



Port Augusta
CITY COUNCIL

Port Augusta City Council

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2008**

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CEO Statement

Audit Report

PORT AUGUSTA CITY COUNCIL

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
	Notes	\$	\$
REVENUES			
Rates	3	8,898,658	7,584,191
Statutory charges	3	305,492	285,262
User charges	3	3,037,409	2,749,182
Grants, Subsidies & Contributions	3	9,117,092	8,453,040
Investment Income	3	153,605	224,083
Reimbursements	3	485,507	564,219
Other Revenues	3	<u>1,196,823</u>	<u>1,290,709</u>
TOTAL REVENUES		<u>23,194,586</u>	<u>21,150,685</u>
EXPENSES			
Employee Costs	4	11,215,970	10,485,824
Materials, Contracts & Other Expenses	4	10,868,106	9,165,579
Finance Costs	4	546,438	435,258
Depreciation, Amortisation & Impairment	4	<u>2,923,645</u>	<u>2,485,735</u>
TOTAL EXPENSES		<u>25,554,158</u>	<u>22,572,396</u>
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS		<u>(2,359,571)</u>	<u>(1,421,710)</u>
Net gain on disposal or revaluation of assets	5	1,237,638	201,702
Amounts specifically for new or upgraded assets	3	2,132,709	1,614,808
Physical resources received free of charge	3	<u> </u>	<u> </u>
NET SURPLUS (DEFICIT)		<u>1,010,776</u>	<u>394,800</u>

This Statement is to be read in conjunction with the attached Notes.

PORT AUGUSTA CITY COUNCIL

BALANCE SHEET FOR YEAR ENDED 30 JUNE 2008

	Notes	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,131,665	1,743,752
Trade & other receivables	6	1,991,232	1,561,470
Inventories	6	<u>158,424</u>	<u>131,723</u>
Total Current Assets		<u>4,281,321</u>	<u>3,436,945</u>
Non-current Assets			
Financial Assets	7	13,674	24,810
Infrastructure, Property, Plant & Equipment	8	65,995,809	61,438,991
Other Non-current Assets	7	<u>2,100,000</u>	<u>2,578,814</u>
Total Non-current Assets		<u>68,109,483</u>	<u>64,042,615</u>
TOTAL ASSETS		<u>72,390,804</u>	<u>67,479,560</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	4,095,889	2,725,680
Borrowings	9	1,549,300	2,225,580
Short-term Provisions	9	<u>200,000</u>	<u>200,000</u>
Total Current Liabilities		<u>5,845,189</u>	<u>5,151,261</u>
Non-current Liabilities			
Long-term Borrowings	10	8,067,407	5,316,707
Long-term Provisions	10	<u>1,144,748</u>	<u>1,096,909</u>
Total Non-current Liabilities		<u>9,212,155</u>	<u>6,413,616</u>
TOTAL LIABILITIES		<u>15,057,345</u>	<u>11,564,877</u>
NET ASSETS		<u>57,333,459</u>	<u>55,914,683</u>
EQUITY			
Accumulated Surplus		5,214,941	4,204,165
Asset Revaluation Reserve	11	<u>52,118,518</u>	<u>51,710,518</u>
TOTAL EQUITY		<u>57,333,459</u>	<u>55,914,683</u>

This Statement is to be read in conjunction with the attached Notes.

PORT AUGUSTA CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	4,204,165	3,809,365
Net Result for Year	1,010,776	394,800
Transfers to Other Reserves		
Transfers from Other Reserves		
Balance at end of period	<u>5,214,941</u>	<u>4,204,165</u>
ASSET REVALUATION RESERVE	11	
Balance at end of previous reporting period	51,710,518	51,710,518
Gain(reduction) on revaluation of property, plant & equipment	408,000	-
Transfer to Accumulated Surplus on sale of property, plant & equipment		
Balance at end of period	<u>52,118,518</u>	<u>51,710,518</u>
Total of all revenues recognised directly in Equity	26,564,933	22,967,196
Total of all expenses recognised directly in Equity	<u>25,554,158</u>	<u>22,572,396</u>
NET CHANGE IN EQUITY	<u>1,010,776</u>	<u>394,800</u>

This Statement is to be read in conjunction with the attached Notes

PORT AUGUSTA CITY COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		22,522,255	21,989,017
Investment Receipts		153,605	224,083
<u>Payments</u>			
Operating Payments to suppliers & employees		(21,262,036)	(21,405,376)
Finance Payments		(550,716)	(417,522)
Net Cash provided by (or used in) Operating Activities		863,109	390,203
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Grants specifically for new or upgraded assets		2,132,709	1,614,808
Sale of replaced assets		519,566	334,798
Sale of surplus assets		1,356,538	277,702
Repayments of loans by community groups		7,597	7,651
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(971,314)	(643,509)
Expenditure on new/upgraded assets		(5,691,869)	(5,051,335)
Net Cash provided by (or used in) Investing Activities		(2,646,773)	(3,459,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		4,300,000	1,924,500
Proceeds from Aged Care Facility deposits		313,371	610,626
<u>Payments</u>			
Repayments of Borrowings		(1,785,526)	(1,685,241)
Repayment of Aged Care Facility deposits		(216,213)	(326,364)
Net Cash provided by (or used in) Financing Activities		2,611,632	523,521
Net Increase (Decrease) in cash held		827,968	(2,546,161)
Cash & cash equivalents at beginning of period		1,303,697	3,849,858
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,131,665	1,303,697

This Statement is to be read in conjunction with the attached Notes

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999.

