PortAugusta
CITY COUNCIL

Port Augusta City Council

FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

PORT AUGUSTA CITY COUNCIL

General Purpose Financial Report
for the year enede 30 June 2011

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ANNUAL FINANCIAL STATEMENTS

FOR THE YER ENDED 30 June 2011

CERTIFICATION OF FINANCIAL STATEMENTS

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

- The accompanying financial statements comply with *the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and* Australian Accounting Standards.
- The financial statements present a true and fair view of the Council's financial position at 30 June, 2011 and the results of it's operations and cash flows for the financial year.
- Internal controls implemented by the Council provide reasonable assurance that the Council's financial records are complete, accurate and relaiable and were effective throughout the financial year.
- The financial statements accurately reflect the Council's accounting and other records.

G.J. PERKIN
CITY MANAGER

N.J. BALUCH
MAYOR

Date: 6/11/2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
INCOME			
Rates	3	12,676,948	10,979,030
Statutory charges	3	225,473	245,871
User charges	3	3,910,366	3,506,068
Grants, Subsidies & Contributions	3	10,223,482	9,604,869
Investment Income	3	62,052	83,861
Reimbursements	3	477,166	363,258
Other Income	3	1,523,057	1,257,654
TOTAL INCOME		29,098,544	26,040,610
EXPENSES			
Employee Costs	4	13,713,776	12,782,238
Materials, Contracts & Other Expenses	4	12,493,808	12,229,172
Finance Costs	4	629,076	616,895
Depreciation, Amortisation & Impairment	4	6,379,211	2,830,774
TOTAL EXPENSES		33,215,872	28,459,079
OPERATING SURPLUS / (DEFICIT)		(4,117,328)	(2,418,469)
Asset disposal and fair vaue adjustments	5	324,366	890,289
Amounts received specifically for new or upgraded assets	3	204,000	698,403
NET SURPLUS/(DEFICIT) transferred to Equity Statement		(3,588,962)	(829,777)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		74,717,531	49,455,574
TOTAL OTHER COMPREHENSIVE INCOME		74,717,531	49,455,574
TOTAL COMPREHENSIVE INCOME		71,128,569	48,625,797

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

BALANCE SHEET
FOR YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,624,957	2,212,077
Trade & other receivables	6	1,540,465	1,553,001
Inventories	6	153,342	150,092
Total Current Assets		4,318,763	3,915,170
Non-current Assets			
Financial Assets	7	-	(0)
Infrastructure, Property, Plant & Equipment	8	192,518,591	118,592,712
Other Non-current Assets	7	2,100,000	2,106,196
Total Non-current Assets		194,618,591	120,698,907
TOTAL ASSETS		198,937,354	124,614,077
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	5,287,927	3,729,835
Borrowings	9	2,723,003	3,796,504
Provisions	9	1,312,931	1,132,000
Total Current Liabilities		9,323,862	8,658,339
Non-current Liabilities			
Borrowings	9	12,629,049	10,006,016
Provisions	9	230,668	324,516
Total Non-current Liabilities		12,859,717	10,330,532
TOTAL LIABILITIES		22,183,578	18,988,871
NET ASSETS		176,753,776	105,625,206
EQUITY			
Accumulated Surplus		462,153	4,051,114
Asset Revaluation Reserve	10	176,291,623	101,574,092
TOTAL EQUITY		176,753,776	105,625,206

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

2011	Notes	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
Balance at end of previous reporting period		4,051,115	101,574,092	105,625,207
Net Surplus/ (Deficit) for year		(3,588,962)		(3,588,962)
Balance at end of period		462,153	101,574,092	102,036,245
Gain on revaluation of property, plant & equipment	10		74,717,531	74,717,531
Balance at end of period		462,153	176,291,623	176,753,776

2010	Notes			
Balance at end of previous reporting period		4,880,892	52,118,518	56,999,409
Net Surplus/ (Deficit) for year		(829,777)		(829,777)
Balance at end of period		4,051,115	52,118,518	56,169,632
Gain on revaluation of property, plant & equipment	10		49,455,574	49,455,574
Balance at end of period		4,051,114	101,574,092	105,625,206

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts		29,102,542	25,350,880
Investment Receipts		62,052	83,861
Payments			
Operating Payments to suppliers & employees		(24,986,290)	(25,269,584)
Finance Payments		(698,198)	(578,507)
Net Cash provided by (or used in) Operating Activities		**3,480,106**	**(413,350)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		204,000	698,403
Sale of replaced assets		375,197	215,546
Sale of surplus assets		459,218	936,000
Repayments of loans by community groups		3,468	11,452
Payments			
Expenditure on renewal/replacement of assets		(4,265,903)	(1,774,914)
Expenditure on new/upgraded assets		(1,880,765)	(2,918,163)
Loans made to community groups		-	-
Net Cash provided by (or used in) Investing Activities		(5,104,785)	(2,831,676)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		5,350,000	3,600,000
Proceeds from Aged Care Facility deposits		1,189,958	960,123
Payments			
Repayments of Borrowings		(2,291,257)	(1,891,099)
Repayment of Aged Care Facility deposits		(701,929)	(1,383,352)
Net Cash provided by (or used in) Financing Activities		3,546,772	1,285,672
Net Increase (Decrease) in cash held		1,922,093	(1,959,354)
Cash & cash equivalents at beginning of period		702,865	2,662,218
CASH & CASH EQUIVALENTS AT END OF PERIOD		2,624,957	702,865

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

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 Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by the Council by certificate under Regulation 14 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 Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.1.4 Rounding

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

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

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

Where grants, contributions and donations recognised as income 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 Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999 (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 12.

