



Financial Statements 1997-1998

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Operating Statement

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Note</i>	<i>1998 \$'000</i>	<i>1997 \$'000</i>
<i>OPERATING EXPENSES</i>			
Employee costs	2, 4	29,113	28,133
Contractual services	2	19,653	14,910
Materials	2	6,171	5,830
Finance charges		1,409	1,739
Depreciation	5	13,525	14,693
Loss on disposal of non-current assets	7	139	14
Other	2	12,091	11,946
<i>Total operating expenses</i>		<i>82,101</i>	<i>77,265</i>
<i>OPERATING REVENUE</i>			
Rates			
General		34,417	34,890
Other		1,075	1,080
Statutory charges		5,622	5,124
User charges	2	40,194	36,500
Operating grants and subsidies	2, 3	2,048	1,427
Investment income		347	420
Reimbursements and donations	2	76	434
Other	2	199	231
<i>Total operating revenue</i>		<i>83,978</i>	<i>80,106</i>
<i>OPERATING SURPLUS BEFORE ABNORMAL ITEMS</i>			
Abnormal items	8	-	1,406
<i>OPERATING SURPLUS AFTER ABNORMAL ITEMS</i>			
Capital revenues		1,877	4,247
Capital grants, subsidies & monetary contributions	2, 3	1,268	626
<i>CHANGE IN COMMUNITY WEALTH RESULTING FROM OPERATIONS</i>		<i>3,145</i>	<i>4,873</i>

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

Statement of Financial Position

AS AT 30 JUNE 1998

	<i>Note</i>	<i>1998 \$'000</i>	<i>1997 \$'000</i>
<i>CURRENT ASSETS</i>			
Cash	9	18	17
Receivables	10	3,484	3,429
Inventory		384	406
Investments	11	225	226
Other	12	448	182
<i>Total Current Assets</i>		<i>4,559</i>	<i>4,260</i>
<i>NON-CURRENT ASSETS</i>			
Land & Buildings	13	661,981	663,312
Infrastructure	14	139,648	132,647
Equipment, Furniture and Fittings	15	9,572	9,155
Other	16	12,943	12,909
<i>Total Non-Current Assets</i>		<i>824,144</i>	<i>818,023</i>
<i>TOTAL ASSETS</i>		<i>828,703</i>	<i>822,283</i>
<i>CURRENT LIABILITIES</i>			
Bank Overdraft	9	427	1,284
Creditors and Provisions	17	18,759	12,873
Loans	18	4,779	2,495
<i>Total Current Liabilities</i>		<i>23,965</i>	<i>16,652</i>
<i>NON-CURRENT LIABILITIES</i>			
Creditors and Provisions	17	5,055	6,823
Loans	18	17,113	19,392
<i>Total Non-Current Liabilities</i>		<i>22,168</i>	<i>26,215</i>
<i>TOTAL LIABILITIES</i>		<i>46,133</i>	<i>42,867</i>
<i>NET ASSETS</i>		<i>782,570</i>	<i>779,416</i>
<i>COMMUNITY WEALTH</i>			
Accumulated surplus		658,472	655,327
Reserves	19	124,098	124,089
<i>TOTAL COMMUNITY WEALTH</i>		<i>782,570</i>	<i>779,416</i>

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

Statement of Changes in Community Wealth

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Note</i>	<i>1998 \$'000</i>	<i>1997 \$'000</i>
<i>ACCUMULATED SURPLUS</i>			
Balance at beginning of period		655,327	293,040
Change in financial position resulting from operations		3,145	4,873
Adjustment due to initial application of AAS27	13, 14, 16	-	357,414
<i>Balance at end of period</i>		<i>658,472</i>	<i>655,327</i>
<i>ASSET REVALUATION RESERVE</i>			
Balance at beginning of period		124,089	124,089
Revaluation increment	19	9	-
<i>Balance at end of period</i>		<i>124,098</i>	<i>124,089</i>
<i>TOTAL COMMUNITY WEALTH</i>		<i>782,570</i>	<i>779,416</i>

The above statement of changes in community wealth should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 1998

