



Port Augusta

CITY COUNCIL

PORT AUGUSTA CITY COUNCIL
**ANNUAL FINANCIAL
STATEMENTS**
FOR YEAR ENDED 30 JUNE 2021

ABN: 73 625 993 182

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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 2021 and the results of its 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 reliable and were effective throughout the financial year.
- The financial statements accurately reflect the Council's accounting and other records.



J BANKS
CHIEF EXECUTIVE OFFICER

Date: 19/10/2021



B BENBOW
MAYOR

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 \$	2020 \$
INCOME			
Rates	3	20,240,041	19,865,613
Statutory charges	3	360,429	329,470
User charges	3	3,226,377	2,616,268
Grants, Subsidies & Contributions	3	8,412,426	6,844,084
Investment Income	3	15,310	18,695
Reimbursements	3	393,730	485,352
Other Income	3	1,124,003	1,281,234
TOTAL INCOME		33,772,316	31,440,716
EXPENSES			
Employee Costs	4	11,387,291	11,533,397
Materials, Contracts & Other Expenses	4	12,809,260	13,079,450
Finance Costs	4	202,746	397,736
Depreciation, Amortisation & Impairment	4	7,889,278	6,682,078
TOTAL EXPENSES		32,288,575	31,692,661
OPERATING SURPLUS / (DEFICIT)		1,483,741	(251,945)
Asset disposal and fair value adjustments	5	(222,408)	(248,797)
Gain on the sale of held for sale assets	17	212,192	-
Amounts received specifically for new or upgraded assets	3	195,280	544,522
Return of amounts received specifically for new or upgraded assets	3	(486,911)	-
Physical resources received free of charge	3	728,325	-
NET SURPLUS/(DEFICIT)		1,910,219	43,780
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		45,654,926	-
TOTAL OTHER COMPREHENSIVE INCOME		45,654,926	-
TOTAL COMPREHENSIVE INCOME		47,565,145	43,780

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

Financial Assistance Grant Payment Reallocation	19/20	-	1,557,484
Financial Assistance Grant Payment Reallocation	20/21	1,575,847	(1,575,847)
Financial Assistance Grant Payment Reallocation	21/22	(1,599,250)	-
Supplementary Road Funding Reallocation	19/20	-	141,579
Supplementary Road Funding Reallocation	20/21	141,579	-
Adjusted Operating Surplus/(Deficit)		1,601,917	(128,729)

STATEMENT OF FINANCIAL POSITION

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,816,981	273,465
Trade & other receivables	6	2,255,475	3,088,125
Inventories	6	<u>172,410</u>	<u>183,818</u>
		6,244,866	3,545,408
Non Current Assets held for Sale	17	<u>-</u>	<u>393,168</u>
Total Current Assets		<u>6,244,866</u>	<u>3,938,576</u>
Non-current Assets			
Financial Assets	7	-	7,008
Infrastructure, Property, Plant & Equipment	8	221,331,288	181,293,981
Other Non-current Assets	7	<u>285,951</u>	<u>4,125</u>
Total Non-current Assets		<u>221,617,239</u>	<u>181,305,114</u>
TOTAL ASSETS		<u>227,862,105</u>	<u>185,243,690</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	3,759,574	3,891,484
Borrowings	9	897,945	1,409,242
Provisions	9	<u>1,886,432</u>	<u>2,067,721</u>
Total Current Liabilities		<u>6,543,951</u>	<u>7,368,447</u>
Non-current Liabilities			
Borrowings	9	4,399,194	8,460,036
Provisions	9	<u>66,239</u>	<u>127,631</u>
Total Non-current Liabilities		<u>4,465,433</u>	<u>8,587,667</u>
TOTAL LIABILITIES		<u>11,009,384</u>	<u>15,956,114</u>
NET ASSETS		<u>216,852,721</u>	<u>169,287,576</u>
EQUITY			
Accumulated Surplus(Deficit)		(4,823,176)	(6,733,395)
Asset Revaluation Reserve	10	<u>221,675,897</u>	<u>176,020,971</u>
TOTAL EQUITY		<u>216,852,721</u>	<u>169,287,576</u>

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

STATEMENT OF CHANGES IN EQUITY

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2021			
Balance at end of previous reporting period	(6,733,395)	176,020,971	169,287,576
Net Surplus/ (Deficit) for year	1,910,219		1,910,219
Other Comprehensive Income			
Gain/ (Loss) on revaluation of property, plant & equipment		45,654,926	45,654,926
Balance at end of period	<u>(4,823,176)</u>	<u>221,675,897</u>	<u>216,852,721</u>
2020			
Balance at end of previous reporting period	(6,777,175)	176,020,971	169,243,796
Net Surplus/ (Deficit) for year	<u>43,780</u>		<u>43,780</u>
Balance at end of period	<u>(6,733,395)</u>	<u>176,020,971</u>	<u>169,287,576</u>