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.

6.0 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised as cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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.

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council 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

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. 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.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure and 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
Reclaimed Water Plant & Irrigation System	30 years
CED Schemes	50 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

6.5 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.

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

7.0 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 oncost) 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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme and to Hesta Super Fund. The Local Governent Superannuation Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting

policies applied and Council's involvement with the schemes are reported in Note 17.

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 lessor 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.

13.0 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2011 reporting period.

AASB 1	*First time adoption of Australian Accounting Standards*
AASB 3	*Business Combinations*
AASB 5	*Non-current Assets Held for Sale and Discontinued Operations*
AASB 7	*Financial Instruments: Disclosures*
AASB 8	*Operating Segments*
AASB 9	*Financial Instruments*
AASB 101	*Presentation of Financial Statements*
AASB 107	*Statement of Cash Flows*
AASB 108	*Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 110	*Events after Reporting Period*
AASB 118	*Revenue*
AASB 119	*Employee Benefits*
AASB 132	*Financial Instruments: Presentation*
AASB 137	*Provisions, Contingent Liabilities and Contingent Assets*
AASB 139	*Financial Instruments: Recognition and Measurement*
AASB 140	*Investment Property*
AASB 1031	*Materiality*
AASB 2009-11	*Amendments to Australian Accounting Standards arising*

	from AASB 9[AASB 1,3 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
AASB 2009-12	*Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]*
AASB 2010-4	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]*
AASB 2010-5	*Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140,1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]*
AASB 2010-6	*Amendments to Australian Accounting Standards [AASBs 1 & 7]*
AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*
Interpretation 14	*AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

(Standards not affecting Local Government have been excluded from the above list)

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.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

NOTE 2 FUNCTIONS AND ACTIVITIES OF THE COUNCIL

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES							
	INCOME		EXPENSES		SURPLUS/(DEFICIT)		GRANTS INCLUDED IN INCOME	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Administration								
City Management & Economic Development	2,923,939	2,952,224	518,117	912,170	2,405,821	2,040,055	2,922,648	2,907,112
Human Resource Management & Records Management	384,985	258,455	201,217	275,403	183,767	(16,948)		
Financial & Customer Services	11,018,857	9,501,735	380,380	689,492	10,638,477	8,812,243		
Information Technology			643,354	447,277	(643,354)	(447,277)		
Pubic Order & Safety								
General Inspection	137,766	119,769	261,632	225,358	(123,866)	(105,589)		
Other General Services	64,957	44,380	32,984	27,421	31,972	16,959	43,000	
Health Services								
Substance Misuse Service	505,067	402,202	401,981	405,062	103,086	(2,860)	505,067	402,202
Sobering Up Unit	543,789	515,932	603,392	551,106	(59,604)	(35,174)	543,200	515,100
Nerrilda Nursing Home	3,269,084	3,165,853	4,270,015	3,947,083	(1,000,931)	(781,230)	2,488,588	2,436,404
A.M. Ramsay Village	2,916,777	2,731,986	3,473,144	2,844,073	(556,367)	(112,088)	1,738,109	1,682,592
OPALProgram	47,276	55,127	92,132	34,561	(44,856)	20,566	45,007	54,500
Immunisation Program	7,961	21,465	10,160	15,128	(2,200)	6,337	7,825	21,306
Environmental Health	1,062	1,047	145,876	132,737	(144,814)	(131,691)		
Social Security & Welfare								
Health Focus	222,135	211,476	239,128	230,720	(16,993)	(19,243)	203,843	192,775
Childcare Service	647,286	719,053	1,063,210	966,691	(415,924)	(247,638)	222,218	255,406
Special Needs Program	419,361	409,685	622,436	504,824	(203,075)	(95,139)	392,810	386,113
DVA Shed Program	54,002	48,053	67,172	51,488	(13,170)	(3,435)	39,480	35,816
Youth Activities Service	12,165	5,228	63,795	54,805	(51,630)	(49,577)	3,000	3,000
Ageing/Disability Planning			45,986	41,849	(45,986)	(41,849)		
Senior Citizens Centre			30,428	13,665	(30,428)	(13,665)		
Housing & Community Amenities								
City Planning	72,960	101,197	242,662	266,132	(169,702)	(164,935)		
Projects & Events	1,900	7,623	196,345	215,929	(194,445)	(208,306)		
Community Harmony Program	180,335		14,702	17,125	165,633	(17,125)	102,335	
Community Donations			35,323	18,463	(35,323)	(18,463)		
Community Safety Program	71,000	71,500	274,535	252,103	(203,535)	(180,603)	71,000	70,500
Community Bus Service	14,592	15,355	65,222	50,222	(50,629)	(34,868)		
Halls	5,779	6,544	250,997	87,112	(245,218)	(80,568)		
Civic Centre			401,348	176,450	(401,348)	(176,450)		
Housing	45,033	47,304	80,422	63,784	(35,389)	(16,479)		
Cemeteries	202,513	188,516	254,460	242,915	(51,947)	(54,399)		
Sanitation & Garbage	1,150,042	1,055,556	1,546,780	1,497,583	(396,739)	(442,027)		
Foreshores	13,407		297,211	75,533	(283,803)	(75,533)		
Public Conveniences			83,203	78,134	(83,203)	(78,134)		
Street Lighting			310,896	255,274	(310,896)	(255,274)		
Lakes Management			33,184	42,384	(33,184)	(42,384)		
Other Property & Services	227,497	140,579	285,649	128,291	(58,152)	12,288	83,150	69,500
Stormwater Drainage			186,451	169,165	(186,451)	(169,165)		
Central Oval Reclaimed Water Plant			135,943	161,825	(135,943)	(161,825)		
Effluent Drainage	559,910	469,706	342,309	252,910	217,601	216,795		
Protection of the Enironment								