	1998 \$'000	1997 \$'000
Note	Inflows (Outflows)	Inflows (Outflows)
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Total operating payments	(63,435)	(60,914)
Total operating receipts	83,576	78,186
<i>Net cash from operating activities</i>	23 <i>20,141</i>	<i>17,272</i>
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>		
Payments		
Principal	(2,995)	(2,848)
Interest	(1,501)	(1,865)
Receipts		
Loans received	3,000	-
Interest received	388	434
<i>Net cash used in financing activities</i>	<i>(1,108)</i>	<i>(4,279)</i>
<i>CASH FLOWS FROM OTHER ACTIVITIES</i>		
Payments		
Purchase of capital items	(20,314)	(18,585)
Receipts		
Capital grants/subsidies/contributions	1,268	626
Sale of land & buildings	95	1,933
Sale of plant & equipment	775	538
Abnormal Items - Superannuation refund	-	1,406
<i>Net cash used in other activities</i>	<i>(18,176)</i>	<i>(14,082)</i>
Net increase (decrease) in cash held	857	(1,089)
<i>Cash at beginning of reporting period</i>	<i>(1,041)</i>	<i>48</i>
<i>CASH AT END OF REPORTING PERIOD</i>	9 <i>(184)</i>	<i>(1,041)</i>

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 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting*

These financial statements of the Corporation of the City of Adelaide have been prepared in accordance with the provisions of the Local Government Act 1934, as amended, the Local Government Accounting Regulations 1993, as amended, and applicable Accounting Standards. The statements have 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. 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 statements.

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.

(d) *Revaluations of Non-current Assets*

All non-current assets other than land held for resale and investments, have previously been brought to account to their current cost less accumulated depreciation in accordance with AAS10 and AAS27.

(e) *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 - 50	years
• Infrastructure	5 - 75	years
• Equipment, Furniture and Fittings	2 - 20	years
• Other	40 - 100	years

(f) *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.

(g) *Maintenance and Repairs*

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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

The Corporation's Enterprise agreements require that long service leave, except for a maximum of four weeks, be taken within two years of the employee becoming entitled; ie within two years of achieving the first ten years, twenty years etc. of service. The agreements allow employees to apply for pro-rata accrued leave after 7 years continuous service. Corporation policy under the Long Service Leave Act allows for a lump sum payment of up to half of an employee's entitlement in conjunction with an equivalent period of leave taken.

In accordance with AAS30 the Corporation reassessed in the year ended 30 June 1995, the method of calculation of its liability, and as a result is now 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 an instruction 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 20.

(i) Investments

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

(j) Land Held for Resale

Non-current land held for development or resale has been valued by either independent valuers or Council valuation staff. 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 13.

(k) 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 rental payments are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Corporation obtains control over the assets comprising 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.

(m) 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.

(n) 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.

(o) Comparatives

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

(p) Receivables

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

(q) Accounts Payable

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

(r) 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.

(s) 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 25.

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 9(2A) of the Local Government Accounting 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.

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, street furniture.

Economic Affairs:

Tourism, city markets.

Other Purposes:

Plant operations, investment properties and other.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

2.(a) SELECTED EXPENSES BY FUNCTION
(EXCLUDES FINANCE CHARGES, DEPRECIATION AND LOSS ON DISPOSAL)

Functions/Activity	Wages and salaries		Contractual services		Materials		Other	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Administration (before allocation)	9,457	9,062	4,550	3,472	956	859	1,304	2,844
less expenses allocated to functions	-	-	-	-	(180)	(180)	-	-
Public Order & safety								
Fire protection - other	-	-	-	-	-	-	1,441	1,451
Health								
Health inspection	172	7	19	6	-	-	(22)	241
Other health	362	449	57	56	2	3	(5)	(166)
Social security & welfare								
Aged & disabled services	105	149	44	100	7	4	1	(17)
Families and children	129	128	64	23	36	1	47	20
Other welfare	-	-	-	-	-	-	-	-
Housing & community services								
Housing	-	-	-	-	-	-	-	(1)
Town planning	1,462	1,360	1,157	551	20	38	932	897
Other Community development	911	737	164	65	13	17	894	1,125
Sanitation & garbage	2,222	2,184	3,564	3,056	329	368	1,822	1,300
Urban stormwater drains	81	2	6	7	19	83	607	598
Protection of the environment	-	-	312	335	92	37	174	55
Other community amenities	148	171	27	439	67	113	480	527
Recreation & culture								
Libraries	1,024	982	86	85	141	137	122	112
Other cultural services	491	496	593	383	65	61	1,729	374
Sport & recreation	5,333	4,887	1,623	1,104	1,072	1,029	(189)	(15)
Agricultural services	45	1	19	6	37	23	174	154
Mining, manufacture, construction								
Building control	574	545	100	76	9	2	99	(4)
Transport and Communication								
Roads maintenance - sealed	1,604	1,732	602	403	751	674	(1,510)	(2,170)
Other road services	497	411	201	109	1,093	1,045	(131)	(32)
Bridges	-	-	-	1	1	6	4	8
Footpaths	-	-	150	74	47	62	599	600
Parking	3,858	4,342	2,648	2,846	508	422	422	1,247
Bus	-	-	10	7	-	-	29	28
Economic affairs	-	-	890	470	145	159	1,558	373
Other purposes n.e.c.								
Other n.e.c.	638	488	2,767	1,236	941	867	1,510	2,397
TOTAL	29,113	28,133	19,653	14,910	6,171	5,830	12,091	11,946

