
	<b>744</b>	<b>1,006</b>
<b>Economic Affairs</b>		
Economic development	19	-
Apprentice Subsidy	5	-
	<b>24</b>	<b>-</b>
<b>Other Purposes</b>		
Other	28	-
	<b>28</b>	<b>-</b>
<b>Total grant revenues</b>	<b>3,173</b>	<b>2,847</b>
<b>Operating</b>	<b>1,300</b>	<b>1,588</b>
<b>Capital</b>	<b>1,873</b>	<b>1,259</b>
<b>Total</b>	<b>3,173</b>	<b>2,847</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>4. EMPLOYEE COSTS</b>		
Employee costs comprised:		
Wages and salaries	30,367	29,134
Workers compensation premium	829	927
Superannuation contribution to defined benefits plan	1,958	1,836
Long service leave	634	703
	<b>33,788</b>	<b>32,600</b>
Less:		
Amounts capitalised	(1,888)	(1,932)
	<b>31,900</b>	<b>30,668</b>
<b>5. DEPRECIATION EXPENSE</b>		
Depreciation expense for the year was charged in respect of:		
Buildings	4,966	5,723
Infrastructure	6,770	6,583
Plant, equipment, furniture and fittings	1,866	1,591
Other	347	347
	<b>13,949</b>	<b>14,244</b>
<b>6. CONDITIONS OVER CONTRIBUTIONS</b>		
For the year ended 30 June 2000 there were no conditions over contributions received.		
<b>7. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS</b>		
Gain / (Loss) on disposal of land and buildings	42	-
Gain / (Loss) on disposal of plant, equipment and furniture	(208)	(190)
	<b>(166)</b>	<b>(190)</b>
<b>8. ABNORMAL ITEMS</b>		
Expenditures		
Increased provision in relation to remediation of the Wingfield Waste Management site	-	1,658
Increased provision in relation to remediation of the Halifax Depot site	811	1,386
	<b>811</b>	<b>3,044</b>
<b>9. RECONCILIATION OF CASH</b>		
For the purposes of the statement of cash flows, cash includes cash on hand and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	120	21
Deposits at call	946	4,606
Less: Bank overdraft	-	(831)
Balances per statement of cash flows	<b>1,066</b>	<b>3,796</b>

**Overdraft and loan facilities available**

The Corporation has an overdraft facility of \$0.4m applicable to its operating bank account. The Corporation also has available a loan facility with the Local Government Finance Authority of \$15m which may be called upon as required. As at 30 June 2000 the unutilised amount of this facility was \$9.05m. This facility was a conversion from long term borrowing. The Corporation uses short term liquidity to minimise the use of the facility and reduce interest expense.

In addition to the loan facility with the Local Government Finance Authority the Corporation has fixed term loans of \$17.315m.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>10. CURRENT ASSETS – Receivables</b>		
Debtors – Rates	753	1,007
Debtors – Other	3,318	3,505
Other – Loans	20	9
Less: Provision for doubtful debts	(263)	(208)
	3,828	4,313
<b>11. CURRENT ASSETS – Investments</b>		
Government and semi-government bonds - at cost	1	1
Term deposits	945	4,605
	946	4,606
The term deposits value includes an amount of \$652,901 (\$225,713 in 1998/99) relating to a bequest for the acquisition of library stock and development trusts. As such, restrictions are attached to their use.		
<b>12. CURRENT ASSETS – Other</b>		
Accrued interest receivable	24	55
Prepayments	356	497
	380	552
<b>13. NON-CURRENT RECEIVABLES</b>		
Other – Loans	203	232
	203	232
<b>14. NON-CURRENT ASSETS – Land &amp; Buildings</b>		
<b>Land Held for Resale</b>		
1999 independent valuation	1,855	2,622
1999 net realisable value	4,600	4,600
	6,455	7,222
Net realisable value of land held for resale was internally reassessed in the year ended 30 June 1999 by the Corporation's valuation staff. Land at independent valuation was valued by First Pacific Davies in the year ended 30 June 1999 based on market value.		
<b>Land and Buildings – Operating</b>		
1999 independent valuation	196,138	196,139
At cost	5,564	944
Less: Accumulated depreciation	(4,596)	(715)
	197,106	196,368