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

STATEMENT OF CASH FLOWS

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Operating Receipts	36,680,015	30,653,792
Investment Receipts	15,310	18,695
<u>Payments</u>		
Operating Payments to suppliers & employees	(26,262,436)	(24,662,927)
Finance Payments	(240,496)	(517,521)
Net Cash provided by (or used in) Operating Activities	<u>10,192,393</u>	<u>5,492,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	195,280	544,522
Sale of replaced assets	62,899	106,727
Sale of surplus assets	208,633	44,491
Sale of non-current assets held for sale	605,360	-
Repayments of loans by community groups	15,438	20,403
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(2,009,401)	(2,106,349)
Expenditure on new/upgraded assets	(668,037)	(2,167,789)
Return of amounts specifically for new or upgraded assets	(486,911)	-
Net Cash provided by (or used in) Investing Activities	<u>(2,076,739)</u>	<u>(3,557,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
Proceeds from Borrowings	-	5,000,000
<u>Payments</u>		
Repayments of Borrowings	(4,572,138)	(7,259,169)
Net Cash provided by (or used in) Financing Activities	<u>(4,572,138)</u>	<u>(2,259,169)</u>
Net Increase (Decrease) in cash held	<u>3,543,516</u>	<u>(325,125)</u>
Cash & cash equivalents at beginning of period	<u>273,465</u>	<u>598,590</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>3,816,981</u>	<u>273,465</u>

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 on a going concern basis using the historical cost convention 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.

1.1.2 Authorisation for Issue

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 19/10/2021.

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 these Notes.

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

The Council recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer).

Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the Council to acquire or construct a recognisable non-financial asset that is to be controlled by the Council. In this case, the Council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation:

June 2015	2 quarters of the 2015/16 allocation	\$1,505,972
June 2016	No advance paid	
June 2017	2 quarters of the 2017/18 allocation	\$1,510,089
June 2018	2 quarters of the 2018/19 allocation	\$1,525,808
June 2019	2 quarters of the 2019/20 allocation	\$1,557,484
June 2020	2 quarters of the 2020/21 allocation	\$1,575,847
June 2021	2 quarters of the 2021/22 allocation	\$1,599,250

In June 2019, the Commonwealth Government also paid an advance of the Supplementary Road Funding for 2019/20 and 2020/21 of \$141,579 for each year.

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Adjusted Operating Surplus Ratio disclosed in Note 13 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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

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.

Buildings, Structures and Site Improvements	\$5,000
Road Construction/Reconstruction	\$5,000
CWMS, Waste Water and Stormwater	\$3,000
Paving, Footpaths, Kerb and Gutter	\$2,000
Plant, Contents and Vehicles	\$1,000

Assets which are not completed as at 30th June in any year will be shown in the Statement of Financial Position as 'Other Non Current Assets'. These assets will not attract depreciation until completion.

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, Contents and Vehicles

Furniture and Contents	3 to 15 years
Plant and Equipment	5 to 15 years
Vehicles	5 to 15 years

Buildings, Structures and Site Improvements

Buildings – Structure	50 to 120 years
Buildings – Components	15 to 40 years
Park Furniture	5 to 20 years
Playground Equipment	20 to 30 years
Carparks, Pathways and Fencing	30 to 50 years
Monuments and Memorials	50 to 100 years
Shade Sails and Shelters	15 to 30 years
Swimming Pools	40 to 50 years
Marine Structures	60 to 150 years

CWMS, Waste Water and Stormwater

Stormwater Drains	80 to 100 years
Culverts	50 to 80 years
Flood Control Structures	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC70	60 to 80 years
Reticulation Pipes – other25	50 to 75 years
Pumps & Telemetry	15 to 25 years
Reclaimed Water Plant & Irrigation System	20 to 50 years
CWMS	50 to 80 years

Road Infrastructure

Sealed Roads – Surface Upper	15 to 35 years
Sealed Roads – Surface Lower	45 to 75 years
Sealed Roads – Pavement Upper	50 to 80 years
Sealed Roads – Pavement Sub Base	150 to 300 years
Unsealed Roads	10 to 15 years
Bridges – Concrete	80 to 100 years
Kerb and Gutter	60 to 80 years
Paving and Footpaths	15 to 45 years

6.5 Impairment

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, are not subject to impairment testing. Other 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 inflows or value in use). 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 on cost) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms. 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 Statewide Superannuation Scheme and to a number of other super funds as chosen by the employee. The Statewide Superannuation Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

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

AASB 16 Leases, commenced from 1 July 2019 and requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for low-value assets - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2021, Council has no leases to which this treatment will need to be applied.

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 2021 reporting period and have not been used in preparing these reports.

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

14.0 COVID-19 Pandemic

The COVID-19 pandemic impacted the 2019/2020 financial statements, which may impact on the comparability of some line items and amounts reported in this financial report.

The financial impacts were a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's 2019/2020 financial performance and financial position are outlined below:

- Decreases in user charges and other revenue of approximately \$425,000 due to closures or reductions in programs or services, including sporting facilities, childcare, public and tourism facilities.
- Decreases in employee costs and materials, contracts and other expenses of approximately \$525,000 due to closures or reductions in programs or services as described above.
- Additional costs of approximately \$43,000 associated with changes to Council operations and increased public health activities (e.g. cleaning, preparing Council's facilities to respond to COVID-19, health and safety initiatives, PPE etc)

Council estimates that overall the reduction in revenue and expenditure resulted in a decrease of approximately \$57,000 in the 2019/2020 operating deficit.