NOTE 2 FUNCTIONS (continued)

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS &							
	INCOME		EXPENSES		SURPLUS/(DEFICIT)		GRANTS INCLUDED IN INCOME	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Recreation & Culture								
Library & Information Service	66,954	57,468	568,540	521,565	(501,586)	(464,097)	55,429	54,874
Fountain Gallery	1,993	1,037	39,835	17,130	(37,843)	(16,093)		
Cultural Centre	80,466	68,210	513,194	530,371	(432,728)	(462,160)	4,200	8,490
Active Field Officer & Aquatic Centre Program	113,133	88,775	269,629	212,542	(156,496)	(123,766)	62,900	23,000
Ryan Mitchell Swimming Centre	162,336	175,374	567,725	373,105	(405,389)	(197,731)		
Be Active Community Centre	15,094	11,682	51,644	21,873	(36,550)	(10,190)		
Junior Sports Foundation	1,595	3,643	22,907	21,994	(21,312)	(18,351)		
Sporting Clubs			7,372	7,742	(7,372)	(7,742)		
Parks & Gardens & Playgrounds	93,160	2,652	869,837	1,113,736	(776,677)	(1,111,084)	91,450	
Ovals	3,013	6,409	571,802	512,514	(568,789)	(506,105)		
ETSA Oval Complex			107,760	139,451	(107,760)	(139,451)		
Mining Manufacturing & Construction								
Building Act	37,819	53,191	215,463	198,353	(177,644)	(145,162)		
Transport & Communication								
Aerodromes	163,817	118,079	354,615	86,640	(190,798)	31,438		
Maintenance of Roads, Bridges etc	793,360	564,127	4,038,141	1,981,504	(3,244,781)	(1,417,378)	574,932	407,925
Street Sweeping			91,451	86,392	(91,451)	(86,392)		
Footpaths			202,120	244,158	(202,120)	(244,158)		
Parking			9,171	20,103	(9,171)	(20,103)		
Economic Affairs								
Regional & Economic Development Related Projects	79,610	58,521	738,642	1,053,173	(659,032)	(994,652)		30,000
Wadlata Interpretive Centre	154,750	135,529	535,280	431,409	(380,530)	(295,880)		
Wadlata Retail Centre	266,514	231,264	399,111	341,577	(132,597)	(110,313)		
Wadlata Visitor Information Centre	14,052	27,593	19,798	11,142	(5,747)	16,452		6,000
Wadlata Outback Tucker Box	214,271	198,542	212,962	215,848	1,308	(17,306)	1,833	
Arid Lands Garden Interpretive Centre	449,490	348,400	581,454	455,588	(131,964)	(107,188)	2,000	
Arid Lands Garden Operation	3,421	38,511	336,278	286,389	(332,857)	(247,878)		5,150
Arid Lands Nursery Operation	118,541	52,533	210,198	99,949	(91,658)	(47,416)		
Information Bays			2,483	10,731	(2,483)	(10,731)		
Public Debt Transactions								
Treasury - Debt Servicing	2,052	54,398	678,841	488,490	(676,789)	(434,092)		
Other Purposes NEC								
Machinery Operating	541,668	477,118	617,734	803,704	(76,066)	(326,586)	19,459	16,104
Depot & Nursery			1,377,528	937,596	(1,377,528)	(937,596)		
Engineering Services			800,171	672,288	(800,171)	(672,288)		
Other NEC				139,773		(139,773)		21,000
TOTALS	**29,098,544**	**26,040,610**	**33,215,872**	**28,459,079**	(4,117,328)	(2,418,469)	**10,223,482**	**9,604,869**