1.1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$0).

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2.0 The Local Government Reporting Entity

The Port Augusta City Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 4 Mackay Street, Port Augusta, South Australia. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3.0 Income recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations 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 amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

4.0 Cash Assets and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition.

A detailed statement of the accounting policies applied to the Financial Instruments forms part of Note 13.

5.0 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

6.0 Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045 which expires 30 June, 2008.

As at 1 July, 2008 Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

6.2 Initial Recognition

All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as *other non-current assets* and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and values are provided in Note 8.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

6.5 Depreciation of Non-Current Assets

Other than land, all property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets. Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC70	to 80 years
Reticulation Pipes – other25	to 75 years
Pumps & Telemetry	15 to 25 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the *present value of future cash outflows* or *value in use*).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

7.0 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8.0 Borrowings

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

9.0 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within twelve months are recognised by using the shorthand method and a benchmark number of years of staff service. The benchmark is five years. It has been determined that the liability is not materially different from the liability measured using the present value of expected future payments and is consistent with Councils experience of staff retention and leave taken.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2007/2008; 9% in 2006/2007). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue. The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

10.0 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11.0 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of operating leases, where the lesser substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

12.0 GST Implications

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

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

13.0 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

14.0 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period.

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 123 Borrowing Costs
- AASB 1004 Contributions
- AASB 1050 Administered Items
- AASB 1051 Land Under Roads
- AASB 1052 Disaggregated Disclosures
- AASB 2007-3 Amended to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038)
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123(AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and interpretations1 & 12)
- AASB 2007-8 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128)
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AASs' 27, 29 and 31 (AASB 3, AASB 5, AASB 8, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137)
- Interpretation 4 Determination whether an Arrangement contains a Lease
- Interpretation 13 Customer Loyalty Programmes
- Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
- Interpretation 129 Disclosure – Service Concession Arrangements
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 FUNCTIONS/ACTIVITIES OF COUNCIL

a) Expenses, revenues and assets have been attributed to the following functions/activities. These descriptions are set out in Note 2 (b).

b) The activities of the Council are categorised into the following broad functions:-

Administration: Operation and maintenance of the Civic Centre including Council Chamber, Mayor's Parlour and plant and equipment. Operation of resources for the efficient administration of Council's functions.

Public Order & Safety: Supervision of various By-laws, fire prevention, dog control, crime prevention and state emergency services.

Health: Health Inspection, Nerrilda, Substance Mis-Use Service, Sobering Up Centre, Immunisation Services.

Social Security & Welfare: Contributions for aged care and children's services. Operation of A.M. Ramsay Village, the Childcare Centre, Special Needs Program and maintenance of the L.G. Riches Centre.

Housing; & Community Amenities: Maintenance of housing rented to tenants, including Council Houses, Poinsettia Village and Julia Lodge. Provision of rubbish collection services and operation of the rubbish dump. Administration of town planning services. Maintenance of sewage services, stormwater drainage, protection of environment, cemeteries, public conveniences and other community development amenities.

Recreation & Culture: Maintenance of the Town Hall and Institute Building. Maintenance of parks and gardens, recreation reserves, foreshores, ovals, playgrounds. Operation of the Public Library and Community Information Service.

Agricultural Services: Contribution to Animal & Plant Control activities.

Mining, Manufacturing & Construction: Administration of Building Act and the Development Act.

Transport: Construction and maintenance of roads, drainage works, footpaths, parking facilities and signs. Maintenance of the Community Bus Service and cleaning of streets. Management of the aerodrome and boat ramps.

Economic Affairs:
Wadlata, Arid Lands, other tourism.