2020/2021 also experienced impacts from the pandemic due to a mandatory shut down period in November 2020, restrictions on the number of people at certain Council sites and border closures. The net impact on 2020/2021 is estimated to be \$47,800.

2021/2022 has already been impacted by a mandatory shut down period during July. The estimated impact to 2021/22 year-to-date is \$58,000.

Council has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 FUNCTIONS & 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		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Administration										
City Management & Economic Development	3,055,623	3,038,029	923,328	838,806	2,132,295	2,199,223	3,055,455	3,025,341	94,545	47,378
Human Resource Management	114,832	89,629	47,284	42,732	67,548	46,897			22,850	14,506
Records Management			15,874	15,506	(15,874)	(15,506)			967	715
Financial & Customer Services	17,603,571	17,515,429	923,727	914,937	16,679,844	16,600,492			1,522,710	1,819,944
Information Technology	7,013		300,070	210,045	(293,057)	(210,045)			614,813	542,787
Work Health & Safety	92,529	96,583	33,256	56,612	59,273	39,971				
Public Order & Safety										
General Inspection	300,242	329,535	252,118	376,868	48,124	(47,333)			387,392	328,918
Other General Services	16,367	47,734	16,748	48,021	(381)	(287)				
Health Services										
Substance Misuse Service	780,347	623,693	748,544	650,053	31,803	(26,360)	780,000	623,693	25,714	35,531
Sobering Up Unit	946,077	753,337	987,566	781,460	(41,489)	(28,123)	946,000	751,819	14,000	12,721
Aged Care Programs				7,781		(7,781)			1,996	4,788
Environmental Health	19,382	25,758	124,736	194,413	(105,354)	(168,655)	7,258	16,290	2,229	2,999
Social Security & Welfare										
Health Focus	273,926	264,931	234,888	237,644	39,038	27,287	249,455	245,769	5,957	
Childcare Service	1,153,044	803,262	1,152,106	1,035,879	938	(232,617)	759,744	570,982	788,357	738,557
Special Needs Program		27,171	24,829	144,146	(24,829)	(116,975)		18,727		361,486
Mens Shed Program	55,380	53,915	54,156	57,528	1,224	(3,613)	45,154	44,486	3,174	2,971
HACC Project	83,311	73,787	102,950	66,209	(19,639)	7,578	73,311	72,227		
Service Reviews			5,715	58,870	(5,715)	(58,870)				
Senior Citizens Centre			44,506	46,063	(44,506)	(46,063)			400,448	293,348
Housing & Community Amenities										
City Planning	84,080	64,116	365,658	360,918	(281,578)	(296,802)				221
Venues & Events		2,500	203,433	210,063	(203,433)	(207,563)			200	148
Community Harmony Program	392,260	250,269	253,808	364,203	138,452	(113,934)	392,260	250,269	290,469	87,674
Community Safety Program			69,407	284,469	(69,407)	(284,469)				219,301
Civic Centre		1,198	387,601	369,147	(387,601)	(367,949)			2,412,962	2,192,103
Housing	35,981	53,664	96,625	108,948	(60,644)	(55,284)			642,587	1,059,465
Cemeteries	225,261	229,114	318,810	333,031	(93,549)	(103,917)			363,453	284,346
Sanitation & Garbage	1,949,951	1,667,561	1,730,917	1,756,250	219,034	(88,689)	18,236		1,440,199	4,919,939
Foreshores	390		35,929	155,320	(35,539)	(155,320)				
Public Conveniences			110,685	108,255	(110,685)	(108,255)				
Street Lighting			299,030	315,432	(299,030)	(315,432)				
Lakes Management	1,694,571	809,000	1,874,382	944,564	(179,811)	(135,564)	1,694,571	809,000	38,213	926,271
Other Property & Services	75,971	253,768	680,387	463,922	(604,416)	(210,154)		19,957	20,989,143	9,376,548
Stormwater Drainage			326,569	327,093	(326,569)	(327,093)			7,762,391	7,925,922
Waste Water Treatment Plant			269,047	298,835	(269,047)	(298,835)			2,762,716	2,786,192
Effluent Drainage	783,711	761,635	444,009	763,756	339,702	(2,121)			4,887,984	4,601,174
Recreation & Culture										
Library & Information Service	82,467	59,967	701,889	679,678	(619,422)	(619,711)	47,031	47,684	44,848	35,645
Cultural Centre	103,593	96,538	522,333	745,010	(418,740)	(648,472)			3,802,763	3,880,577
Ryan Mitchell Swimming Centre	165,993	195,231	605,194	636,700	(439,201)	(441,469)			825,039	822,093
Parks & Gardens & Playgrounds	140,142	6,875	1,288,967	1,339,175	(1,148,825)	(1,332,300)			10,346,044	5,011,622
Ovals	18,514	63,395	862,716	835,835	(844,202)	(772,440)			3,472,843	805,959
ETSA Oval Complex			138,076	167,113	(138,076)	(167,113)			972,379	239,445
Central Oval Community Hub	306,543	312,468	1,473,996	1,728,603	(1,167,453)	(1,416,135)		28,409	17,479,294	17,385,727
Sport & Recreation	28,409		133,233		(104,824)		28,409		20,805	
Mining Manufacturing & Construction										
Building Act	10,720	16,298	153,544	223,373	(142,824)	(207,075)			1,250	859
Transport & Communication										
Aerodromes	634,221	465,066	716,160	723,127	(81,939)	(258,061)			13,601,332	12,943,615
Maintenance of Roads, Bridges	287,943	291,436	4,854,346	4,182,111	(4,566,403)	(3,890,675)	286,925	286,925	117,583,076	95,082,659
Street Sweeping			398,073	192,204	(398,073)	(192,204)				
Footpaths			350,240	381,637	(350,240)	(381,637)				
Parking			4,651	6,283	(4,651)	(6,283)				
Economic Affairs										
Economic Development	11,335	25,043	264,454	248,190	(253,119)	(223,147)				
Wadlata Outback Centre	529,666	483,813	1,056,423	1,143,689	(526,757)	(659,876)			4,380,851	4,077,735
Aust.Arid Lands Botanic Garden	1,031,085	800,255	1,775,710	1,703,353	(744,625)	(903,098)			2,554,739	2,566,127
Information Bays			1,929	3,016	(1,929)	(3,016)				
Public Debt Transactions										
Treasury - Debt Servicing	15,310	18,695	218,842	426,673	(203,532)	(407,978)			3,816,538	295,985
Other Purposes										
Machinery Operating	662,555	770,018	461,505	521,425	201,050	248,593	28,617	32,506	1,850	3,111
Depot & Nursery			1,835,959	1,760,056	(1,835,959)	(1,760,056)			3,399,591	3,413,478
Engineering Services			1,011,637	1,097,631	(1,011,637)	(1,097,631)			83,393	93,100
TOTALS	33,772,316	31,440,716	32,288,575	31,692,661	1,483,741	(251,945)	8,412,426	6,844,084	227,862,105	185,243,690

