



Port Augusta City Council

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2014**

ANNUAL FINANCIAL STATEMENTS

FOR THE YER ENDED 30 June 2014

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 2014 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.P. BANKS
CITY MANAGER

Date:

27/10/2014



S.C. JOHNSON
MAYOR

PORT AUGUSTA CITY COUNCIL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
	Notes	\$	\$
INCOME			
Rates	3	15,110,171	14,199,152
Statutory charges	3	315,205	238,219
User charges	3	4,624,436	4,280,308
Grants, Subsidies & Contributions	3	9,302,522	10,301,476
Investment Income	3	231,472	250,353
Reimbursements	3	365,481	415,336
Other Income	3	1,641,181	1,249,909
TOTAL INCOME		31,590,468	30,934,754
EXPENSES			
Employee Costs	4	16,236,103	15,389,560
Materials, Contracts & Other Expenses	4	14,474,480	13,907,023
Finance Costs	4	1,113,021	981,252
Depreciation, Amortisation & Impairment	4	5,942,466	5,020,303
TOTAL EXPENSES		37,766,070	35,298,139
OPERATING SURPLUS / (DEFICIT)		(6,175,602)	(4,363,385)
Asset disposal and fair value adjustments	5	(72,569)	83,794
Amounts received specifically for new or upgraded assets	3	4,849,593	250,000
NET SURPLUS/(DEFICIT) transferred to Equity Statement		(1,398,578)	(4,029,591)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		(776,322)	1,957,295
TOTAL OTHER COMPREHENSIVE INCOME		(776,322)	1,957,295
TOTAL COMPREHENSIVE INCOME		(2,174,900)	(2,072,296)

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

PORT AUGUSTA CITY COUNCIL

STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2014

		2014	2013
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,340,068	6,905,718
Trade & other receivables	6	2,659,775	1,776,847
Inventories	6	246,319	248,316
Total Current Assets		7,246,161	8,930,881
Non-current Assets			
Financial Assets	7	92,990	105,875
Infrastructure, Property, Plant & Equipment	8	185,967,593	190,588,031
Other Non-current Assets	7	16,296,928	3,538,690
Total Non-current Assets		202,357,512	194,232,596
TOTAL ASSETS		209,603,673	203,163,477
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	10,095,949	5,936,917
Borrowings	9	9,517,813	6,068,085
Provisions	9	2,450,175	1,257,135
Other Current Liabilities			
Liabilities relating to Non-current Assets held for Sale			
Total Current Liabilities		22,063,937	13,262,137
Non-current Liabilities			
Trade & Other Payables	10	-	-
Borrowings	9	13,515,466	13,802,719
Provisions	9	387,356	286,807
Other Non-current Liabilities			
Total Non-current Liabilities		13,902,822	14,089,526
TOTAL LIABILITIES		35,966,759	27,351,663
NET ASSETS		173,636,914	175,811,814
EQUITY			
Accumulated Surplus(Deficit)		(3,714,779)	(2,316,202)
Asset Revaluation Reserve	10	177,351,693	178,128,015
Other Reserves	11		
TOTAL EQUITY		173,636,914	175,811,814

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

PORT AUGUSTA CITY COUNCIL

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2014	Notes		
Balance at end of previous reporting period	(2,316,202)	178,128,015	175,811,814
Net Surplus/ (Deficit) for year	<u>(1,398,578)</u>		<u>(1,398,578)</u>
Balance at end of period	<u>(3,714,780)</u>	<u>178,128,015</u>	<u>174,413,236</u>
Gain on revaluation of property, plant & equipment	10 <u></u>	<u>(776,322)</u>	<u>(776,322)</u>
Balance at end of period	<u>(3,714,780)</u>	<u>177,351,693</u>	<u>173,636,914</u>
2013	Notes		
Balance at end of previous reporting period	1,713,389	176,170,721	177,884,111
Net Surplus/ (Deficit) for year	<u>(4,029,591)</u>		<u>(4,029,591)</u>
Balance at end of period	<u>(2,316,202)</u>	<u>176,170,721</u>	<u>173,854,520</u>
Gain on revaluation of property, plant & equipment	10 <u></u>	<u>1,957,294</u>	<u>1,957,294</u>
Balance at end of period	<u>(2,316,202)</u>	<u>178,128,015</u>	<u>175,811,814</u>