NOTE 3 INCOME

RATES REVENUES	Notes	2011 $	2010 $
GENERAL RATES			
General Rates		12,139,009	10,267,233
Less Mandatory Rebates		41,114	41,114
Less Discretionary Rebates, remissions & write offs		1,555,936	1,157,404
		10,541,958	9,068,715
OTHER RATES (INCLUDING SERVICE CHARGES)			
Natural Resource Management Levy		262,980	237,277
Community Waste Water Management Systems		559,910	469,706
Waste Management Levy		1,150,042	1,055,556
		1,972,932	1,762,539
OTHER CHARGES			
Penalties for late payment		86,351	66,952
Legal & other costs recovered		75,707	80,824
		162,058	147,776
		12,676,948	10,979,030

NOTE 3 INCOME (Continued)

	Notes	2011 $	2010 $
STATUTORY CHARGES			
Development Act Fees		37,592	53,191
Town Planning Fees		69,896	100,412
Animal Registration Fees & Fines		96,457	69,945
Parking Fines/expiation fees		9,275	11,403
Other Fines & Penalties		-	-
Sundry		12,254	10,920
		225,473	245,871
USER CHARGES			
Cemetery Fees		167,225	159,912
Halls Hire		26,060	22,007
Sales - General		671,977	584,530
Rentals		41,033	47,304
Nursing Home Fees		1,781,898	1,662,178
Childcare Fees		414,727	452,540
Swimming Pool & Aquatic Centre Fees		162,308	174,877
Wadlata Interpretive Centre Fees		166,452	149,343
Other Fees		463,425	222,112
Sundry		15,261	31,262
		3,910,366	3,506,068
INVESTMENT INCOME			
Interest on Investments			
Local Government Finance Authority		61,999	83,213
Loans to community groups		53	647
		62,052	83,861
REIMBURSEMENTS			
For Roadworks		207,379	112,953
For Private Works		11,048	43,249
Other		258,739	207,057
		477,166	363,258
OTHER INCOME			
Insurance & other recoupments - infrastructure		878,885	689,392
Sundry		644,173	568,262
		1,523,057	1,257,654

NOTE 3 INCOME (Continued)

	Notes	2011 $	2010 $
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		204,000	698,403
Other grants, subsidies and contributions		10,223,482	9,604,869
		10,427,482	10,303,272
The functions to which these grants relate are shown in Note 2.			
Sources of grants			
Commonwealth government		5,842,688	5,741,787
State government		4,584,794	4,561,485
		10,427,482	10,303,272
INDIVIDUALLY SIGNIFICANT ITEMS			
Conditions over grants & contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		*43,819*	*784,446*
Less: expended during the current period from revenues recognised in previous reporting periods		*43,819*	*740,627*
Subtotal		*0*	*43,819*
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		*58,529*	
Subtotal		*58,529*	*0*
Unexpended at the close of this reporting period and held as restricted assets		*58,529*	*43,819*
Net increase (decrease) in restricted assets in the current reporting period		*14,710*	*(740,627)*

NOTE 4 EXPENSES

	Notes	2011 $	2010 $
EMPLOYEE COSTS			
Salaries and Wages		11,361,103	10,601,890
Employee Leave Expenses		1,269,538	1,210,192
Superannuation - Defined Contribution Plan Contributions	17	614,240	614,473
Superannuation - Defined Benefit Plan Contributions	17	278,251	278,251
Superannuation - Other	17	234,101	148,682
Workers Compensation Insurance		489,030	409,708
Less: Capitalised and distributed costs		(532,486)	(480,959)
Total Operating Employee Costs		13,713,776	12,782,238
Total Number of Employees			
(Full time equivalent at end of reporting period)		216.0	205.5
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		15,000	14,600
Bad and Doubtful Debts		-	1,562
Elected members' expenses		201,050	203,073
Election Expenses		38,509	2,999
Operating Lease Rentals - non cancellable leases	16		
- minimum lease payments		274,693	333,289
Sub Total Prescribed Expenses		529,252	555,522
Other Materials, Contracts & Expenses			
Contractors		4,976,553	5,465,529
Energy		1,482,829	1,415,276
Legal Expenses		74,054	192,219
Levies paid to government - NRM Levy		244,959	209,981
Other levies		66,338	193,087
Parts, Accessories & Consumables		1,989,463	1,955,071
Professional Services		39,461	22,064
Communications		195,987	127,983
Contributions & Donations		51,084	69,793
Insurances		406,815	378,588
Rates & Taxes		74,741	65,713
Travel & Accommodation		63,512	54,028
Affiliations		364	351
Advertising		155,011	170,648
Subscriptions		86,131	76,117
Training		121,562	106,394
Postage Printing Stationery		97,734	113,593
Plant Hire		398,160	330,732
Bank Charges		52,241	48,506
Sundry		1,387,558	677,979
Sub Total Other Materials, Contracts & Expenses		11,964,556	11,673,650
TOTAL MATERIALS, CONTRACTS & EXPENSES		12,493,808	12,229,172