*Expenses includes depreciation and full cost attribution

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**NOTE 3 INCOME**

	2021 \$	2020 \$
RATES REVENUES		
GENERAL RATES		
General Rates	17,902,346	17,843,890
Less Mandatory Rebates	370,166	371,232
Less Discretionary Rebates, remissions & write offs	404,589	491,358
	<u>17,127,591</u>	<u>16,981,300</u>
OTHER RATES (INCLUDING SERVICE CHARGES)		
Regional Landscape Levy	285,985	283,442
Community Waste Water Management Systems	783,711	761,635
Waste Management Levy	1,879,732	1,617,796
	<u>2,949,428</u>	<u>2,662,873</u>
OTHER CHARGES		
Penalties for late payment	91,324	123,523
Legal & other costs recovered	71,698	97,917
	<u>163,022</u>	<u>221,440</u>
	<u>20,240,041</u>	<u>19,865,613</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**NOTE 3 INCOME (CONTINUED)**

	2021	2020
	\$	\$
STATUTORY CHARGES		
Development Act Fees	44,809	24,178
Town Planning Fees	58,867	51,613
Animal Registration & Expiation Fees	210,276	186,441
Parking Expiation Fees	22,670	50,860
Sundry	23,807	16,378
	<u>360,429</u>	<u>329,470</u>
 USER CHARGES		
Cemetery Fees	225,261	229,114
Halls Hire	3,642	3,267
Sales - General	1,065,620	846,796
Rentals	35,981	51,614
Childcare Fees	383,375	219,752
Swimming Pool Fees	155,799	180,636
Wadlata Fees	160,127	142,124
Arid Lands Fees	228,832	185,061
Other Fees	967,478	757,364
Sundry	262	540
	<u>3,226,377</u>	<u>2,616,268</u>
 INVESTMENT INCOME		
Interest on Investments		
Local Government Finance Authority	14,636	17,384
Loans to community groups	674	1,311
	<u>15,310</u>	<u>18,695</u>
 REIMBURSEMENTS		
For Roadworks	150	215
For Private Works	200	4,296
Other	393,380	480,841
	<u>393,730</u>	<u>485,352</u>
 OTHER INCOME		
Insurance & other recoupments - infrastructure	759,421	881,546
Sundry	364,582	399,688
	<u>1,124,003</u>	<u>1,281,234</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3 INCOME (CONTINUED)

	2021 \$	2020 \$
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	195,280	544,522
Other grants, subsidies and contributions	<u>8,412,426</u>	<u>6,844,084</u>
	<u>8,607,706</u>	<u>7,388,606</u>

The functions to which these grants relate are shown in Note 2.