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

PORT AUGUSTA CITY COUNCIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		30,549,718	30,243,250
Investment Receipts		231,472	250,353
<u>Payments</u>			
Operating Payments to suppliers & employees		(27,687,379)	(28,788,853)
Finance Payments		(954,093)	(876,373)
Net Cash provided by (or used in) Operating Activities		2,139,719	828,377
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		4,849,593	250,000
Sale of replaced assets		168,686	141,705
Sale of surplus assets		-	246,816
Repayments of loans by community groups		12,508	12,145
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,298,754)	(2,331,007)
Expenditure on new/upgraded assets		(12,415,079)	(2,099,378)
Net Cash provided by (or used in) Investing Activities		(8,683,046)	(3,779,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		9,230,560	4,100,000
Proceeds from Aged Care Facility deposits		1,221,088	680,321
<u>Payments</u>			
Repayments of Borrowings		(6,068,084)	(2,169,887)
Repayment of Aged Care Facility deposits		(405,884)	(952,480)
Net Cash provided by (or used in) Financing Activities		3,977,680	1,657,954
Net Increase (Decrease) in cash held		(2,565,648)	(1,293,388)
Cash & cash equivalents at beginning of period		6,905,716	8,199,104
CASH & CASH EQUIVALENTS AT END OF PERIOD		4,340,068	6,905,716

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 2011.

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 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.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

Wadlata Outback Centre
Australian Arid Lands Botanic Gardens
Port Augusta Cultural Centre – Yarta Purlti
Ryan Mitchell Swim Centre
Nerrilda Nursing Home
AM Ramsay Village
Port Augusta Childcare Centre
Miriam High Special Needs Centre
Port Augusta Men's Shed
Substance Misuse Service
Sobering Up Unit
Port Augusta Outdoor Adventure Centre
Port Augusta Public Library

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 incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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. In June 2011, one quarter of the 2011/12 allocation amounting to \$827,244 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$1,634,200; and in June 2013, again two quarters of the 2013/14 allocation: \$1,584,272. Accordingly, in the reporting period ended 30 June 2012, Council's operating deficit was effectively understated by \$806,756.

These amounts in advance were adjusted in the 2013/14 financial year. The total amount of the adjustment was \$748,803, which has adversely affected the operating result for the year. The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

4.0 Cash Equivalents and other Financial Instruments

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 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 on cost) 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 Statewide Superannuation Scheme and to Hesta Super Fund. The Statewide 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 2014 reporting period and have not been used in preparing these reports.

AASB 9	<i>Financial Instruments</i>
AASB 13	<i>Fair Value Measurement</i>
AASB 127	<i>Separate Financial Statements</i>
AASB 132	<i>Financial Instruments: Presentation</i>
AASB 1055	<i>Budgetary Reporting</i>
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13</i>
AASB 2012-6	<i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i>
AASB 2012-10	<i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i>
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>