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

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	
	1998 \$'000	1997 \$'000	Operating		Capital		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
			1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000				
Administration	82	62	1,222	597	1,268	-	4	16	91	151
Public Order & safety										
Fire protection - other	9	9	-	-	-	-	-	-	-	-
Health										
Health inspection	-	-	-	-	-	-	-	-	-	-
Other health	1	5	-	60	-	-	-	-	-	-
Social security & welfare										
Aged & disabled services	-	-	43	42	-	-	-	-	-	-
Families and children	-	-	88	-	-	-	-	-	-	-
Other welfare	-	-	-	112	-	-	-	-	-	-
Housing & community services										
Housing	-	-	1	-	-	-	-	-	-	-
Town planning	323	261	34	-	-	-	-	-	2	4
Other Community development	11	7	21	14	-	-	-	2	1	1
Sanitation & garbage	11,165	8,235	-	-	-	-	15	21	21	11
Urban stormwater drains	1	3	-	-	-	-	-	-	-	-
Protection of the environment	-	-	-	-	-	-	-	-	-	-
Other community amenities	16	80	-	5	-	-	-	-	2	-
Recreation & culture										
Libraries	74	60	445	441	-	-	-	-	12	9
Other cultural services	846	667	4	3	-	-	-	1	1	2
Sport & recreation	3,848	3,546	1	113	-	466	-	331	4	40
Agricultural services										
	-	-	-	-	-	-	-	9	-	-
Mining, manufacture, construction										
Building control	54	85	-	-	-	-	2	-	68	5
Transport and Communication										
Roads maintenance - sealed	321	327	181	-	-	160	-	1	2	1
Other road services	1	32	-	40	-	-	-	-	-	1
Bridges	-	-	-	-	-	-	-	-	-	-
Footpaths	1	-	8	-	-	-	-	-	-	-
Parking	17,908	17,974	-	-	-	-	-	(1)	(7)	(13)
Bus	127	115	-	-	-	-	-	-	-	-
Economic affairs	2,012	1,712	-	-	-	-	-	-	-	-
Other purposes n.e.c.										
Other n.e.c.	3,394	3,320	-	-	-	-	55	54	2	19
TOTAL	40,194	36,500	2,048	1,427	1,268	626	76	434	199	231

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

2.(c) ASSETS & LIABILITIES

<i>Functions/Activity</i>	<i>1998 \$'000</i>	<i>1997 \$'000</i>
CURRENT ASSETS	4,559	4,260
CURRENT LIABILITIES	(23,965)	(16,652)
NON-CURRENT ASSETS		
Administration	57,427	55,590
Public Order & safety		
Other public order & safety	2	3
Health		
Health inspection	53	43
Other health	66	47
Social security & welfare		
Aged & disabled services	1,045	1,089
Housing & community services		
Town planning	118	117
Land development	17,594	17,023
Sanitation & garbage	10,481	10,256
Urban stormwater drains	25,351	25,548
Other community amenities	19,027	18,331
Recreation & culture		
Libraries	1,472	2,221
Other cultural services	9,424	2,000
Sport & recreation	453,927	453,746
Agricultural services	22	-
Mining, manufacture, construction	17	-
Transport and Communication		
Roads maintenance - sealed	59,987	61,643
Other road services	14,358	13,015
Bridges	14,465	14,508
Footpaths	14,182	16,114
Parking	110,595	112,062
Economic affairs	1,017	1,080
Other purposes n.e.c.		
Other nec	13,514	13,587
NON-CURRENT LIABILITIES	(22,168)	(26,215)
COMMUNITY WEALTH	(782,570)	(779,416)
	0	0