Sources of grants

Commonwealth government	2,439,674	1,864,882
State government	6,136,190	5,523,724
Other	<u>31,842</u>	<u>-</u>
	<u>8,607,706</u>	<u>7,388,606</u>

INDIVIDUALLY SIGNIFICANT ITEMS

During 2020/21 Council returned unspent funds to the State Government relating to the Eastside Jetty. The grant funds were received by Council during the 2014/15 financial year and utilised to remove a portion of the Jetty following community consultation.	(486,911)	-
In June 2021, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2021/2022.	(1,599,250)	-
In June 2020, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2020/2021.	1,575,847	(1,575,847)
In June 2019, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2019/2020.	-	1,557,484
In June 2019, the Commonwealth Government paid an advance of the Supplementary Road Funding for 2019/2020 and 2020/2021.	141,579	141,579

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	1,793,252	1,840,642
Less: expended during the current period from revenues recognised in previous reporting periods	<u>1,717,426</u>	<u>1,840,642</u>
Subtotal	<u>75,826</u>	<u>-</u>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions	<u>1,764,391</u>	<u>1,793,252</u>
Subtotal	<u>1,764,391</u>	<u>1,793,252</u>
Unexpended at the close of this reporting period and held as restricted assets	<u>1,840,217</u>	<u>1,793,252</u>
Net increase (decrease) in restricted assets in the current reporting period	<u>46,965</u>	<u>(47,390)</u>

PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Land	45,000	-
Buildings & Other Structures	<u>683,325</u>	<u>-</u>
	<u>728,325</u>	<u>-</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4 EXPENSES

	Notes	2021 \$	2020 \$
EMPLOYEE COSTS			
Salaries and Wages		9,280,139	9,368,021
Employee Leave Expenses		976,419	1,166,897
Superannuation - Defined Contribution Plan Contributions	15	806,542	800,174
Superannuation - Defined Benefit Plan Contributions	15	125,820	155,272
Superannuation - Other	15	368	-
Workers Compensation Insurance		321,686	271,414
Less: Capitalised and distributed costs		<u>(123,683)</u>	<u>(228,381)</u>
Total Operating Employee Costs		<u>11,387,291</u>	<u>11,533,397</u>
Total Number of Employees			
(Full time equivalent at end of reporting period)		132.2	124.0
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		18,700	28,250
Elected members' expenses		301,316	321,130
Election Expenses		-	616
Lease expense – low value assets/short term leases		<u>72,494</u>	<u>102,530</u>
Sub Total Prescribed Expenses		<u>392,510</u>	<u>452,526</u>
Other Materials, Contracts & Expenses			
Contractors		6,805,539	6,383,594
Utilities		1,524,503	2,080,210
Legal Expenses		107,575	104,198
Levies paid to government - Regional Landscape Levy		286,673	281,328
Parts, Accessories & Consumables		1,425,401	1,382,262
Professional Services		1,298	4,576
Communications		140,426	153,742
Contributions & Donations		95,085	82,971
Insurances		498,986	504,683
Rates & Taxes		55,534	59,691
Travel & Accommodation		14,561	31,792
Advertising		44,619	64,100
Subscriptions		51,029	68,349
Training		93,592	84,413
Postage Printing Stationery		88,658	87,275
Plant Hire		585,195	647,668
Bank Charges		62,680	60,782
Sundry		<u>535,396</u>	<u>545,290</u>
Sub Total Other Materials, Contracts & Expenses		<u>12,416,750</u>	<u>12,626,924</u>
TOTAL MATERIALS, CONTRACTS & EXPENSES		<u>12,809,260</u>	<u>13,079,450</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4 EXPENSES (CONTINUED)

	Notes	2021 \$	2020 \$
FINANCE COSTS			
Interest on Loans		<u>202,746</u>	<u>397,736</u>
		<u>202,746</u>	<u>397,736</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		3,246,992	2,581,391
Infrastructure		3,717,129	3,213,228
Plant & Equipment		659,707	546,759
Furniture & Equipment		<u>265,450</u>	<u>340,700</u>
		<u>7,889,278</u>	<u>6,682,078</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**NOTE 5 ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS**

	2021 \$	2020 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	62,899	106,727
Less: Carrying amount of assets disposed	<u>146,588</u>	<u>357,434</u>
Gain / (Loss) on disposal	<u>(83,689)</u>	<u>(250,707)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	208,633	44,491
Less: Carrying amount of assets sold	<u>347,352</u>	<u>42,581</u>
Gain / (Loss) on disposal	<u>(138,719)</u>	<u>1,910</u>
NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(222,408)</u>	<u>(248,797)</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**NOTE 6 CURRENT ASSETS**

	2021	2020
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	487,020	84,689
Deposits at Call	<u>3,329,961</u>	<u>188,776</u>
	<u>3,816,981</u>	<u>273,465</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	1,296,480	1,557,052
Accrued Revenues	160,219	8,996
Debtors - General	283,244	284,094
Other levels of Government	254,462	1,031,248
GST Recoupment	284,715	298,120
Prepayments	82,568	-
Loans to community organisations	<u>7,008</u>	<u>15,438</u>
	<u>2,368,696</u>	<u>3,194,948</u>
 Less: Allowance for Doubtful Debts	<u>113,221</u>	<u>106,823</u>
	<u>2,255,475</u>	<u>3,088,125</u>
 INVENTORIES		
Stores & Materials	74,182	60,488
Trading Stock	<u>98,228</u>	<u>123,330</u>
	<u>172,410</u>	<u>183,818</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7 NON-CURRENT ASSETS