(Standards not affecting the Port Augusta City Council 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration										
City Management & Economic Development	1,128,370	2,640,601	645,806	596,125	482,565	2,044,476	1,121,800	2,640,703	129,177	197,590
Human Resource Management	252,569	228,385	(215,871)	82,712	468,440	145,673			44,497	44,497
Records Management			233,991	249,413	(233,991)	(249,413)			33,100	33,100
Financial & Customer Services	13,014,405	12,252,082	846,885	754,665	12,167,520	11,497,418			169,894	169,894
Information Technology			562,663	505,524	(562,663)	(505,524)			904,742	904,742
Work Health & Safety	84,719		150,820	95,042	(66,101)	(95,042)			25,117	
Public Order & Safety										
General Inspection	108,762	116,691	267,584	291,496	(158,822)	(174,806)			338,572	338,572
Other General Services	42,080	48,723	69,098	137,348	(27,018)	(88,625)				
Health Services										
Substance Misuse Service	566,641	426,340	585,275	459,716	(18,635)	(33,376)	566,641	426,340	116,473	119,260
Sobering Up Unit	648,259	757,493	688,546	733,944	(40,287)	23,549	647,577	757,098	698,031	698,031
Nerrilda Nursing Home	3,568,429	3,520,545	4,718,210	4,548,108	(1,149,781)	(1,027,563)	2,662,523	2,586,758	9,029,612	8,971,021
A.M. Ramsay Village	3,327,421	2,968,733	4,078,480	3,638,847	(751,059)	(670,113)	1,942,105	1,750,193	8,313,196	8,273,281
OPAL Program	54,255	59,600	146,106	99,125	(91,851)	(39,525)	56,000	57,800	19,342	19,342
Immunisation Program	9,900	9,078	10,623	11,975	(723)	(2,896)	9,595	8,811		
Environmental Health	566	674	127,887	116,771	(127,320)	(116,097)			7,000	7,000
Social Security & Welfare										
Health Focus	239,819	228,017	265,337	272,505	(25,518)	(44,488)	219,418	208,136		
Childcare Service	909,545	735,703	1,175,786	1,102,411	(266,242)	(366,708)	368,252	266,872	2,085,382	2,081,089
Special Needs Program	505,414	539,933	527,555	497,402	(22,141)	42,531	488,081	519,301	717,284	700,309
DVA Shed Program	57,342	56,103	62,577	65,299	(5,235)	(9,197)	40,464	44,010		
HACC Project			65,009	46,881	(65,009)	(46,881)				
Youth Activities Service	6,214	6,000	47,745	55,622	(41,532)	(49,622)	3,000	3,000		
Ageing/Disability Planning			11,008	13,275	(11,008)	(13,275)				
Senior Citizens Centre			31,987	29,897	(31,987)	(29,897)			590,810	590,810
Housing & Community Amenities										
City Planning	177,613	98,859	209,645	220,761	(32,031)	(121,902)			26,492	26,492
Projects & Events	3,916	1,909	273,727	198,652	(269,811)	(196,743)			6,200	6,200
Community Harmony Program	185,751	91,488	172,394	148,738	13,357	(57,250)	182,163	10,000		
Community Donations			33,722	33,146	(33,722)	(33,146)				
Community Safety Program	39,444	42,504	287,746	264,610	(248,302)	(222,106)	19,655	21,500	266,778	266,778
Community Bus Service	32,226	62,706	60,192	61,435	(27,966)	1,272	14,545	30,545		
Halls			43,430	43,394	(43,430)	(43,394)			396,344	396,344
Civic Centre			400,453	359,599	(400,453)	(359,599)			5,572,646	5,572,646
Housing	60,733	55,246	143,147	136,622	(82,414)	(81,376)			1,967,906	1,967,906
Cemeteries	222,816	188,129	316,395	334,168	(93,578)	(146,039)			222,030	222,030
Sanitation & Garbage	1,381,749	1,352,401	1,570,032	1,501,876	(188,283)	(149,474)				
Foreshores	80,000		314,545	342,095	(234,545)	(342,095)	80,000		27,863,470	27,776,220
Public Conveniences			94,565	96,371	(94,565)	(96,371)				
Street Lighting			400,207	355,343	(400,207)	(355,343)				
Lakes Management			23,467	18,315	(23,467)	(18,315)			83,457	83,457
Other Property & Services	174,661	136,756	428,954	303,629	(254,294)	(166,873)	79,300	42,600	17,393,118	17,346,693
Stormwater Drainage			227,915	246,529	(227,915)	(246,529)			8,810,387	8,756,109
Central Oval Reclaimed Water Plant			381,714	278,569	(381,714)	(278,569)			7,071,208	6,977,422
Effluent Drainage	737,034	649,320	471,458	531,133	265,576	118,187			5,181,645	5,181,645
Protection of the Environment										