Land and buildings (operating), excluding Wingfield Waste Management Centre and adjacent land, were independently valued by First Pacific Davies in the year ended 30 June 1999. Land was valued at market value and buildings at written down replacement cost. Wingfield Waste Management Centre was independently valued by Maloney Field Services at market value, and adjacent land was valued by the Valuer General at market value.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>Land and Buildings – Parks</b>		
1997 replacement cost	388,400	388,400
1996 replacement cost	18,098	18,098
2000 replacement cost	850	-
At cost	7,186	6,502
Less: Accumulated depreciation	(4,582)	(3,497)
	<b>409,952</b>	<b>409,503</b>

Parklands, including city squares and sportsfields, were internally valued on 1 July 1997 by the Corporation's valuation staff at written down replacement cost. Infrastructure components located within parks were internally valued to written down replacement cost on 1 July 1996 by the Corporation's engineers. Assets received free of charge were valued at written down replacement cost on 30 June 2000 by the Corporation's engineers.

<b>Total Land &amp; Buildings:</b>	<b>613,513</b>	<b>613,093</b>
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### 15. NON-CURRENT ASSETS – Infrastructure

<b>Infrastructure</b>		
1996 replacement cost	129,304	129,304
2000 replacement cost	1,173	-
At cost	39,360	30,778
Less: Accumulated depreciation	(21,362)	(14,592)
	<b>148,475</b>	<b>145,490</b>

Infrastructure assets include road pavement, bridges, footpaths, lighting, street furniture, stormwater drainage and Torrens Lake. Road pavement values do not include the land beneath the roads. Infrastructure assets were internally valued by the Corporation's engineers on 1 July 1996. Valuation has been based on written down replacement cost discounted for age and condition. Assets received free of charge were valued at written down replacement cost on 30 June 2000 by the Corporation's engineers.

### 16. NON-CURRENT ASSETS – Equipment/Furniture & Fittings

Equipment, furniture and fittings - at cost	19,095	18,881
Less: Accumulated depreciation	(8,733)	(8,977)
	<b>10,362</b>	<b>9,904</b>

### 17. NON-CURRENT ASSETS – Other

1999 independent valuation	16,700	17,764
2000 replacement cost	1,114	-
At cost	222	122
Less: Accumulated depreciation	(88)	(66)
	<b>17,948</b>	<b>17,820</b>

Other assets include civic collection items, antiques and library stock. Civic collection items and antiques were independently valued by Ian Bruce REIV (Aust.) FSAA in the year ended 30 June 1999 at replacement cost. Library stock was internally devalued in the year ended 30 June 2000 to written down replacement cost.

#### Restrictions on Assets

The nature of many of the Corporation's assets is such that they have restricted use either because of legal restrictions, heritage or community expectations so that these assets would continue to be held for the benefit of the community. Such assets would not be readily disposed.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>18. LIABILITIES – Payables and Provisions</b>		
<b>Current</b>		
Payables:		
Employee costs	571	709
Other Payables	7,389	6,470
Amounts received in advance	625	253
Interest on loans	510	636
	9,095	8,068
Provisions:		
Annual leave	2,689	2,609
Long service leave	746	646
Halifax Street remediation costs	1,247	4,376
Other remediation works	-	10
	4,682	7,641
<b>Non-current</b>		
Provisions:		
Long service leave	3,005	3,180
Wingfield Waste Management Centre remediation	3,696	3,726
	6,701	6,906
<b>19. LIABILITIES – Loans (secured)</b>		
<b>Current</b>		
Bank loans	1,438	1,402
Local Government Finance Authority	11,136	11,624
Commonwealth Government	7	7
	12,581	13,033
<b>Non-current</b>		
Bank loans	4,780	5,433
Local Government Finance Authority	3,250	9,221
Commonwealth Government	2,654	2,661
	10,684	17,315
The loans are secured over the general rates.		
<b>20. RESERVES</b>		
<b>Asset Revaluation Reserve</b>		
Balance at beginning of year	101,000	124,098
Increment / (Decrement) on revaluation	-	(23,098)
	101,000	101,000
<b>Works Program Reserve</b>		
This reserve represents the funding required to complete the Council approved works program as at balance date.		
Balance at beginning of year	-	-
Transfer from accumulated surplus	1,030	-
	1,030	-

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

### 21. SUPERANNUATION

The Corporation contributes in respect of its employees to two defined benefit schemes; the Local Government Superannuation Scheme and the Corporation of the City of Adelaide Superannuation Plan ("the Plans"). The Corporation of the City of Adelaide Superannuation Plan is now closed to new members.