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

3. **GRANTS AND SUBSIDIES** Grants and subsidies were received in respect of the following functions:

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
Administration		
Local Government Grants Commission	550	565
Adelaide 21	380	-
Adelaide Marketing Authority	300	-
Employment subsidies	-	32
	<i>1,230</i>	<i>597</i>
Health		
Animal & Plant Control Board	-	3
Crime prevention	59	57
	<i>59</i>	<i>60</i>
Social Security & Welfare		
Home Assistance Scheme	-	39
Home and Community Care Scheme	43	3
Aboriginal Development	8	57
Citizens Advice Bureau - Pass on Grant	-	55
	<i>51</i>	<i>154</i>
Housing and Community Amenities		
Youth Economic Development	5	14
Rundle Mall Upgrade	-	5
	<i>5</i>	<i>19</i>
Recreation and Culture		
Libraries Board	445	441
Cycle Path Network Construction-Local Govt Capital Works	74	256
Golf Links	-	11
Torrens Lake Redevelopment	1,186	210
Special Events	3	3
Victoria Square Tree Planting	-	100
Adelaide Faces For Adelaide Places	14	-
Hutt Street Concept Inc. (Capital Works - Planter Boxes)	8	-
Urban Myth Theatre	21	-
Narna Tarkendi	3	-
Adelaide Aquatic Centre	2	2
	<i>1,756</i>	<i>1,023</i>
Transport & Communication		
Urban Local Roads	140	160
Retail Street Management Fund	35	-
Roads through Park Lands	40	40
	<i>215</i>	<i>200</i>
<i>Total grant revenues</i>	<i>3,316</i>	<i>2,053</i>
<i>Operating</i>	<i>2,048</i>	<i>1,427</i>
<i>Capital</i>	<i>1,268</i>	<i>626</i>
TOTAL	3,316	2,053

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
4. EMPLOYEE COSTS		
Employee costs comprised:		
Wages and salaries	27,561	26,048
Workers compensation premium	851	824
Superannuation contribution	1,619	1,748
Long service leave	763	672
	<i>30,794</i>	<i>29,292</i>
Less:		
Amounts capitalised	(1,681)	(1,159)
	<i>29,113</i>	<i>28,133</i>
5. DEPRECIATION EXPENSE		
Depreciation expense for the year was charged in respect of:		
Buildings	5,598	6,440
Infrastructure	6,366	6,838
Plant, equipment, furniture and fittings	1,539	1,393
Other	22	22
	<i>13,525</i>	<i>14,693</i>
6. CONDITIONS OVER CONTRIBUTIONS		
For the year ended 30 June 1998 there were no conditions over contributions received.		
7. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
Gain / (Loss) on disposal of land and buildings	11	(5)
Gain / (Loss) on disposal of plant, equipment and furniture	(136)	(9)
Gain / (Loss) on disposal of other assets	(14)	-
	<i>(139)</i>	<i>(14)</i>
8. ABNORMAL ITEMS		
Revenues		
Superannuation contribution refund from 'City of Adelaide Plan'.	-	1,406
	-	<i>1,406</i>
9. RECONCILIATION OF CASH		
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	18	17
Deposits at call	225	226
Less: Bank overdraft	(427)	(1,284)
<i>Balances per statement of cash flows</i>	<i>(184)</i>	<i>(1,041)</i>
Overdraft and loan facilities available		
The Corporation has an overdraft facility of \$200,000 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 1998 the unutilised amount of this facility was \$12m. 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.		