	2021 \$	2020 \$
FINANCIAL ASSETS		
Receivables		
Loans to community organisations	-	7,008
TOTAL FINANCIAL ASSETS	-	7,008
OTHER NON-CURRENT ASSETS		
Capital Works-in-Progress	285,951	4,125
TOTAL OTHER NON-CURRENT ASSETS	285,951	4,125

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	FAIR VALUE LEVEL	2020 \$				2021 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	2	1,736,934	-	-	1,736,934	1,715,500	-	-	1,715,500
Land	3	11,210,640	-	-	11,210,640	11,573,000	-	-	11,573,000
Buildings & Other Structures	2	2,155,143	293,065	(1,315,520)	1,132,689	1,623,000	-	(1,365,926)	257,074
Buildings & Other Structures	3	92,003,937	1,563,256	(41,165,109)	52,402,083	133,015,170	256,612	(57,884,672)	75,387,110
Infrastructure	3	169,922,713	8,559,908	(68,096,324)	110,386,297	199,148,005	1,962,797	(73,128,190)	127,982,612
Plant & Equipment	2	5,534,235	2,206,298	(4,080,001)	3,660,532	8,236,918	49,537	(4,917,878)	3,368,577
Furniture & Fittings	2	4,885,425	61,219	(4,181,838)	764,806	4,421,731	207,888	(3,582,204)	1,047,415
TOTAL PROPERTY, PLANT & EQUIPMENT		287,449,027	12,683,746	(118,838,792)	181,293,981	359,733,324	2,476,834	(140,878,870)	221,331,288
2020 Totals		287,677,537	10,306,635	(113,472,745)	184,511,427	287,449,027	12,683,746	(118,838,792)	181,293,981

	FAIR VALUE LEVEL	2020 \$							2021 \$
		CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	IMPAIRMENT	TRANSFER	NET REVALUATION
			NEW/UPGRADE	RENEWALS					
Land	2	1,736,934	-	-	-	-	-	-	(21,434)
Land	3	11,210,640	45,000	-	(50,000)	-	-	-	367,360
Buildings & Other Structures	2	1,132,689	-	-	-	(57,926)	-	-	(817,689)
Buildings & Other Structures	3	52,402,083	735,436	204,501	(290,727)	(3,189,066)	-	-	25,524,882
Infrastructure	3	110,386,297	-	1,271,607	(61,493)	(3,717,129)	-	-	20,103,330
Plant & Equipment	2	3,660,532	49,537	250,505	(91,590)	(659,707)	-	-	159,301
Furniture & Fittings	2	764,806	207,888	1,126	(129)	(265,450)	-	-	339,174
TOTAL PROPERTY, PLANT & EQUIPMENT		181,293,981	1,037,861	1,727,740	(493,940)	(7,889,278)	-	-	45,654,924
2020 Totals		184,511,427	1,418,952	2,838,862	(400,015)	(6,682,077)	-	(393,167)	-

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

Valuation of Assets

At July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Fair value hierarchy level 2 valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets

There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

In the course of revaluing all asset classes the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

Land

Land assets were valued by Jones Lang LaSalle Public Sector Valuations Pty Ltd (JLL) as at 1 July 2020.

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.

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.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c) are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Buildings & Other Structures were valued by Jones Lang LaSalle Public Sector Valuations Pty Ltd (JLL) as at 1 July 2020.

Julia Lodge assets were transferred and re-classified as "Non Current Assets Held for Sale" as at 30 June 2020. Settlement of this property occurred on 2 November 2020.

Settlement of the property at 1 High Street (previously the Miriam High Special Needs Centre) occurred on 28 April 2021.

During the revaluation process for this asset class, it was identified that some Council assets had not previously been captured on Council's asset registers. As a result, JLL valued these items and included them in the revaluation for 1 July 2020. This included Levee Banks and Caroon Road Bridges. The expected future increase to Depreciation is \$367,700. The total combined value of these assets is shown below –

Replacement Value	\$21,058,471
Accumulated Depreciation	(\$3,645,302)
Written Down Value	\$17,413,169

A revaluation adjustment occurred for 2019/2020 to remove the Wharf from Council's asset register.

Infrastructure

Community waste water management systems and stormwater drainage assets were valued by Tonkins Consulting as at 1 July 2015. Road assets were valued by Tonkins Consulting as at 1 July 2020.

Plant & Equipment

Plant & Equipment were valued by Jones Lang LaSalle Public Sector Valuations Pty Ltd (JLL) as at 1 July 2020.

Furniture & Fittings

Furniture & Fittings were valued by Jones Lang LaSalle Public Sector Valuations Pty Ltd (JLL) as at 1 July 2020.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9 LIABILITIES

	2021 Current \$	2021 Non-Current \$	2020 Current \$	2020 Non-Current \$
TRADE & OTHER PAYABLES				
Goods & Services	2,003,967	-	2,382,004	-
Payments received in advance	1,062,055	-	1,156,875	-
Accrued expenses - other	693,552	-	352,605	-
	<u>3,759,574</u>	<u>-</u>	<u>3,891,484</u>	<u>-</u>
BORROWINGS				
Loans - LGFA	897,945	4,399,194	1,409,242	8,460,036
	<u>897,945</u>	<u>4,399,194</u>	<u>1,409,242</u>	<u>8,460,036</u>

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

PROVISIONS

Provision for Annual Leave	900,862	-	974,530	-
Provision for Long Service Leave	985,570	66,239	1,093,191	127,631
	<u>1,886,432</u>	<u>66,239</u>	<u>2,067,721</u>	<u>127,631</u>

Amounts included in provisions that are not expected to be settled within 12 months of the reporting date.