The Corporation contributes to the Local Government Superannuation Scheme in accordance with statutory requirements and the Corporation of the City of Adelaide Superannuation Plan amounts determined by actuarial assessments. As such, assets accumulate in the Plans to meet members' benefits as they accrue. If the assets of the Plans were insufficient to satisfy benefits payable to its beneficiaries, the Corporation would be required to meet its share of the deficiency.

No liability of the Corporation has been recognised as at the reporting date in respect of superannuation benefits for its employees. The date of the most recent actuarial assessment of the Local Government Superannuation Scheme was 1 July 1999. The date of the most recent actuarial assessment of the Corporation of the City of Adelaide Superannuation Plan was 1 July 1999. The Actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates to the Local Government Superannuation Scheme would be sufficient to meet members' benefits as they accrue.

The Corporation's proportion of the net market value of the scheme assets cannot be determined reliably. Any surplus between the employees' accrued benefits and the Corporation's share of the net market value of the scheme remains within the scheme and is not returned to the Corporation.

As at 30 June 2000 the Corporation was contributing 7% on behalf of both contributing members of the Local Government Superannuation Scheme and non-contributory members. As a result of the recommendations of the actuarial review the Corporation suspended contributions to the Corporation of the City of Adelaide Superannuation Plan.

#### Corporation of the City of Adelaide Superannuation Plan

As at 1 July 2000, the date of the most recent financial report:

Vested benefits as at 1 July 2000	7,731
Net market value of assets as at 1 July 2000	12,561

As at 1 July 1999, the date of the most recent actuarial review:

Accrued benefits as at date of last measurement - 1 July 1999	7,314
Net market value of assets as at 1 July 1999	11,801
Net market value of assets in excess of accrued benefits as at 1 July 1999	4,487

In accordance with the requirements of AAS30 details in respect of contributions paid to the defined benefits plan of the Local Government Superannuation Scheme are detailed at note 4.

### 22. COMMITMENTS FOR CAPITAL EXPENDITURE

At the reporting date the Corporation had entered into contracts, which are due for payment within 12 months, for the following capital expenditure:

	2000 \$'000	1999 \$'000
Infrastructure	1,093	975
Land and Buildings	856	47
Plant and equipment	44	87
	1,993	1,109

### 23. LEASE COMMITMENTS

At the reporting date the Corporation had the following lease obligations which have not been recognised as liabilities in the Statement of Financial Position:

Not later than one year	1,920	2,004
Later than one year and not later than two years	1,939	1,837
Later than two years and not later than five years	6,148	5,806
Later than five years	33,845	47,241
	43,852	56,888

These lease obligations are predominantly for the lease of land and buildings.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>24. RECONCILIATION OF INCREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	19,000	13,105
Depreciation expense	(13,949)	(14,244)
Interest payments treated as a financing activity	(1,465)	(1,446)
Interest receipts treated as a financing activity	165	278
Net gain (loss) on disposal of non-current assets	(166)	(190)
Loss on revaluation of non-current assets	(20)	(251)
Change in operating assets and liabilities		
Increase (decrease) in rates receivable	(254)	369
Increase (decrease) in other debtors	(261)	693
Increase (decrease) in inventories	35	(48)
Increase (decrease) in other current assets	(172)	104
(Increase) decrease in payables/amounts in advance	(143)	2,270
(Increase) decrease in provisions	3,164	(1,346)
<b>Operating surplus / (deficit) after abnormal items</b>	<b>5,934</b>	<b>(706)</b>

During the financial year the Corporation received assets free of charge at a replacement cost of \$2.023m. The receipt of these assets is not reflected in the statement of cashflows.

### 25. CONTROLLING AUTHORITIES

The Corporation had previously established the following Controlling Authorities which ceased operation as Controlling Authorities following the proclamation of the Local Government Act 1999:

#### Adelaide Aquatic Centre Controlling Authority

The nature and purpose of the Authority was to manage the operations of the aquatic centre at North Adelaide.