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2 FUNCTIONS & ACTIVITIES CONTINUED

	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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation & Culture										
Library & Information Service	69,255	61,719	606,965	636,202	(537,709)	(574,483)	51,997	48,627	221,782	221,782
Fountain Gallery	18,927	18,400	33,103	37,897	(14,176)	(19,497)			1,125,446	1,125,446
Cultural Centre	121,049	117,512	662,076	700,020	(541,027)	(582,508)	875	7,000	7,390,725	7,390,725
StarClub Officer & Aquatic Centre Program	145,391	48,101	242,177	205,547	(96,787)	(157,446)	31,550	19,545	862,417	862,417
Ryan Mitchell Swimming Centre	206,966	183,286	524,584	505,960	(317,619)	(322,674)			2,441,610	2,441,610
Be Active Community Centre	22,273	22,941	51,861	53,802	(29,588)	(30,861)			62,200	86,836
Junior Sports Foundation			608	547	(608)	(547)				
Sporting Clubs			5,719	1,063	(5,719)	(1,063)			15,950	15,950
Parks & Gardens & Playgrounds	8,623	1,604	1,142,283	1,049,815	(1,133,660)	(1,048,211)	4,435		10,360,595	10,233,602
Ovals	2,445	6,618	800,069	1,038,527	(797,624)	(1,031,909)			4,399,281	4,399,281
ETSA Oval Complex			66,443	59,322	(66,443)	(59,322)			469,762	469,762
Mining Manufacturing & Construction										
Building Act	37,419	50,831	357,227	308,935	(319,808)	(258,104)			52,610	52,610
Transport & Communication										
Aerodromes	301,517	312,758	452,574	384,937	(151,057)	(72,179)			14,021,222	14,021,222
Maintenance of Roads, Bridges etc	524,261	907,395	4,216,359	3,085,783	(3,692,097)	(2,178,389)	464,185	838,213	135,447,030	135,429,592
Street Sweeping			122,877	88,962	(122,877)	(88,962)				
Footpaths			330,064	183,284	(330,064)	(183,284)				
Parking			12,157	11,264	(12,157)	(11,264)				
Economic Affairs										
Regional & Economic Development Related Projects	259,484	18,755	432,037	657,220	(172,553)	(638,465)	235,000		6,511,727	6,498,865
Wadlata Interpretive Centre	148,563	146,080	486,861	484,335	(338,297)	(338,255)				
Wadlata Retail Centre	215,068	227,506	203,829	217,086	11,240	10,420				
Wadlata Visitor Information Centre	46,205	52,156	233,247	210,419	(187,043)	(158,263)				
Wadlata Outback Tucker Box	222,201	226,037	226,392	219,459	(4,191)	6,578			81,417	81,417
Arid Lands Garden Interpretive Centre	571,145	495,574	871,248	839,088	(300,103)	(343,514)			3,237,800	3,164,843
Arid Lands Garden Operation	4,225	857	489,871	545,751	(485,646)	(544,893)				
Arid Lands Nursery Operation	117,446	83,093	157,024	128,960	(39,579)	(45,868)			265,954	265,954
Information Bays			6,199	5,835	(6,199)	(5,835)				
Public Debt Transactions										
Treasury - Debt Servicing	141,442	184,779	1,068,508	904,390	(927,066)	(719,612)				
Other Purposes NEC										
Machinery Operating	784,184	494,731	668,346	603,300	115,837	(108,570)	13,361	14,423	4,709,711	4,588,916
Depot & Nursery			1,516,670	1,526,834	(1,516,670)	(1,526,834)			171,563	189,369
Engineering Services			821,877	724,508	(821,877)	(724,508)				
Other NEC	1,727				1,727					
TOTALS	31,590,468	30,934,755	37,766,070	35,298,140	(6,175,602)	(4,363,385)	9,302,522	10,301,476	289,932,712	289,268,679