Other Services NEC: Operation of Works Depot, maintenance of Plant and Machinery

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES							
	REVENUES		EXPENDITURES		OPERATING RESULT		GRANTS INCLUDED IN REVENUES	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Administration	11,930,580	10,644,120	1,779,009	1,543,052	10,151,571	9,101,067	2,946,553	2,921,246
Public Order & Safety								
Fire Protection								
Other	187,599	193,367	298,133	246,187	(110,535)	(52,820)		
Health								
Health Inspection	1,578	2,465	98,301	131,292	(96,723)	(128,828)		
Nursing Homes	4,884,824	4,320,151	5,380,559	4,821,021	(495,735)	(500,871)	4,256,289	4,183,330
Other	1,072,748	1,046,385	1,130,859	1,120,228	(58,111)	(73,843)	1,052,560	1,024,147
Social Security & Welfare								
Aged & Disabled Services			34,782	14,225	(34,782)	(14,225)		
Families & Children	992,640	901,272	1,416,190	1,259,106	(423,551)	(357,834)	643,734	579,723
Other	97,073	123,304	127,186	179,400	(30,113)	(56,096)	88,944	105,937
Housing & Community Amenities								
Housing	51,330	55,613	61,339	84,306	(10,009)	(28,693)		
Town Planning	133,131	90,114	162,488	160,484	(29,356)	(70,370)	10,000	
Other Community Development								
Sanitation & Garbage		3,900	1,089,085	681,347	(1,089,085)	(677,447)		
Sewerage			245,815	236,052	(245,815)	(236,052)		
Urban Stormwater Drainage			219,687	161,316	(219,687)	(161,316)		
Other Community Amenities	676,014	672,424	1,697,328	1,574,179	(1,021,314)	(901,755)	203,760	89,787
Protection of the Environment			117,032	72,166	(117,032)	(72,166)		
Recreation & Culture								
Libraries	56,243	54,901	479,082	505,899	(422,839)	(450,999)	50,036	48,736
Other Cultural Services	218,548	79,526	632,148	517,792	(413,600)	(438,267)	1,247,710	17,624
Sport & Recreation	273,945	263,421	1,756,210	1,556,373	(1,482,264)	(1,292,952)	118,909	55,420
Fuel & Energy								
Agricultural Services			2,546	1,355	(2,546)	(1,355)		
Mining Manufacturing Construction								
Building Act	58,367	52,628	192,545	195,084	(134,178)	(142,456)		
Other								
Transport & Communication								
Road Construction and Maintenance								
Sealed Roads	732,086	748,214	2,107,474	1,992,424	(1,375,389)	(1,244,210)	508,963	511,160
Formed and Surfaced Roads								
Natural Surface Formed Roads			400,049	305,006	(400,049)	(305,006)		
Natural Surface Unformed Roads								
Bridges			37,253	32,425	(37,253)	(32,425)		
Footpaths			224,334	273,235	(224,335)	(273,235)		
Aerodromes	55,990	45,554	246,870	89,510	(190,880)	(43,956)		434,308
Parking			17,283	22,962	(17,283)	(22,962)		
Bus	13,299	12,266	37,949	44,696	(24,650)	(32,430)		
Other Transport								
Economic Affairs NEC	931,842	908,691	2,931,697	2,724,506	(1,999,854)	(1,815,814)	16,000	16,448
Other Purposes NEC								
Public Debt Transactions	153,605	224,083	544,575	435,258	(390,970)	(211,174)		
Other Purposes NEC	673,145	708,288	2,086,351	1,591,510	(1,413,206)	(883,222)	106,343	79,983
TOTALS	23,194,586	21,150,685	25,554,158	22,572,396	(2,359,571)	(1,421,710)	11,249,802	10,067,848

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 3 REVENUES**

RATES REVENUES	Notes	2008 \$	2007 \$
GENERAL RATES			
General Rates		8,040,172	7,394,299
Less Discretionary Rebates, remissions & write offs		<u>507,091</u>	<u>273,999</u>
		<u>7,533,081</u>	<u>7,120,300</u>
OTHER RATES			
Natural Resource Management Levy		162,245	41,340
Common Effluent Drainage		384,681	332,932
Waste Management Levy		<u>711,000</u>	<u>-</u>
		<u>1,257,925</u>	<u>374,272</u>
OTHER CHARGES			
Penalties for late payment		56,803	61,929
Legal & other costs recovered		<u>50,848</u>	<u>27,690</u>
		<u>107,651</u>	<u>89,619</u>
		<u>8,898,658</u>	<u>7,584,191</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 3 REVENUES (Continued)**

		2008	2007
STATUTORY CHARGES	Notes	\$	\$
Development Act Fees		58,367	52,628
Town Planning Fees		122,971	89,727
Animal Registration Fees		66,827	73,615
Parking Fines/expiation fees		41,091	54,540
Other Fines & Penalties		3,051	221
Sundry		<u>13,185</u>	<u>14,532</u>
		<u>305,492</u>	<u>285,262</u>
USER CHARGES			
Cemetery Fees		108,312	133,789
Halls Hire		21,964	22,292
Sales - General		419,164	374,533
Rentals		78,273	75,861
Fees		2,348,093	2,121,453
Sundry		<u>61,603</u>	<u>21,253</u>
		<u>3,037,409</u>	<u>2,749,182</u>
INVESTMENT INCOME			
Interest on Investments			
Local Government Finance Authority		151,877	221,734
Loans to community groups		<u>1,728</u>	<u>2,349</u>
		<u>153,605</u>	<u>224,083</u>
REIMBURSEMENTS			
Roadworks		212,460	220,569
Private Works		10,663	13,537
Other		<u>262,384</u>	<u>330,113</u>
		<u>485,507</u>	<u>564,219</u>
OTHER REVENUES			
Contributions from developers	21		
Insurance & other recouplements - property, plant & equipment		667,945	782,459
Rebates received			
Sundry		<u>528,878</u>	<u>508,249</u>
		<u>1,196,823</u>	<u>1,290,709</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 3 REVENUES (Continued)**

	2008	2007
Notes	\$	\$
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts specifically for new or upgraded assets	2,132,709	1,614,808
Other grants, subsidies and contributions	<u>9,117,092</u>	<u>8,453,040</u>
	<u>11,249,802</u>	<u>10,067,848</u>
 <i>The functions to which these grants relate are shown in Note 2.</i>		
 Sources of grants		
Commonwealth government	5,593,136	8,252,472
State government	<u>4,513,866</u>	<u>1,815,376</u>
	<u>11,249,802</u>	<u>10,067,848</u>

Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

<i>Unexpended at the close of the previous reporting period</i>	71,219	173,711
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	71,219	173,711
<i>Subtotal</i>	0	173,711
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>	40,646	71,219
<i>Subtotal</i>	40,646	71,219
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	40,646	71,219
 <i>Net increase (decrease) in restricted assets in the current reporting period</i>	 (30,573)	 (102,492)