NOTE 4 EXPENSES (cont)

	Notes	2011 $	2010 $
FINANCE COSTS			
Interest on overdraft & short-term borrowings		22,401	20,593
Interest on Loans		606,675	596,302
		629,076	616,895
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		2,058,688	1,082,530
Infrastructure		3,349,589	1,350,616
Plant & Equipment		445,808	224,321
Furniture & Equipment		525,126	173,307
		6,379,211	2,830,774

NOTE 5 ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Notes	2011 $	2010 $
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Assets renewed or directly replaced			
Proceeds from disposal		834,415	215,546
Less: Carrying amount of assets sold		510,049	261,257
Gain (Loss) on disposal		324,366	(45,711)
Assets surplus to requirements			
Proceeds from disposal		-	936,000
Gain (Loss) on disposal		**-**	**936,000**
NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		324,366	890,289

NOTE 6 CURRENT ASSETS

	Notes	2011 $	2010 $
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		116,902	39,092
Deposits at Call		2,508,055	2,172,985
		2,624,957	2,212,077
TRADE & OTHER RECEIVABLES			
Rates - General & Other		813,028	563,999
Accrued Revenues		191,896	179,268
Debtors - General		24,822	235,886
Other levels of Government		489,801	368,574
GST Recoupment		172,707	347,605
Prepayments			15,340
Loans to community organisations			3,468
		1,692,255	1,714,140
Less: Allowance for Doubtful Debts		151,790	161,139
		1,540,465	1,553,001
INVENTORIES			
Stores & Materials		25,034	20,489
Trading Stock		128,307	129,603
		153,342	150,092

NOTE 7 NON-CURRENT ASSETS

	Notes	2011 $	2010 $
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		-	6,196
Nursing Home Bed Places		2,100,000	2,100,000
TOTAL OTHER NON-CURRENT ASSETS		2,100,000	2,106,196

NOTE 8 **INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2010 $				2011 $			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	10,229,500	-	-	10,229,500	10,098,523	84,025	-	10,182,548
Buildings & Other Structures	106,912,709	949,902	(37,115,463)	70,747,148	107,862,611	1,248,553	(39,174,151)	69,937,012
Infrastructure	27,806,606	9,797,776	(6,771,733)	30,832,649	147,829,375	3,685,570	(44,949,865)	106,565,081
Plant & Equipment	7,366,751	765,942	(3,494,375)	4,638,318	6,493,853	859,218	(3,359,335)	3,993,736
Furniture & Fittings	4,755,605	140,051	(2,750,558)	2,145,098	4,895,656	220,243	(3,275,684)	1,840,215
TOTAL PROPERTY, PLANT & EQUIPMENT	157,071,171	11,653,670	(50,132,129)	118,592,712	277,180,018	6,097,608	(90,759,035)	192,518,591
2010 Totals	*57,755,745*	*20,373,121*	*(10,651,630)*	*67,477,236*	*157,071,171*	*11,653,670*	*(50,132,129)*	*118,592,712*

NOTE 8 Continued **INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2010 $						2011 $
	CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
		NEW/UPRADE	RENEWALS				
Land	10,229,500	84,025	-	(130,977)		-	10,182,548
Buildings & Other Structures	70,747,147	1,201,674	46,879	-	(2,058,688)	-	69,937,012
Infrastructure	30,832,649	1,048,732	2,636,838	-	(3,349,589)	75,396,451	106,565,080
Plant & Equipment	4,638,318	-	859,218	(379,072)	(445,808)	(678,920)	3,993,736
Furniture & Fittings	2,145,098	-	220,243	-	(525,126)	-	1,840,215
TOTAL PROPERTY, PLANT & EQUIPMENT	118,592,712	2,334,431	3,763,178	(510,049)	(6,379,211)	74,717,531	192,518,592
2010 Totals	*67,477,236*	*2,966,433*	*1,785,500*	*(261,257)*	*(2,830,774)*	*49,455,574*	*118,592,712*

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 . With subsequant additions at cost, this remains as the basis of recognition of non-mateterial asset classes.

Plant, Furniture & Equipment

Plant & Furniture & Equipment assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Land & Land Improvements

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

Land assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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, 2010 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, 2010 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 Tonkins Consulting at written down current replacement cost during the reporting period ended 30 June, 2010 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, 2010 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.