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 INCOME

	Notes	2014 \$	2013 \$
RATES REVENUES			
GENERAL RATES			
General Rates		13,808,774	12,990,808
Less Mandatory Rebates		46,824	62,651
Less Discretionary Rebates, remissions & write offs		<u>1,218,769</u>	<u>1,094,170</u>
		<u>12,543,182</u>	<u>11,833,987</u>
OTHER RATES (INCLUDING SERVICE CHARGES)			
Natural Resource Management Levy		236,316	221,310
Community Waste Water Management Systems		737,034	649,320
Waste Management Levy		<u>1,380,335</u>	<u>1,348,828</u>
		<u>2,353,684</u>	<u>2,219,458</u>
OTHER CHARGES			
Penalties for late payment		125,910	116,931
Legal & other costs recovered		<u>87,395</u>	<u>28,776</u>
		<u>213,305</u>	<u>145,707</u>
		<u>15,110,171</u>	<u>14,199,152</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 INCOME (Continued)

	2014	2013
STATUTORY CHARGES		
Notes	\$	\$
Development Act Fees	37,419	37,331
Town Planning Fees	174,497	97,832
Animal Registration Fees & Fines	74,793	75,856
Parking Fines/expiation fees	10,443	15,108
Sundry	18,053	12,092
	<u>315,205</u>	<u>238,219</u>
USER CHARGES		
Cemetery Fees	167,270	163,753
Halls Hire	13,362	17,937
Sales - General	849,954	778,947
Rentals	48,654	44,064
Nursing Home Fees	2,069,062	1,923,900
Childcare Fees	530,858	459,008
Swimming Pool & Aquatic Centre Fees	187,381	183,283
Wadlata Interpretive Centre Fees	141,280	140,208
Other Fees	598,581	548,185
Sundry	18,036	21,024
	<u>4,624,436</u>	<u>4,280,308</u>
INVESTMENT INCOME		
Interest on Investments		
Local Government Finance Authority	228,601	246,386
Loans to community groups	2,871	3,967
	<u>231,472</u>	<u>250,353</u>
REIMBURSEMENTS		
For Roadworks	53,604	68,691
For Private Works	6,473	364
Other	305,405	346,281
	<u>365,481</u>	<u>415,336</u>
OTHER INCOME		
Contributions from developers		
Insurance & other recoupments - infrastructure	1,027,961	678,965
Sundry	613,220	570,945
	<u>1,641,181</u>	<u>1,249,909</u>

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PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 INCOME (Continued)

	Notes	2014 \$	2013 \$
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		4,849,593	250,000
Other grants, subsidies and contributions		<u>9,302,522</u>	<u>10,301,476</u>
		<u>14,152,115</u>	<u>10,551,476</u>

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

Sources of grants

Commonwealth government	11,053,450	6,701,151
State government	3,094,230	3,850,325
Other	<u>4,435</u>	<u>0</u>
	<u>14,152,115</u>	<u>10,551,476</u>

INDIVIDUALLY SIGNIFICANT ITEMS

In 2012/13 Council received a grant of \$250,000 from the Federal Government for the Central Oval Redevelopment Project. Additional funding of \$4,250,000 was received in 2013/14. Monies from these grants will be expended during the 2013/2014 and 2014/2015 financial years.

4,250,000	250,000
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Conditions over grants & contributions

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

<i>Unexpended at the close of the previous reporting period</i>	5,343,131	5,048,313
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	5,343,131	48,313
<i>Subtotal</i>	0	5,000,000
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>	117,711	343,131
<i>Subtotal</i>	117,711	343,131
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	117,711	5,343,131
<i>Net increase (decrease) in restricted assets in the current reporting period</i>	(5,225,420)	294,818