	1,074,206	-	1,262,434	-
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PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10 RESERVES

ASSET REVALUATION RESERVE	30/06/2020	Net Increments (Decrements)	30/06/2021
	\$	\$	\$
Land	14,566,180	345,926	14,912,106
Buildings & Other Structures	41,130,077	24,707,195	65,837,272
Infrastructure	115,003,620	20,103,330	135,106,950
Plant & Equipment	3,234,635	159,301	3,393,936
Furniture & Fittings	<u>2,086,459</u>	<u>339,174</u>	<u>2,425,633</u>
Total Infrastructure, Property, Plant & Equipment	<u>176,020,971</u>	<u>45,654,926</u>	<u>221,675,897</u>

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	2021 \$	2020 \$
Total Cash & Equivalent Assets	6	3,816,981	273,465
Balances per Statement of Cash Flows		3,816,981	273,465

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

Net Surplus (Deficit)	1,910,219	43,780
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	7,889,278	6,682,077
Change in allowances for under-recovery	6,397	(302,440)
Grants for capital acquisitions treated as investing activity	(195,280)	(544,522)
Return of capital grants treated as investing activity	486,911	-
Physical assets received free of charge	(728,325)	-
Net increase (decrease) in unpaid employee benefits	(242,681)	32,150
Net (Gain) Loss on sale of non-current assets held for sale	(212,192)	-
Net (Gain) Loss on Disposals	222,408	248,797
	9,136,735	6,159,842
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	817,822	(1,622,664)
Net (increase) decrease in inventories	11,408	(9,456)
Net increase (decrease) in trade & other payables	226,428	964,317
Net Cash provided by (or used in) operations	10,192,393	5,492,039

(c) Financing Arrangements

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

Bank Overdrafts	700,000	700,000
Corporate Credit Cards	43,000	43,000
LGFA Cash Advance Debenture Facility	16,350,000	17,037,104

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 realisable value; Interest is recognised when earned.

Terms & conditions: Deposits are returning fixed interest rates of between 0.30% and 0.85% (2020: 1.5%) and variable interest rates of 0.30% (2020: 0.45%).

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: 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.

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.

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 - 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 2.8% and 5.05% (2020: 2.8% and 6.7%)

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 16.

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Analysis	Due	Due	Due	Total	Carrying
2021	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Contractual Cash Flows	Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	3,816,981	-	-	3,816,981	3,816,981
Receivables	2,173,144	-	-	2,173,144	2,173,144
Other Financial Assets	7,008	-	-	7,008	7,008
Total	5,997,133	-	-	5,997,133	5,997,133
Financial Liabilities					
Payables	2,003,967	-	-	2,003,967	2,003,967
Borrowings	1,043,102	5,169,623	-	6,212,725	5,297,139
Total	3,047,069	5,169,623	-	8,216,692	7,301,106
2020	Due ≤ 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	273,465	-	-	273,465	273,465
Receivables	3,088,798	237	-	3,089,035	3,089,035
Other Financial Assets	15,440	7008	-	22,448	22,448
Total	3,377,703	7,245	-	3,384,948	3,384,948
Financial Liabilities					
Payables	2,382,004	-	-	2,382,004	2,382,004
Borrowings	1,612,972	5,675,467	-	7,288,439	9,869,278
Total	3,994,976	5,675,467	-	9,670,443	12,251,282

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
Overdraft		-		-
Other Variable Rates	2.05	-	2.20	3,162,897
Fixed Interest Rates	2.99	5,297,139	3.26	6,706,381
		<u>5,297,139</u>		<u>9,869,278</u>

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 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 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. 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 FINANCIAL PERFORMANCE INDICATORS

	2021	2020
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These Financial Indicators have been calculated in accordance with *Information Paper - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio	4.4%	(0.8%)
<u>Operating Surplus</u>		
Total Operating Revenue		

This ratio expresses the operating surplus as a percentage of operating revenue.

Adjusted Operating Surplus Ratio	4.7%	(0.4%)
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The 2020 and 2021 Adjusted Operating Surplus Ratio has been adjusted to account for the advance payments of the Financial Assistance Grant and the Supplementary Road Funding.

Net Financial Liabilities	4,936,928	12,587,516
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue

Net Financial Liabilities Ratio	14.6%	40.0%
<u>Net Financial Liabilities</u>		
Total Operating Revenue		

Adjusted Net Financial Liabilities Ratio	20.2%	44.9%
---	-------	-------

The 2020 and 2021 Adjusted Net Financial Liabilities Ratio has been adjusted to account for the advance payments of the Financial Assistance Grant and the Supplementary Road Funding.

Asset Renewal Funding Ratio		
<u>Expenditure on renewal/replacement of assets</u>	68.6%	109.5%
Optimal level of such expenditure per I&		

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the asset renewal and replacement expenditure identified as warranted in a Council's asset management plans.