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 4 EXPENSES**

	Notes	2008 \$	2007 \$
EMPLOYEE COSTS			
Salaries and Wages		10,187,884	9,567,925
Superannuation - defined contribution plan contributions	20	876,355	859,294
Workers' Compensation Insurance		405,996	348,756
Less: Capitalised and distributed costs		<u>(254,266)</u>	<u>(290,151)</u>
Total Operating Employee Costs		<u>11,215,970</u>	<u>10,485,824</u>
Total Number of Employees			
<i>(Full time equivalent at end of reporting period)</i>		198.4	202.2
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		7,000	5,800
- Other Services		-	-
Elected members' expenses		186,437	181,107
Election Expenses		2,919	32,083
Operating Lease Rentals - non cancellable leases	18		
- minimum lease payments		<u>179,587</u>	<u>149,056</u>
Total Prescribed Expenses		<u>375,943</u>	<u>368,046</u>
Other Materials, Contracts & Expenses			
Contractors		4,764,952	3,598,723
Energy		1,176,160	1,141,880
Legal Expenses		27,272	17,951
Levies paid to government - NRM Levy		149,111	38,874
Other levies		203,516	71,884
Parts, Accessories & Consumables		1,638,500	1,479,803
Professional Services		10,122	3,759
Communications		113,304	125,000
Contributions & Donations		53,121	100,409
Insurances		315,527	281,396
Rates & Taxes		69,208	59,238
Travel & Accommodation		54,190	36,074
Advertising		150,037	141,197
Subscriptions		52,570	53,881
Training		114,044	101,040
Postage Printing Stationery		132,194	104,236
Plant Hire		357,765	368,021
Bank Charges		55,574	46,233
Sundry		<u>1,015,185</u>	<u>1,027,933</u>
Total Other Materials, Contracts & Expenses		<u>10,492,162</u>	<u>8,797,533</u>
TOTAL MATERIALS, CONTRACTS & EXPENSES		<u>10,868,106</u>	<u>9,165,579</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 4 EXPENSES (cont)**

	Notes	2008 \$	2007 \$
FINANCE COSTS			
Interest on short-term borrowings		22,218	11,105
Interest on Loans		524,219	424,153
		<u>546,438</u>	<u>435,258</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		986,446	860,041
Infrastructure		1,383,241	1,302,213
Plant & Equipment		391,796	204,400
Furniture & Equipment		162,162	119,081
		<u>2,923,645</u>	<u>2,485,735</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5 GAIN OR LOSS ON DISPOSAL OF ASSETS

	2008	2007
	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	1,876,104	612,500
Less: Carrying amount of assets sold	<u>638,466</u>	<u>410,798</u>
Gain (Loss) on disposal	<u>1,237,638</u>	<u>201,702</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 6 CURRENT ASSETS**

	Notes	2008 \$	2007 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		171,779	113,567
Deposits at Call		1,959,886	1,630,185
		<u>2,131,665</u>	<u>1,743,752</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		930,311	552,724
Accrued Revenues		25,158	323,353
Debtors - General		615,267	673,330
GST Recoupment		660,655	100,823
Prepayments			24,300
Loans to community organisations		9,967	6,428
		<u>2,241,357</u>	<u>1,680,958</u>
Less: Allowance for Doubtful Debts		<u>250,125</u>	<u>119,487</u>
		<u>1,991,232</u>	<u>1,561,470</u>
INVENTORIES			
Stores & Materials		32,323	21,000
Trading Stock		126,101	110,723
		<u>158,424</u>	<u>131,723</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 7 NON-CURRENT ASSETS**

	2008	2007
	\$	\$
FINANCIAL ASSETS		
Receivables		
Loans to community organisations	13,674	24,810
	<u>13,674</u>	<u>24,810</u>
Less: Allowance for Doubtful Debts	<u> </u>	<u> </u>
TOTAL FINANCIAL ASSETS	<u>13,674</u>	<u>24,810</u>
OTHER NON-CURRENT ASSETS		
Capital Works-in-Progress	-	886,814
Nursing Home Bed Places	2,100,000	1,692,000
	<u>2,100,000</u>	<u>2,578,814</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2007 \$				2008 \$			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	5,503,500	46,720	-	5,550,220	5,394,220	-	-	5,394,220
Buildings & Other Structures	21,599,973	4,838,260	(1,720,082)	24,718,151	21,599,973	10,463,210	(2,706,528)	29,356,655
Infrastructure	27,806,606	2,603,329	(2,604,426)	27,805,509	27,806,606	4,014,541	(3,987,667)	27,833,480
Plant & Equipment	1,778,864	474,491	(303,170)	1,950,184	1,778,864	963,338	(694,967)	2,047,236
Furniture & Fittings	1,196,082	457,007	(238,162)	1,414,927	1,196,082	568,460	(400,324)	1,364,218
TOTAL PROPERTY, PLANT & EQUIPMENT	57,885,025	8,419,807	(4,865,840)	61,438,991	57,775,745	16,009,549	(7,789,486)	65,995,809
2007 Totals	57,960,025	3,667,866	(2,443,206)	59,184,685	57,885,025	8,419,807	(4,865,840)	61,438,991

	2007 \$						2008 \$
	CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
		NEW/UPRADE	RENEWALS				
Land	5,550,220	-	-	(156,000)	-	-	5,394,220
Buildings & Other Structures	24,718,151	5,624,950	-	-	(986,446)	(0)	29,356,655
Infrastructure	27,805,509	1,411,212	-	-	(1,383,241)	-	27,833,480
Plant & Equipment	1,950,184	-	971,314	(482,466)	(391,796)	-	2,047,236
Furniture & Fittings	1,414,927	111,453	-	-	(162,162)	-	1,364,218
TOTAL PROPERTY, PLANT & EQUIPMENT	61,438,991	7,147,615	971,314	(638,466)	(2,923,645)	-	65,995,809
2007 Totals	59,184,685	4,600,793	550,046	(410,798)	(2,485,735)	-	61,438,992

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 8 (Cont) INFRASTRUCTURE, PROPERTY , PLANT & EQUIPMENT

Valuation of Assets

At July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1,19 to retain previously established deemed cost under GAAP as it deemed cost for the purposes of AIFRS.