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
10. CURRENT ASSETS - Receivables		
Rates receivable	639	859
Other debtors	2,982	2,645
Less: Provision for doubtful debts	(137)	(75)
<i>Total receivables:</i>	<i>3,484</i>	<i>3,429</i>
11. CURRENT ASSETS - Investments		
Government and semi-government bonds - at cost	1	1
Term deposits	224	225
	<i>225</i>	<i>226</i>
12. CURRENT ASSETS - Other		
Accrued interest receivable	33	74
Prepayments	415	108
	<i>448</i>	<i>182</i>
13. NON-CURRENT ASSETS - Land & Buildings		
Land Held for Resale		
At independent valuation	2,468	-
At net realisable value	3,000	3,000
	<i>5,468</i>	<i>3,000</i>
Net realisable value of land held for resale was internally reassessed in the year ended 30 June 1997 by the Corporation's valuation staff. Land at independent valuation was valued in the year ended 30 June 1994 based on market value.		
Land and Buildings - Operating		
At independent valuation	334,644	337,177
At cost	6,498	2,786
Less: Accumulated depreciation	(118,170)	(114,489)
	<i>222,972</i>	<i>225,474</i>
Land and buildings (operating) were independently valued in the year ended 30 June 1994. Land was valued at market value and buildings at written down replacement cost.		
Land and Buildings - Parks		
At independent valuation	65,660	65,660
At replacement cost	366,119	366,119
At cost	5,466	4,890
Less: Accumulated depreciation	(3,704)	(1,831)
	<i>433,541</i>	<i>434,838</i>
Land and buildings (parks) were independently valued to replacement cost in the year ended 30 June 1994. Sportsfields, major sporting facilities and infrastructure components located within parks were internally valued at written down replacement cost on 1 July 1996 by the Corporation's engineers. Parklands, including city squares, were internally valued on 1 July 1996 by the Corporation's valuation staff at written down replacement cost.		
<i>Total Land & Buildings:</i>	<i>661,981</i>	<i>663,312</i>

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
14. NON-CURRENT ASSETS - Infrastructure		
Infrastructure		
Replacement cost	130,008	128,252
At cost	22,844	11,233
Less: Accumulated depreciation	(13,204)	(6,838)
	<i>139,648</i>	<i>132,647</i>
<p>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.</p> <p>All infrastructure assets have been internally valued by Council's engineers on 1 July 1996. Revaluation has been based on written down replacement cost discounted for age and condition.</p>		
15. NON-CURRENT ASSETS - Equipment/Furniture & Fittings		
Equipment, furniture and fittings - at cost	18,477	17,483
Less: Accumulated depreciation	(8,905)	(8,328)
	<i>9,572</i>	<i>9,155</i>
16. NON-CURRENT ASSETS - Other		
Other non-current assets - at valuation	12,925	12,930
Other non-current assets - at cost	61	1
Less: Accumulated depreciation	(43)	(22)
	<i>12,943</i>	<i>12,909</i>
<p>Other assets includes civic collection items, antiques and library stock. Civic collection items and antiques were independently valued in the year ended 30 June 1994 at written down replacement cost and progressively brought to account to 1 July 1996. Library stock was internally valued on 1 July 1996 at written down replacement cost.</p> <p>Restrictions on Assets</p> <p>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.</p>		

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
17. LIABILITIES - Creditors and Provisions		
Current		
Employee costs	314	690
Annual leave	2,428	2,324
Long service leave	753	685
Amounts received in advance	12	4
Interest on loans	426	519
Halifax street remediation works	4,700	2,000
Other remediation works	266	260
Other creditors	9,860	6,391
	<i>18,759</i>	<i>12,873</i>
Non-current		
Long service leave	2,987	2,900
Halifax street remediation works	-	1,740
Wingfield waste depot rehabilitation	2,068	2,183
	<i>5,055</i>	<i>6,823</i>
18. LIABILITIES - Loans (secured)		
Current		
Bank loans	569	571
Local Government Finance Authority	4,104	1,918
Commonwealth Government	6	6
Other Loans	100	-
	<i>4,779</i>	<i>2,495</i>
Non-current		
Bank loans	2,135	3,204
Local Government Finance Authority	12,310	13,414
Commonwealth Government	2,668	2,674
Other Loans	-	100
	<i>17,113</i>	<i>19,392</i>
The loans are secured over the general rates.		
19. RESERVES		
Asset Revaluation Reserve		
Balance at beginning of year	124,089	124,089
Increment on revaluation of Land Held for Resale	9	-
Total reserves:	<i>124,098</i>	<i>124,089</i>

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

20. **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 1997. The date of the most recent actuarial assessment of the Corporation of the City of Adelaide Superannuation Plan was 30 June 1996. 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.