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

NOTE 9 LIABILITIES

	Notes	2011 Current $	2011 Non-Current $	2010 Current $	2010 Non-Current $
TRADE & OTHER PAYABLES					
Goods & Services		1,678,201		996,200	
Payments received in advance		82,422		10,100	
Accrued expenses - employee entitlements		1,057,454		941,040	
Accrued expenses - other		705,072		505,746	
Aged Care Facility Deposits		1,764,777		1,276,749	
		5,287,927	-	3,729,835	-
Amounts included in provisions that are not expected to be settled within 12 months of the reporting date.		800,000		702,000	
BORROWINGS					
Bank Overdraft		0		1,509,212	
Loans - LGFA		2,723,003	12,629,049	2,287,292	10,006,016
		2,723,003	12,629,049	3,796,504	10,006,016

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

PROVISIONS				
Employee Entitlements (including oncosts)	1,312,931	230,668	1,132,000	324,516
	1,312,931	230,668	1,132,000	324,516
Amounts included in provisions that are not expected to be settled within 12 months of the reporting date.	1,162,931		998,820	

NOTE 10 RESERVES

ASSET REVALUATION RESERVE	Notes	30/06/2010	Net Increments (Decrements)	Transfers on Sale	30/06/2011
		$	$	$	$
Land		10,571,565			10,571,565
Land Improvements					
Buildings & Other Structures		59,971,279	-		59,971,279
Infrastructure		5,988,304	75,396,451		81,384,755
Roads, Bridges, Footpaths		19,199,242			19,199,242
Plant & Equipment		2,817,289	(678,920)		2,138,369
Furniture & Fittings		926,413	-		926,413
Nursing Home Bed Places		2,100,000			2,100,000
Total Infrastructure, Property, Plant & Equipment		101,574,092	74,717,531		176,291,623

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.

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	2011 $	2010 $
Total Cash & Eqivalent Assets	6	2,624,957	2,212,077
Less: Short-term borrowings	BS	0	1,509,212
Balances per Statement of Cash Flows		2,624,956	702,865

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

Net Surplus (Deficit)	(3,588,962)	(829,777)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,379,211	2,830,774
Change in allowances for under-recovery	(9,349)	(87,992)
Grants for capital acquistions treated as investing activity	(204,000)	(698,403)
Nursing Home Deposits treated as financing revenue	(488,029)	423,229
Net increase (decrease) in unpaid employee benefits	203,497	148,613
Net (Gain) Loss on Disposals	(324,366)	(890,289)
	1,968,002	896,155
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	18,417	(502,000)
Net (increase) decrease in inventories	(3,250)	(9,140)
Net increase (decrease) in trade & other payables	1,496,936	(798,365)
Net Cash provided by (or used in) operations	3,480,105	(413,350)

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts	700,000	700,000
Local Government Finance Authority Overdraft	1,500,000	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.

NOTE 12 FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	**Accounting Policy:** Carried at lower of cost and net realiseable value; Interest is recognised when earned. **Terms & conditions:** Deposits are returning fixed interest rates between 4.5% and 4.75% (2010: 2.75% and 4.5%). Short term deposits have an average maturity of *30* days and an average interest rates of 3.7% (2010: 30 days, 3.7%). **Carrying amount:** approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. **Terms & conditions:** Secured over the subject land, arrears attract interest of 9.0% (2010:7.0%) 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 government	**Accounting Policy:** Carried at nominal value. **Terms & conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State. **Carrying amount:** approximates fair value.
Receivables - Retirement Home Contributions	**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:** 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 Contributions	**Accounting Policy:** To avoid inconvenience when complying with the separate audit requirements 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 ar**e** repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.33% 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.

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

2011		Due ≤ 1 year	Due > 1 year ≥ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		$	$	$	$	$
Cash & Equivalents		2,624,957			2,624,957	2,624,957
Receivables		1,540,465			1,540,465	1,540,465
Other Financial Assets					-	-
	Total	4,165,421	-	-	4,165,421	4,165,421
Financial Liabilities						
Payables		1,678,201			1,678,201	1,678,201
Short-term Borrowings		0			0	0
NHA Bonds		1,764,777			1,764,777	1,764,777
Borrowings		2,723,003	12,629,049	-	15,352,052	15,352,052
	Total	6,165,982	12,629,049	-	18,795,031	18,795,031

2010		Due ≤ 1 year	Due > 1 year ≥ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		$	$	$	$	$
Cash & Equivalents		2,212,077			2,212,077	2,212,077
Receivables		1,553,001			1,553,001	1,553,001
Other Financial Assets					-	-
	Total	3,765,078	-	-	3,765,078	3,765,078
Finacial Liabilities						
Payables		996,200			996,200	996,200
Short-term Borrowings		1,509,212			1,509,212	1,509,212
NHA Bonds		1,276,749			1,276,749	1,276,749
Borrowings		2,287,292	10,006,016	-	12,293,309	12,293,309
	Total	6,069,453	10,006,016	-	16,075,470	16,075,470

The following interest rates were applicable to Council's borrings at balance day.