Plant, Furniture & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis

Land & Land Improvements

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June, 1995 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 119.16(c) are reviewed annually(see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Building & Other Structure assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2005 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure

Transportation assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2005 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2005 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community waste water management system infrastructure was valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2005 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are;

- CED Schemes 50 years
- Reclaimed Water Plant 30 years

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis.

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 9 LIABILITIES**

	Notes	2008 Current \$	2008 Non-Current \$	2007 Current \$	2007 Non-Current \$
TRADE & OTHER PAYABLES					
Goods & Services		1,978,607		789,112	
Payments received in advance		68,711		57,664	
Accrued expenses - employee entitlements		872,846		757,735	
Accrued expenses - other		250,625		213,977	
Aged Care Facility Deposits		925,101		907,193	
		<u>4,095,889</u>	<u>-</u>	<u>2,725,680</u>	<u>-</u>
BORROWINGS					
Bank Overdraft		(0)		440,055	
Loans - LGFA		<u>1,549,300</u>	<u>8,067,407</u>	<u>1,785,526</u>	<u>5,316,707</u>
		<u>1,549,300</u>	<u>8,067,407</u>	<u>2,225,580</u>	<u>5,316,707</u>
PROVISIONS					
Employee Entitlements (including oncosts)		<u>200,000</u>	<u>1,144,748</u>	<u>200,000</u>	<u>1,096,909</u>
		<u>200,000</u>	<u>1,144,748</u>	<u>200,000</u>	<u>1,096,909</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 10 RESERVES**

ASSET REVALUATION RESERVE	30/06/2007	Net Increments (Decrements)	Transfers on Sale	30/06/2008
Notes	\$	\$	\$	\$
Land	5,716,285			5,716,285
Land Improvements				
Buildings & Other Structures	18,298,807			18,298,807
Infrastructure	5,988,304			5,988,304
Roads, Bridges, Footpaths	19,199,242			19,199,242
Plant & Equipment	815,880			815,880
Nursing Home Bed Places	1,692,000	408,000		2,100,000
Total Infrastructure, Property, Plant & Equipment	51,710,518	408,000		52,118,518

PURPOSES OF RESERVES**Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets and available-for-sale financial assets.

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**NOTE 11 RECONCILIATION TO CASH FLOW STATEMENT****(a) Reconciliation of Cash**

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

	Notes	2008 \$	2007 \$
Total Cash Assets	6	2,131,665	1,743,752
Less: Short-term borrowings	BS	<u>(0)</u>	<u>440,055</u>
Balances per Statement of Cash Flows		<u>2,131,665</u>	<u>1,303,697</u>

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

Net Surplus (Deficit)		1,010,776	394,800
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,923,645	2,485,735
Change in allowances for under-recovery		130,638	(7,110)
Grants for Capital Acquisitions		(2,132,709)	(1,614,808)
Nursing Home Deposits treated as financing revenue		(97,158)	(284,262)
Net increase (decrease) in unpaid employee benefits		162,950	128,994
(Gain) Loss on Disposals		<u>(1,237,638)</u>	<u>(201,702)</u>
		<u>760,504</u>	<u>901,647</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(581,161)	(680,481)
Net (increase) decrease in inventories		(26,701)	3,817
Net (increase) decrease in other current assets		24,300	(24,300)
Net increase (decrease) in trade & other payables		<u>686,167</u>	<u>189,520</u>
Net Cash provided by (or used in) operations		<u>863,109</u>	<u>390,203</u>

(e) Financing Arrangements

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

Bank Overdrafts	2,200,000	1,500,000
Corporate Credit Cards	12,000	12,000

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

PORT AUGUSTA CITY COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12 FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Deposits

Terms & conditions: Deposits are returning fixed interest rates between 6% and 7% (2007: 5% and 6%). Short term deposits have an average maturity of 30 days and an average interest rates of 7% (2006: 30 days, 5.75%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for Charges (including legals & penalties for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. late payment)

Terms & conditions: Secured over the subject land, areas attract interest of 9.75% (2007:9.75%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying amount: approximates fair value (after deduction of any allowance).

Receivables - Fees & other charges Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying amount: approximates fair value (after deduction of any allowance).

Receivables - other levels of Accounting Policy: Carried at nominal value.
 government

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

Carrying amount: approximates fair value.

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

Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Retirement Home Accounting Policy: To avoid inconvenience when complying with the separate audit requirements Contributions imposed by the relevant legislation, amounts are carried at nominal values.

Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.

Liabilities - Interest Bearing Loans Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 5.99% and 7.48% (2007: 5.45% and 6.85%)

Carrying amount: approximates fair value.