As at 30 June 1998 the Corporation was contributing 6% 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		<i>\$'000</i>	
As at 30 June 1997, the date of the most recent financial report:			
Vested benefits as at 30 June 1997		6,001	
Net market value of assets as at 30 June 1997		10,430	
As at 30 June 1996, the date of the most recent actuarial review:			
Accrued benefits as at date of last measurement - 30 June 1996		5,731	
Net market value of assets as at 30 June 1996		10,782	
Net market value of assets in excess of accrued benefits as at 30 June 1996		5,051	
In accordance with the requirements of AAS30 the following additional information is provided in respect of the defined benefit plan of the Local Government Superannuation Scheme:		<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
	Superannuation Contributions	1,619	1,748

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

	<i>Actual 1998 \$'000</i>	<i>Actual 1997 \$'000</i>
21. COMMITMENTS FOR CAPITAL EXPENDITURE		
At the reporting date the Corporation had entered into contracts, which would be due for payment within 12 months, for the following capital expenditure:		
Infrastructure	722	639
Land and Buildings	377	149
Plant and equipment	285	263
	1,384	1,051
22. LEASE COMMITMENTS		
At the reporting date the Corporation had the following lease obligations which have not been recognised as liabilities:		
Not later than one year	2,102	1,999
Later than one year and not later than two years	2,022	2,068
Later than two years and not later than five years	6,128	5,926
Later than five years	55,106	51,772
	65,358	61,765
These lease obligations are predominantly for the lease of land and buildings.		
23. RECONCILIATION OF INCREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Net cash inflow from operating activities	20,141	17,272
Depreciation and amortisation expense	(13,525)	(14,693)
Interest payments treated as a financing activity	(1,501)	(1,739)
Interest receipts treated as a financing activity	388	420
Net gain (loss) on disposal of non-current assets	(139)	(14)
Change in operating assets and liabilities		
Increase (decrease) in rates receivable	(220)	157
Increase (decrease) in other debtors	276	1,343
Increase (decrease) in inventories	(22)	53
Increase (decrease) in other current assets	266	(352)
(Increase) decrease in creditors/amounts in advance	(2,678)	226
(Increase) decrease in provisions	(1,109)	168
Abnormal items	-	1,406
<i>Operating surplus before capital revenues</i>	1,877	4,247

24. CONTROLLING AUTHORITIES

The Corporation has established the following Controlling Authorities for which the revenue, expenses, assets and liabilities have been incorporated in these financial statements:

Adelaide Aquatic Centre Controlling Authority

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

Central Market Controlling Authority

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

Sister Cities Controlling Authority

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

Adelaide City Marketing Controlling Authority

The nature and purpose of the Authority is to market the city.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

25. 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	Fixed Interest Rate Maturity				Total
			Less than 1 Year	1 to 5 Years	More than 5 Years	Non- Interest Bearing	
1998	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:							
Cash	4.45	-	-	-	-	18	18
Government and semi-government bonds	7.00	-	1	-	-	-	1
Term deposits	4.85	-	224	-	-	-	224
		-	225	-	-	18	243
Financial Liabilities:							
Bank Overdraft	8.60	427	-	-	-	-	427
Loans - Bank	5.49	-	2,500	204	-	-	2,704
Loans - Local Government Finance Authority	5.69	-	6,000	10,062	352	-	16,414
Loans - Commonwealth Government	6.49	-	-	24	2,650	-	2,674
Loans - Other	5.88	-	-	100	-	-	100
		427	8,500	10,390	3,002	-	22,319

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 Statements

FOR THE YEAR ENDED 30 JUNE 1998

26. BUDGET SUMMARY AND COMPARISON

<i>Notes</i>	<i>Budget 1998 \$'000</i>	<i>Actual 1998 \$'000</i>	<i>Variance FAV/(UNFAV) \$'000</i>
Expenses			
Employee costs	29,796	29,828	(32)
Contractual Services	a 13,363	17,279	(3,916)
Materials	b 6,080	5,773	307
Finance Charges	c 1,720	1,409	311
Depreciation	13,669	13,529	140
Loss on disposal of non-current assets	-	139	(139)
Other	7,873	8,042	(169)
Strategic Initiatives	d 8,059	7,199	860
TOTAL EXPENSES	80,560	83,198	(2,638)
Revenue			
Rates			
General	34,595	34,417	(178)
Other	1,086	1,075	(11)
Statutory Charges	e 4,798	5,622	824
User charges	f 38,434	40,194	1,760
Operating Grants and Subsidies	g 2,220	3,097	877
Investment Income	h 262	347	85
Reimbursements and Donations	50	76	26
Commercial activities	150	-	(150)
Strategic Initiatives	i 815	48	(767)
Other	114	199	85
TOTAL REVENUE	82,522	85,075	2,553
OPERATING SURPLUS BEFORE CAPITAL REVENUES	1,962	1,877	(85)
Capital Revenues			
Capital grants, Subsidies & Contributions	j 2,418	1,268	(1,150)
Physical resources received free of charge			
CHANGE IN COMMUNITY WEALTH RESULTING FROM OPERATIONS	4,380	3,145	(1,235)