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
Overdraft	10.55	0	10.55	1,509,212
Other Variable Rates	6.25	7,350,000	5.50	2,000,000
Fixed Interest Rates	5.93	8,002,052	5.93	10,293,309
		15,352,052		13,802,521

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 EXPOSURES

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

Market Risk is the risk that fair value of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dolllars 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

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

Note 13 COMMITMENTS FOR EXPENDITURE

	Notes	2011 $	2010 $
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings & Structures			596,200
		-	596,200
These expenditures are payable:			
Less than 1 year			596,200
Later than one year and not later than 5 years			
Later than 5 years			
		-	596,200
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		75,000	12,000
Waste Collection Contract		3,858,365	5,098,125
Refuse Reserve Contract		2,956,452	2,029,445
Parks & Gardens Contract		1,781,512	1,807,755
Cemetery Contract		302,969	328,895
Cleaning Services		503,339	837,840
Catering Services		2,870,323	3,300,000
		12,347,960	13,414,060
These expenditures are payable:			
Less than one year		2,801,976	2,692,412
Not later than 5 years		9,545,984	10,721,648
		12,347,960	13,414,060

Note 14 FINANCIAL PERFORMANCE INDICATORS

	2011	2010	2009
These financial indicators are calculated in accordance with the procedures set out in in*formation Paper 9 - Local Government Financial Indicators* prepared for the LGA Financial Sustainability Program. Reference should be made to that document for further information and explanations, including the use of the Indicators.			
Operating Surplus	(4,117,328)	(2,418,469)	(1,620,351)
Operating Surplus (*without FAG prepayment*)			(24,353)
Being the operating surplus (deficit) before capital amounts.			
Operating Surplus Ratio	(33.2%)	(22.5%)	(16.4%)
Adjusted Operating Surplus / Rates - general & other less NRM levy			
This ratio expressesd the operating surplus as a percentage of general rates and other rates, net of NRM levy.			
Net Financial Liabilities	18,018,157	15,223,794	12,718,779
Net Financial Liabilities are defined as total liabilities less financial assets(excluding equity accounted investments in Council businesses)			
Net Financial Liabilities Ratio	62.5%	59.0%	49.7%
Net Financial Liabilities / Total Operating Revenue Less NRM Levy			
Interest Cover Ratio			
Net Interest Expense / Total Operating Revenue less NRM levy less Investment Income	2.0%	2.1%	1.7%
Asset Sustainability Ratio			
Net Asset Renewals / Depreciation Expense	61.0%	55.1%	10.4%
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			
Carrying value of depreciable assets / Gross value of depreciable assets	67%	N/A	N/A
Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumualted depreciation.			

NOTE 15 UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a uniform and consistent basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2011 $	2010 $
Income	29,098,544	26,040,610
less Expenses	(33,215,872)	(28,459,079)
	(4,117,328)	(2,418,469)
***less* Net Outlays on Existing Assets**		
Capital Expenditure on renewal and replacement of Existing Assets	4,265,903	1,774,914
less Depreciation, Amortisation and Impairment	(6,379,211)	(2,830,774)
less Proceeds from Sale of Replaced Assets	(375,197)	(215,546)
	(2,488,505)	(1,271,406)
***less* Net Outlays on New and Upgraded Assets**		
Capital Expenditure on New and Upgraded Assets *(Including investment property & real estate developments)*	1,880,765	2,918,163
less Amounts specifically for New and Upgraded Assets	(204,000)	(698,403)
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	(459,218)	(936,000)
	1,217,547	1,283,760
Net Lending / (Borrowing) for Financial Year	(2,846,369)	(2,430,823)

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 whereever 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.

	2011 $	2010 $
Not later than one year	234,456	219,249
Later than one year and not later than 5 years	390,637	124,170
	625,093	343,419

NOTE 17 SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme and to HESTA. The Local Government Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2010/2011 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/2010). 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.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6% in 2009/2010) of "superannuation" salary. Given that
Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. 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 Salarylink 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 to 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.

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2008, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

NOTE 18 SEGMENT REPORTING

The Port Augusta City Council operates two Residential Aged Care Facilities (RACF's) in the City being Nerrilda and A.M. Ramsay Village. This segment report has been produced to comply with the requirements of the Commonweatlh Government, a major funding source