#### Central Market Controlling Authority

The nature and purpose of the Authority was to manage the operations of the Central Market, Grote/Gouger streets, Adelaide.

#### Sister Cities Controlling Authority

The nature and purpose of the Authority was to manage the activities associated with the Corporation's Sister City relationships.

#### Adelaide City Marketing Controlling Authority

The nature and purpose of the Authority was to market the city. This controlling authority ceased operations on 30 September 1999.

The revenue, expenses, assets and liabilities of these entities have been incorporated in these financial statements.

	2000 \$'000	1999 \$'000
<b>26. EMPLOYEE ENTITLEMENTS</b>		
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Provision for employee entitlements:		
Current (note 18.)	3,435	3,255
Non-current (note 18.)	3,005	3,180
	<b>6,440</b>	<b>6,434</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	2000 \$'000	1999 \$'000
<b>27. REMUNERATION OF AUDITORS</b>		
Auditing the financial report	42	41
	42	41

### 28. ECONOMIC DEVELOPMENT PROGRAM

Operating expenditure of \$2.8 million (\$2.6 million in 1998/99) was incurred in relation to Council's commitments under the Capital City Development Program. This represented 3.3% (3.1% in 1998/99) of the total operating expenditure for the year ended 30 June 2000.

Operating expenditure of \$5.1 million (\$3.1 million in 1998/99) was incurred for works, services and activities that directly related to Council's economic development program for the City of Adelaide. This represented 6% (3.7% in 1998/99) of the total operating expenditure for the year ended 30 June 2000.

### 29. FINANCIAL INSTRUMENTS

#### Interest Rate Risk

The following table details the exposure to interest rate risk as at the reporting date. All other financial instruments and liabilities are non-interest bearing.

	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate Maturity				Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non-Interest Bearing \$'000	
<b>2000</b>							
<b>Financial Assets:</b>							
Cash	5.50	100	0	0	0	20	120
Government and semi-government bonds	7.00	0	1	0	0	0	1
Term deposits	5.75	0	945	0	0	0	945
Receivables - Loans	6.60	0	20	116	87	0	223
		100	966	116	87	20	1,289
<b>Financial Liabilities:</b>							
Loans - Bank	5.78	0	1,523	4,350	345	0	6,218
Loans - Local Government Finance Authority	6.58	0	10,136	4,250	0	0	14,386
Loans - Commonwealth Government	6.49	0	0	11	2,650	0	2,661
		0	11,659	8,611	2,995	0	23,265
<b>1999</b>							
Financial Assets	4.75	0	4,615	98	134	21	4,868
Financial Liabilities	5.44	831	13,033	14,316	2,999	0	31,179

#### Credit Risk

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

#### Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2000

	Notes	Revised Budget 2000 \$'000	Actual 2000 \$'000	Variance FAV/(UNFAV) \$'000
<b>30. BUDGET SUMMARY AND COMPARISON</b>				
<b>Expenses</b>				
Employee costs		33,843	33,787	56
Contractual Services	a	17,468	17,885	(417)
Materials		6,570	6,387	183
Finance Charges	b	1,675	1,339	336
Depreciation		13,572	13,949	(377)
Loss on revaluations		-	20	(20)
Loss on disposal of non-current assets		-	166	(166)
Other (including internal charges)	c	34,418	34,146	272
Strategic Initiatives	d	5,868	5,609	259
<b>Total Expenses</b>		<b>113,414</b>	<b>113,288</b>	<b>126</b>
<b>Revenue</b>				
<b>Rates</b>				
General		37,341	37,287	(54)
Other		1,443	1,477	34
Statutory Charges	e	6,296	6,556	260
User charges		45,007	44,967	(40)
Operating Grants and Subsidies		2,499	2,498	(1)
Investment Income	f	220	135	(85)
Reimbursements and Donations		5	26	21
Commercial activities		132	121	(11)
Strategic Initiatives		125	125	-
Other (including internal charges)	g	26,132	26,841	709
<b>Total Revenue</b>		<b>119,200</b>	<b>120,033</b>	<b>833</b>
<b>OPERATING SURPLUS BEFORE ABNORMAL ITEMS</b>		<b>5,786</b>	<b>6,745</b>	<b>959</b>
Abnormal Items		-	(811)	(811)
<b>OPERATING SURPLUS BEFORE CAPITAL REVENUES</b>		<b>5,786</b>	<b>5,934</b>	<b>148</b>
<b>Capital Revenues</b>				
Capital grants, Subsidies & Contributions		1,692	1,873	181
Physical resources received free of charge	h	-	2,023	2,023
<b>CHANGE IN EQUITY RESULTING FROM OPERATIONS</b>		<b>7,478</b>	<b>9,830</b>	<b>2,352</b>