Liabilities - Finance Leases Accounting Policy: accounted for in accordance with AASB 117.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

2008	Floating	Fixed interest maturing in		Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≥ 5 years		
	\$	\$	\$	\$	\$
Financial Assets					
Fair Value through P&L					
Cash Assets	2,124,959			6,706	2,131,665
Loans & Receivables					
Receivables		9,967	13,674	1,956,107	1,979,748
Total	2,124,959	9,967	13,674	-	4,111,413
<i>Weighted Average Interest Rate</i>	<i>6.41%</i>	<i>6.50%</i>	<i>6.50%</i>		
Financial Liabilities					
Loans & Receivables					
Payables				1,978,607	1,978,607
Short-term Borrowings	(0)				(0)
NHA Bonds				925,101	925,101
Borrowings	3,000,000	1,549,300	5,067,407	-	9,616,707
Total	3,000,000	1,549,300	5,067,407	-	12,520,415
<i>Weighted Average Interest Rate</i>	<i>8.25%</i>	<i>6.76%</i>	<i>6.76%</i>		
NET FINANCIAL ASSETS (LIABILITIES)					
	(875,041)	(1,539,333)	(5,053,733)	-	(8,409,002)

2007	Floating	Fixed interest maturing in		Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≥ 5 years		
	\$	\$	\$	\$	\$
Financial Assets					
Fair Value through P&L					
Cash Assets	1,737,931			5,821	1,743,752
Loans & Receivables					
Receivables		6,428	24,810	1,207,389	1,238,627
Total	1,737,931	6,428	24,810	-	2,982,379
<i>Weighted Average Interest Rate</i>	<i>5.63%</i>	<i>6.50%</i>	<i>6.50%</i>		
Financial Liabilities					
Loans & Receivables					
Payables				789,112	789,112
Short-term Borrowings	440,055				440,055
NHA Bonds				907,193	907,193
Borrowings		1,785,526	5,316,707	-	7,102,232
Total	440,055	1,785,526	5,316,707	-	9,238,591
<i>Weighted Average Interest Rate</i>	<i>10.50%</i>	<i>6.51%</i>	<i>6.51%</i>		
NET FINANCIAL ASSETS (LIABILITIES)					
	1,297,876	(1,779,098)	(5,291,896)	-	(6,256,212)

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

NET FAIR VALUE

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

RISK EXPSOURES

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Except as detailed in Notes 6 & 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair value of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market; and hence neither market risk or **currency risk** apply

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy(LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of Council's financial instruments- both assets and liabilities are at fixed rates. Any such variations in future cash flows will not be material in effect on either Council incomes or expenditures

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**Note 13 COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2008	2007
		\$	\$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		80,889	1,731,000
		<u>80,889</u>	<u>1,731,000</u>
These expenditures are payable:			
Not later than one year		80,889	1,731,000
Later than one year and not later than 5 years			
Later than 5 years			
		<u>80,889</u>	<u>1,731,000</u>
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		5,800	11,600
Waste Collection Contract		4,540,300	86,160
Refuse Reserve Contract		214,000	550,044
Parks & Gardens Contract		974,000	649,000
Cemetery Contract		299,700	
Cleaning Services		686,500	52,929
Catering Services		540,000	1,071,000
		<u>7,260,300</u>	<u>2,420,733</u>
These expenditures are payable:			
Less than one year		2,298,905	998,975
Not later than 5 years		4,961,395	1,421,758
		<u>7,260,300</u>	<u>2,420,733</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 14 FINANCIAL PERFORMANCE INDICATORS

	2008	2007	2006
Operating Surplus (Deficit)			
The operating surplus (deficit) before capital amounts.	(2,359,571)	(1,421,710)	(781,235)
Operating Surplus Ratio			
Adjusted Operating Surplus Rates - general & other			
This ratio expressed the operating surplus as a percentage of general rates and other rates, net of NRM levy.	(27.0%)	(18.8%)	(11.3%)
Net Financial Liabilities	10,920,774	8,234,845	5,867,168
Net Financial Liabilities are defined as total liabilities less financial assets(excluding equity accounted investments in Council businesses)			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u> Total Operating Revenue	47.4%	39.0%	29.0%
Interest Cover Ratio			
<u>Net Interest Expense</u> Total Operating Revenue less NRM levy less Investment Income	1.7%	1.0%	1.2%
Asset Sustainability Ratio			
<u>Net Asset Renewals</u> Depreciation Expense	15.5%	12.4%	25.1%
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.			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u> Gross value of depreciable assets	N/A	N/A	N/A
Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.			

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15 UNIFORM PRESENTATION OF FINANCES

The Local Government Association's General Meeting in March 2006 resolved that a high level summary of both operating and capital investment activities of each council be prepared on a uniform and consistent basis, thereby enabling more meaningful comparisons between councils. (This basis varies in some details from amounts shown elsewhere in these reports.)

It also is intended that annual budgets and long-term financial plans be summarised on the same basis.

A feature of the arrangement is that it facilitates the reporting of a standard set of key financial indicators of the Council's financial sustainability – all of which are shown in Note 16 above.

	2008 \$	2007 \$
Operating Revenues	23,194,586	21,150,685
less Operating Expenses	<u>(25,554,158)</u>	<u>(22,572,396)</u>
Operating Surplus / (Deficit) before Capital Amounts	<u>(2,359,571)</u>	<u>(1,421,710)</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	971,314	643,509
less Depreciation, Amortisation and Impairment	(2,923,645)	(2,485,735)
less Proceeds from Sale of Replaced Assets	<u>(519,566)</u>	<u>(334,798)</u>
	<u>(2,471,897)</u>	<u>(2,177,024)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	5,691,869	5,051,335
less Amounts specifically for New and Upgraded Assets	(2,132,709)	(1,614,808)
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>(1,356,538)</u>	<u>(277,702)</u>
	<u>2,202,622</u>	<u>3,158,825</u>
Net Lending / (Borrowing) for Financial Year	<u>(2,090,296)</u>	<u>(2,403,511)</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16 OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 3.