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

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 1998

26. BUDGET SUMMARY AND COMPARISON (NOTES)

The reasons for any material variances between original budget and actual are as follows:

	<i>Variance FAV/(UNFAV) \$'000</i>
<p>a. Contractual Services The unfavourable variation for contractual services has resulted from increased utilisation of Wingfield Waste Depot, which is offset by increased income from user charges, and a revaluation in the remediation provision for the Halifax site.</p>	(3,916)
<p>b. Materials The favourable variation for materials expenditure is the result of Info 21 software purchases being delayed until the 98/99 financial year.</p>	307
<p>c. Finance Charges Delays in expenditure on the Halifax remediation project resulted in the overdraft facility not being utilised as expected.</p>	311
<p>d. Strategic Initiatives - Expenditure The favourable variation largely relates to the grants from City of Adelaide to Adelaide 21 and Adelaide City Marketing being classified as Strategic Initiatives in the original budget. Refer to note g. The remaining variation relates to Heritage and Youth Recreation projects being delayed until the 98/99 financial year.</p>	860
<p>e. Statutory Charges The favourable variation in statutory charges is attributable to increases in income from parking, associated with both expiation fees and late payment charges.</p>	824
<p>f. User Charges The favourable variation has resulted from an increase in revenue over budget from Wingfield Waste Depot (\$1,400) and Off-street Parking (\$270).</p>	1,760
<p>g. Operating Grants and Subsidies The favourable variation relates to the grants from City of Adelaide to Adelaide 21 and Adelaide City Marketing being classified as offsets to Strategic Initiatives expenditures in the original budget. Refer to note d.</p>	877
<p>h. Investment Income Investment income was favourable against budget as a result of both increased cash flows from Parking and Wingfield Depot, and timing of expenditure on capital works and strategic initiatives.</p>	85
<p>i. Strategic Initiatives - Revenue The unfavourable variation is largely a result of Heritage and the Youth Recreation projects being delayed until the 98/99 financial year.</p>	(767)
<p>j. Capital Revenue The unfavourable variation is the result of external funding being budgeted proportionate to expenditure. With the expenditure for the projects being delayed, the funding received was less than originally anticipated.</p>	(1,150)

Chief Executive Officer's Statement and Adoption Statement

FOR THE YEAR ENDED 30 JUNE 1998

CHIEF EXECUTIVE OFFICER'S STATEMENT

I Jude Munro the Chief Executive Officer of the Corporation of the City of Adelaide do hereby state that the Statement of Financial Position of the Corporation of the City of Adelaide as at 30 June 1998 and the Operating Statement, Statement of Changes in Community Wealth and the Statement of Cash Flows, together with supporting notes, for the year ended on that date 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 1934, as amended, and the Local Government Accounting Regulations made under that Act.



Dated: 3 September 1998

ADOPTION STATEMENT

Laid before The Corporation of the City of Adelaide and adopted on 21 September 1998.



Jude Munro
Chief Executive Officer



Dr Jane Lomax-Smith
Lord Mayor

Independent Audit Report

TO THE CORPORATION OF THE CITY OF ADELAIDE

SCOPE

I have audited the financial statements of the Corporation of the City of Adelaide for the financial year ended 30 June 1998 as set out on pages 34 to 54.

The Chief Executive Officer is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements 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 statements are free of material misstatement. The procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

The procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group consensus views) and the Local Government Act 1934, so as to present a view which is consistent with my understanding of its 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 statements of the Corporation of the City of Adelaide are properly drawn up:

- (a) so as to give a true and fair view of the entity's state of affairs as at 30 June 1998 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 1934, as amended, and the Local Government Accounting Regulations 1993; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.



Roderick W Smith ACA
City Auditor
Adelaide, 3 September 1998