BUSINESS SEGMENTS	TOTAL COUNCIL 2011 $	RACF 2011 $	OTHER 2011 $	TOTAL COUNCIL 2010 $	RACF 2010 $	OTHER 2010 $
REVENUE						
Grants & Subsidies	10,223,482	4,226,697	5,996,785	9,604,869	4,118,996	5,485,873
User Charges	3,910,366	1,804,368	2,105,997	3,506,068	1,662,178	1,843,890
Reimbursements	477,166	22,963	454,203	363,258	26,400	336,858
Investment Income	62,052	60,000	2,052	83,861	29,463	54,398
Other Revenue	14,425,478	71,833	14,353,645	12,482,554	60,802	12,421,752
TOTAL REVENUE	29,098,544	6,185,861	22,912,683	26,040,610	5,897,839	20,142,771
EXPENDITURE						
Operating Costs	26,836,661	7,171,206	19,665,455	25,628,305	6,488,582	19,139,723
Depreciation	6,379,211	571,953	5,807,258	2,830,774	302,594	2,528,180
	33,215,872	7,743,159	25,472,713	28,459,079	6,791,176	21,667,903
Operating (Loss)/Surplus beforeCapital Revenues	(4,117,327)	(1,557,298)	(2,560,030)	(2,418,469)	(893,337)	(1,525,132)
Capital Revenues	528,366		528,366	1,588,692		1,588,692
RESULT						
Operating Result (Loss)/Surplus	(3,588,962)	(1,557,298)	(2,031,664)	(829,777)	(893,337)	63,560
ASSETS						
Current Assets	4,318,763	1,911,723	2,407,040	3,915,170	1,418,117	2,497,053
Non-Current Assets	192,518,591	10,103,964	182,414,627	118,592,712	9,466,090	109,126,622
Intangible Assets	2,100,000	2,100,000		2,106,196	2,100,000	6,196
TOTAL ASSETS	198,937,354	14,115,687	184,821,667	124,614,077	12,984,207	111,629,870
LIABILITIES						
Current Liabilities	9,323,862	2,766,195	6,557,667	7,726,339	1,809,977	5,916,362
Non-Current Liabilities	12,859,717	1,839,220	11,020,497	11,262,532	2,299,907	8,962,625
TOTAL LIABILITIES	22,183,578	4,605,415	17,578,163	18,988,871	4,109,884	14,878,987
NET ASSETS	176,753,776	9,510,272	167,243,504	105,625,206	8,874,323	96,750,883

NOTE 18 SEGMENT REPORTING CONTINUED

REVENUE	$	EXPENSES	$
Government Subsidies	4,123,173	Wages & Superannuation - Care	1,924,811
Resident Charges	1,804,368	Wages & Superannuation - Admin	268,210
Capital Grants		Wages & Superannuation - Other	2,245,255
Bond Retentions	103,524	Management Fees	567,639
Interest Income	60,000	Depreciation & Amortisation	571,953
Donations & Contributions	17,861	Interest	150,262
Other Operating Revenue	76,935		
		Building Repairs & Maintenance	197,545
TOTAL OPERATING REVENUE	**6,185,861**	Insurance	274,281
		Motor Vehicles	12,557
		Utilities	154,098
		Other Expenses	1,376,548
		TOTAL EXPENSES	**7,743,159**
SEGMENT RESULT SURPLUS(DEFICIT)			(1,557,298)

SEGMENT ASSETS	$	SEGMENT LIABILITIES	$
Current Assets		**Current Liabilities**	
Cash	1,767,127	Borrowings	193,927
Trade Receivables	144,596	Trade Payables	201,708
Other Current Assets		Employee Provisions	540,095
		Accommodation Bonds	1,764,777
		Other Current Liabilities	65,688
TOTAL CURRENT ASSETS	**1,911,723**	**TOTAL CURRENT LIABILITIES**	**2,766,195**
Property, Plant & Equioment	10,103,964	Loans	1,792,371
Intangibles	2,100,000	Employee Provisions	46,849
Other Non-Current Assets		Accommodation Bonds	
		Other non-current liabilitiies	
TOTAL NON-CURRENT ASSETS	**12,203,964**	**TOTAL LIABILITIES**	**1,839,220**
SEGMENT TOTAL ASSETS	**14,115,687**	**SEGMENT TOTAL LIABILITIES**	**4,605,415**
SEGMENT NET ASSETS	**9,510,272**		

NOTE 19 CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 408km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL EXPENSES/POTENTIAL INDUSTRIAL COURT SETTLEMENT

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 1 appeal against planning decisions made prior to the reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2011

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Port Augusta City Council for the year ended 30 June 2011, the Council's Auditor, Ian McDonald has maintained his independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) Local Government (Financial Management) Regulations 1999.

GREG PERKIN
CITY MANAGER

PETER SOLOMAN
PRESIDING MEMBER
AUDIT COMMITTEE

08/11/11

IAN G McDONALD FCA
ABN: 13 550 494 869

Chartered Accountant

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE PORT AUGUSTA CITY COUNCIL

I have audited the accompanying financial report of the Port Augusta City Council which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity, cash flow statement , summary of significant accounting policies, other explanatory notes and the Chief Executive Officer's statement for the year ended 30 June 2011.

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit I followed applicable independence requirements of Australian professional and ethical pronouncements and the Local Government Act 1999.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Port Augusta City Council as of 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 1999.

Ian mcDonald

IAN G MC DONALD FCA
CHARTERED ACCOUNTANT
REGISTERED COMPANY AUDITOR

Signed 28th day of November 2011, at Eastwood, South Australia

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IAN G McDONALD FCA
ABN: 13 550 494 869

Chartered Accountant

PORT AUGUSTA CITY COUNCIL

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT BY AUDITOR

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

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

Ian G McDonald FCA

Dated this 19 day of August 2011

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