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items of computer equipment. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows: No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2008	2007
	\$	\$
Not later than one year	141,728	145,814
Later than one year and not later than 5 years	<u>130,652</u>	<u>255,111</u>
	<u>272,380</u>	<u>400,925</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17 SUPERANNUATION

The Council contributes to the Local Government Superannuation Scheme (the scheme) in respect of its employees to a defined benefit Superannuation Scheme established in respect of all municipalities in the State. In accordance with statutory requirements, the Council contributes to the scheme amounts determined by the scheme actuary. As such, assets accumulate in the scheme to meet members' benefits as they accrue. If the assets of the scheme were insufficient to satisfy benefits payable to its beneficiaries, the Council would be required to meet its share of the deficiency. The audited general purpose financial report of the scheme as at 30 June 2005, which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability of the Council has been recognised as at the reporting date in respect of Superannuation benefits for its employees. The general purpose financial report of the scheme discloses that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2005 by L.C. Brett, BSc., FIA, FIAA, and that the actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates are sufficient to meet members benefits as they accrue.

The amount of Superannuation contributions paid by the Council during the year was \$876,355 (2006/2007 \$859,294)

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 18 SEGMENT REPORTING

The Port Augusta City Council operates two Nursing Homes in the City being Nerrilda and A.M. Ramsay Village. This segment report has been produced to comply with the requirements of the Commonwealth Government, a major funding source

BUSINESS SEGMENTS	TOTAL	NURSING	OTHER	TOTAL	NURSING	OTHER
	COUNCIL	HOMES		COUNCIL	HOMES	
	2008	2008	2008	2007	2007	2007
	\$	\$	\$	\$	\$	\$
REVENUE						
Grants & Subsidies	9,117,092	3,434,289	5,682,803	8,453,040	3,013,830	5,439,210
User Charges	3,037,409	1,360,935	1,676,474	2,749,182	1,210,602	1,538,580
Reimbursements	485,507	27,874	457,633	564,219	17,759	546,460
Investment Income	153,605	23,900	129,705	224,083	28,240	195,843
Other Revenue	10,400,973	37,825	10,363,148	9,160,161	49,720	9,110,441
TOTAL REVENUE	23,194,586	4,884,824	18,309,763	21,150,685	4,320,151	16,830,534
EXPENDITURE						
Operating Costs	22,630,513	5,108,511	17,522,002	20,086,660	4,612,498	15,474,163
Depreciation	2,923,645	272,048	2,651,597	2,485,735	208,523	2,277,212
	25,554,158	5,380,559	20,173,599	22,572,395	4,821,021	17,751,375
Operating (Loss)/Surplus before Capital Revenues	(2,359,572)	(495,735)	(1,863,836)	(1,421,710)	(500,870)	(920,841)
Capital Revenues	3,370,347	822,000	2,548,347	1,816,510	1,169,500	647,010
RESULT						
Operating Result (Loss)/Surplus	1,010,776	326,265	684,511	394,800	668,630	(273,831)
ASSETS						
Current Assets	4,281,321	1,014,633	3,266,688	3,436,945	996,492	2,440,453
Non-Current Assets	66,009,483	9,360,499	56,648,984	62,350,615	7,052,677	55,297,938
Intangible Assets	2,100,000	2,100,000		1,692,000	1,692,000	
TOTAL ASSETS	72,390,804	12,475,132	59,915,672	67,479,560	9,741,169	57,738,391
LIABILITIES						
Current Liabilities	5,845,189	1,394,735	4,450,454	5,151,261	1,254,006	3,897,255
Non-Current Liabilities	9,212,155	2,625,110	6,587,045	6,413,616	1,574,648	4,838,968
TOTAL LIABILITIES	15,057,345	4,019,845	11,037,500	11,564,877	2,828,654	8,736,223
NET ASSETS	57,333,459	8,455,287	48,878,172	55,914,683	6,912,515	49,002,168

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I, Michael John Dunemann, the person for the time being occupying the position of Chief Executive Officer of the Port Augusta City Council, do hereby state the Financial Statements of the Council for the year ended 30 June, 2008 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 and the Local Government(Financial Management) Regulations 1999 made under that Act.

MICHAEL DUNEMANN
CITY MANAGER

Dated this day of 2008

**CHIEF EXECUTIVE OFFICER CERTIFICATE OF COMPLIANCE – AUDITOR
INDEPENDENCE**

I, Michael John Dunemann, the person for the time being occupying the position of Chief Executive Officer of the Port Augusta City Council, do hereby certify(for the purposes of Regulation 16A(2) of the Local Government(Financial Management) Regulations 1999, that the Council's auditor, John D Ewen, has not been engaged by the Council to provide services to the Council outside of the scope of the audit functions prescribed by the Local Government Act 1999.