Council adopted asset management plans in April 2021, comprising of Transport, Building and Land Improvements, Stormwater and CWMS and Wastewater.

Contents, Plant and Vehicles asset class are excluded from this ratio as there is no asset management plan for this class of assets.

NOTE 14 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.

	2021 \$	2020 \$
Income	33,772,316	31,440,716
less Expenses	<u>32,288,575</u>	<u>31,692,661</u>
	<u>1,483,741</u>	<u>(251,945)</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	2,009,401	2,106,349
less Depreciation, Amortisation and Impairment	<u>(7,889,278)</u>	<u>(6,682,078)</u>
less Proceeds from Sale of Replaced Assets	<u>(62,899)</u>	<u>(106,727)</u>
	<u>(5,942,776)</u>	<u>(4,682,456)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	668,037	2,167,789
less Amounts specifically for New and Upgraded Assets	<u>(195,280)</u>	<u>(544,522)</u>
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>(208,633)</u>	<u>(44,491)</u>
	<u>264,124</u>	<u>1,578,776</u>
Net Lending / (Borrowing) for Financial Year	<u>7,162,393</u>	<u>2,851,735</u>

NOTE 15 SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 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 (9.50% in 2020/21; 9.50% in 2019/20). No further liability accrues to the Council 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 and level 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% (6.3% in 2019/20) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, 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 actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other schemes

Council also makes contributions to other Superannuation Schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employees are represented by their share of net assets of the scheme, and no further liability attaches to the Council.

NOTE 16 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 410km 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 may recognise 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.

NOTE 17 NON CURRENT ASSETS HELD FOR SALE & DISCONTINUED OPERATIONS**Julia Lodge**

During 2019/2020, Port Augusta City Council resolved to place this property on the market.

The balances of these Assets were re-classified and transferred to "Non Current Assets Held for Sale" as at 30 June 2020.

The property was sold on 2 November 2020.

Financial Performance

	2021	2020
	\$	\$
Revenue	-	36,468
Expenses (excluding depreciation)	-	22,876
Depreciation expense	-	23,150
Operating Result of discontinued operations	-	(9,558)

Carrying Amount of Assets and Liabilities

Infrastructure, property, plant and equipment	-	393,168
Total Assets	-	393,168

Gain on the sale of held for sale assets

	2021	2020
	\$	\$
Proceeds From Sale of Assets	605,360	-
Carrying Value	(393,168)	-
Gain on the sale of Held for Sale Assets	212,192	-

NOTE 18 RELATED PARTY DISCLOSURES

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999.

In all, 18 persons were paid the following total compensation:

	2021
Salaries, allowances & other short term benefits	\$ 1,243,536
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ -
TOTAL	\$ 1,243,536

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Other than amounts paid as ratepayers or residents (eg rates, swimming pool entry fees etc), Council received the following amounts in total:

	2021
Contributions for fringe benefits tax purposes	\$ -
Planning & building application fees	\$ 521
Rentals for Council property	\$ -
TOTAL	\$ 521

Key management personnel or close family members (including related parties) lodged a total of two planning and building applications during the year.

Three close family members of the key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

A Deputy Mayor is involved in a company which paid Council \$648.

An Elected Member is a member of the management committee for an organisation which received a rate rebate of \$1,340.

An Elected Member is involved in a company which paid Council \$1,350.

An Elected Member is involved in a business with total purchases amounting to \$149. This business also paid Council \$1,257.

In accordance with the Local Government Act 1999, these persons declare a conflict of interest and leave the meeting environs when any matter affecting the organisation is discussed or voted upon.

NOTE 19 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

COVID-19 has been classified as a global pandemic by the World Health. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council does not expect that further financial impacts to flow into the 2021/2022 financial year to be significant. Note 1 discloses the financial impacts caused by COVID-19 during 2019/2020, 2020/2021 and 2021/2022 year-to-date.

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PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

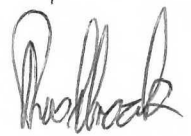
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2021, the Council's Auditor, Galpins, have maintained their independence in accordance with the requirements of 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(3) Local Government (Financial Management) Regulations 2011.



JOHN BANKS
CHIEF EXECUTIVE OFFICER



ALAN RUSHBROOK
PRESIDING MEMBER
AUDIT COMMITTEE

19/10/2021

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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CORPORATION OF THE CITY OF PORT AUGUSTA

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Statement by Auditor

I confirm that, for the audit of the financial statements of Corporation of the City of Port Augusta for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Partner

20 October 2021

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
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INDEPENDENT AUDITOR'S REPORT

To the members of Corporation of the City of Port Augusta

Opinion

We have audited the accompanying financial report of Corporation of the City of Port Augusta (the Council), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Corporation of the City of Port Augusta.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's responsibility for the financial report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

20 October 2021

David Chant CA, FCPA
Simon Smith CA, FCPA
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To the members of Corporation of the City of Port Augusta

Opinion

We have audited the compliance of Corporation of the City of Port Augusta (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, Corporation of the City of Port Augusta has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's responsibility for internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of use

This report has been prepared for the members of the Council in Accordance with Section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

20 October 2021