The above budget summary and comparison should be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

For the year ended 30 June 2000

	<b>Variance FAV/(UNFAV) \$'000</b>
<b>30. BUDGET SUMMARY AND COMPARISON (NOTES)</b>	
The reasons for any material variances between revised budget and actual are as follows:	
<b>a. Contractual Services</b>	<b>(417)</b>
Unfavourable variation was attributable to increased costs associated with building maintenance and legal fees. This expenditure category also includes amounts for advertising and consultancy costs originally provided for within 'other expenses'.	
<b>b. Finance Charges</b>	<b>336</b>
This budget variation resulted from reduced utilisation of Council's loan facility following favourable income receipts, amended timing of expenditure on capital works, and increased utilisation of available invested funds.	
<b>c. Other Expenses (including internal charges)</b>	<b>272</b>
Favourable variation has been achieved through the curtailing of costs progressively throughout 1999/2000. Amount also includes offsetting variations for contractual services and other income as detailed by notes a and g.	
<b>d. Strategic Initiatives</b>	<b>259</b>
The favourable position against revised budget relates to amended costs associated with various projects, and timing of expenditure on Low Income Housing (\$100k) and Business Incubator Support (\$50k).	
<b>e. Statutory Charges</b>	<b>260</b>
The favourable variation in statutory charges is primarily due to increases in income from parking, associated with both expiation fees (\$83k) and late payment charges (\$103k).	
<b>f. Investment Income</b>	<b>(85)</b>
Reduced income on investments is offset by reduced finance charges, and results from timing of both expenditure on the capital works program and utilisation of Council's loan facility.	
<b>g. Other Revenue (including internal charges)</b>	<b>709</b>
Favourable variation is attributable to increased income from internal charging of employee costs and plant hire. This variation is offset by increased expenses as indicated by note c.	
<b>h. Resources Received Free of Charge</b>	<b>2,023</b>
This amount relates to the transfer of public lighting assets from ETSA (\$1,173k) and the Victoria Park stables from the SAJC (\$850k). Original budget estimates did not provide for these transfers.	

# CHIEF EXECUTIVE OFFICER'S STATEMENT AND ADOPTION STATEMENT

For the year ended 30 June 2000

## CHIEF EXECUTIVE OFFICER'S STATEMENT

I John Harry the person for the time being occupying the position of chief executive officer of the Corporation of the City of Adelaide do hereby state that the financial statements for the 1999/2000 financial year are to the best of my knowledge presented fairly and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999*, as amended, and the *City of Adelaide Act 1998*.




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Dated: 20 October 2000

## ADOPTION STATEMENT

Laid before The Corporation of the City of Adelaide and adopted on 30 October 2000.



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John Harry  
Acting Chief Executive Officer



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Alfred Huang  
Lord Mayor

# INDEPENDENT AUDIT REPORT

To the Corporation of the City of Adelaide for the year ended 30 June 2000

## Scope

I have audited the financial report of the Corporation of the City of Adelaide ("the Corporation") for the financial year ended 30 June 2000 as set out on pages 40 to 60.

The Chief Executive Officer is responsible for the preparation and presentation of the financial report and the information contained therein. I have conducted an independent audit of the financial report in order to express an opinion on them.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements (Urgent Issues Group consensus views) and the Local Government Act 1999, so as to present a view which is consistent with my understanding of the Corporation's financial position and the results and cash flows of its operations.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In my opinion, the financial report of the Corporation of the City of Adelaide is properly drawn up:

- (a) so as to give a true and fair view of the Corporation's financial position as at 30 June 2000 and of its operating result and cash flows for the financial year ended on that date; and
- (b) in accordance with the provisions of the Local Government Act 1999, as amended, and the City of Adelaide Act 1998; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.



Roderick W. Smith F.C.A.  
City Auditor

Adelaide 20 October 2000