MICHAEL DUNEMANN
CITY MANAGER

Dated this day of 2008

ADOPTION STATEMENT

Laid before the Port Augusta City Council and adopted on the 24th November, 2008

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Working Paper - RECONCILIATION OF GOVERNMENT GRANTS					
This schedule records all amounts received from other levels of Government, whether described as grants, subsidies or otherwise. All amounts (other than untied grants) are required to be held as cash or authorised investments until expended. (Amounts shown as negative are awaiting reimbursement to Council.)					
GRANTS (with discretion use)	Notes	Opening	Movements		Closing
		Balance 1 July 2007	Received/ Receivable	Expended	Balance 30 June 2008
		\$	\$	\$	\$
GENERAL PURPOSE (Untied)					
Grants Commission Grant - general purpose		0	2,946,553	2,946,553	0
Grants Commission Grant - roads funding		0	321,807	321,807	0
Roads to Recovery		0	187,156	187,156	0
Subtotal		0	3,455,516	3,455,516	0
SPECIFIC PURPOSE (Recurrent)					
Nerrida		0	2,319,002	2,319,002	0
Health Focus		0	182,344	182,344	0
Ramsay Village		0	1,115,287	1,115,287	0
Childcare Centre		0	262,187	262,187	0
HACC Funding		0	26,400	26,400	0
Substance Mis-Use Service		(2,162)	379,914	377,430	322
Youth Activities		0	62,544	62,544	0
Crime Prevention		0	123,134	123,134	0
Sobering Up Centre		(30,520)	482,500	454,750	(2,770)
Be Active Field Officer		0	41,500	41,500	0
NRFWRH Health Service		48,250	147,500	152,656	43,094
Special Needs Funding		0	234,047	234,047	0
Immunisation		0	7,802	7,802	0
Library Service		0	50,036	50,036	0
Outdoor Adv Centre		0	8,000	8,000	0
Misc		0	(1,186)	(1,186)	0
Subtotal		15,568	5,441,011	5,415,933	40,646
SPECIFIC PURPOSE (Non-Recurrent)					
Waste Management		0	29,343	29,343	0
Volunteers		55,651	40,312	95,963	0
Regional Centre for Culture		0	104,910	104,910	0
Wadlata		0	6,000	6,000	0
Country Music Club		0	10,000	10,000	0
Heritage Study		0	10,000	10,000	0
Parks & Gardens		0	20,000	20,000	0
Subtotal		55,651	220,565	276,216	0
TOTAL OPERATING GRANTS		71,219	9,117,092	9,147,665	40,646
2007 Totals		173,711			71,219
CAPITAL GRANTS					
SPECIFIC PURPOSE (Recurrent)					
Subtotal					
SPECIFIC PURPOSE (Non-Recurrent)					
Cultural Precinct		0	1,142,800	1,142,800	0
Ramsay		0	822,000	822,000	0
Childcare		0			0
Special Needs		0			0
Foreshore			77,000	77,000	
Irrigation Systems		0	90,909	90,909	0
Subtotal		0	2,132,709	2,132,709	0
TOTAL CAPITAL GRANTS		0	2,132,709	2,132,709	0
2007 Totals		0			0
Recognised as revenue in advance of expenditure		75,419			40,646
Current receivable - Other levels of Government	6				
		71,219			40,646

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL INDICATORS CALCULATOR	2008	2008	2007	2007
INDICATOR 1 - Operating Surplus				
Operating surplus/deficit before capital grants		(2,359,571)		(1,421,710)
INDICATOR 2 - Operating Surplus Ratio				
Operating Surplus		(2,359,571)		(1,421,710)
Divided by:				
Rate Revenues	8,898,658		7,584,191	
Less: NRM Levy	(162,245)	8,736,413	(41,340)	7,542,851
		(27.0%)		(18.8%)
INDICATOR 3 - Net Financial Liabilities				
Total Liabilities		15,057,345		11,564,877
Less:				
Current Cash & Equivalents	(2,131,665)		(1,743,752)	
Current Trade & Other Receivables	(1,991,232)		(1,561,470)	
Current other Financial Assets				
Non current Financial Assets	(13,674)	(4,136,571)	(24,810)	(3,330,032)
		10,920,774		8,234,845
INDICATOR 4 - Net Financial Liabilities Ratio				
Net Financial Liabilities		10,920,774		8,234,845
Divided by:				
Total Operating Revenue	23,194,586		21,150,685	
less: NRM Levy	(162,245)	23,032,342	(41,340)	21,109,345
		47.4%		39.0%
INDICATOR 5 - Interest Cover Ratio				
Finance Cost Expense	546,438		435,258	
Less: Investment Income	(153,605)	392,833	(224,083)	211,174
Total Operating Revenues	23,194,586		21,150,685	
Less: NRM Levy	(162,245)		(7,584,191)	
Less Investment Income	(153,605)	22,878,737	(224,083)	13,342,411
		1.72%		1.58%
INDICATOR 6 - Asset Sustainability Ratio				
Expenditure on renewal/replacement of assets	971,314		643,509	
Less: Sale of replaced assets	(519,566)	451,748	(334,798)	308,711
Depreciation, amortisation & impairment expense		2,923,645		2,485,735
		15.5%		12.4%
INDICATOR 7 - Asset Consumption Ratio				
Total carrying value of all IPP&E	65,995,809		61,438,991	
less Carrying Value of non-depreciable IPP&E	(5,394,220)	60,601,589	(5,550,220)	55,888,771
Total value of all IPP&E at cost	16,009,549		8,419,807	
Total value of all IPP&E at fair value	57,775,745		57,885,025	
Less: value of non-depreciable assets cost	0		(46,720)	
Less value of non-depreciable assets at fair value	(5,394,220)	68,391,074	(5,503,500)	60,754,612
		88.61%		91.99%