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4 EXPENSES

	Notes	2014 \$	2013 \$
EMPLOYEE COSTS			
Salaries and Wages		13,238,818	12,334,139
Employee Leave Expenses		1,475,930	1,618,859
Superannuation - Defined Contribution Plan Contributions	17	939,441	824,247
Superannuation - Defined Benefit Plan Contributions	17	276,627	287,944
Superannuation - Other	17	151,892	134,620
Workers Compensation Insurance		546,909	488,798
Less: Capitalised and distributed costs		(393,515)	(299,047)
Total Operating Employee Costs		16,236,103	15,389,560
Total Number of Employees			
(Full time equivalent at end of reporting period)		222.4	215.5
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		15,433	15,100
Elected members' expenses		213,151	229,928
Election Expenses		21,196	3,572
Operating Lease Rentals - non cancellable leases	16		
- minimum lease payments		286,025	182,739
- contingent rentals			
Sub Total Prescribed Expenses		535,805	431,340
Other Materials, Contracts & Expenses			
Contractors		6,263,915	6,190,008
Energy		2,180,260	2,280,974
Legal Expenses		51,187	52,709
Levies paid to government - NRM Levy		225,160	231,589
Other levies		37,030	37,989
Parts, Accessories & Consumables		2,219,182	2,035,496
Professional Services		88,516	73,375
Communications		155,588	202,828
Contributions & Donations		131,588	195,462
Insurances		468,336	452,504
Rates & Taxes		105,498	93,875
Travel & Accommodation		66,251	64,920
Affiliations		3,100	854
Advertising		165,228	194,497
Subscriptions		75,910	67,819
Training		109,088	100,637
Postage Printing Stationery		129,594	128,214
Plant Hire		659,535	419,942
Bank Charges		71,531	63,505
Sundry		732,179	588,486
Sub Total Other Materials, Contracts & Expenses		13,938,674	13,475,683
TOTAL MATERIALS, CONTRACTS & EXPENSES		14,474,480	13,907,023

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4 EXPENSES (cont)

	Notes	2014 \$	2013 \$
FINANCE COSTS			
Interest on overdraft & short-term borrowings		14,001	16,586
Interest on Loans		<u>1,099,020</u>	<u>964,666</u>
		<u>1,113,021</u>	<u>981,252</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		2,017,448	2,023,024
Infrastructure		3,205,513	2,301,835
Plant & Equipment		454,166	410,210
Furniture & Equipment		<u>265,339</u>	<u>285,235</u>
		<u>5,942,466</u>	<u>5,020,303</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5 ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Notes	2014 \$	2013 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		168,686	388,521
Less: Carrying amount of assets sold		<u>241,255</u>	<u>304,727</u>
Gain (Loss) on disposal		<u>(72,569)</u>	<u>83,794</u>
NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(72,569)</u>	<u>83,794</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6 CURRENT ASSETS

	Notes	2014 \$	2013 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		21,367	145,122
Deposits at Call		<u>4,318,700</u>	<u>6,760,596</u>
		<u>4,340,068</u>	<u>6,905,718</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		1,230,702	1,253,330
Rates Postponed for State Seniors			
Accrued Revenues		68,123	113,353
Debtors - General		264,557	267,563
Other levels of Government		430,514	57,800
GST Recoupment		782,643	209,292
Loans to community organisations		<u>12,884</u>	<u>12,508</u>
		<u>2,789,424</u>	<u>1,913,847</u>
 Less: Allowance for Doubtful Debts		<u>129,648</u>	<u>137,000</u>
		<u>2,659,775</u>	<u>1,776,847</u>
 INVENTORIES			
Stores & Materials		97,328	93,259
Trading Stock		<u>148,991</u>	<u>155,057</u>
		<u>246,319</u>	<u>248,316</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7 NON-CURRENT ASSETS

	Notes	2014 \$	2013 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		<u>92,990</u>	<u>105,875</u>
		<u>92,990</u>	<u>105,875</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
TOTAL FINANCIAL ASSETS		<u>92,990</u>	<u>105,875</u>
Capital Works-in-Progress		14,196,928	1,438,690
Nursing Home Bed Places		<u>2,100,000</u>	<u>2,100,000</u>
TOTAL OTHER NON-CURRENT ASSETS		<u>16,296,928</u>	<u>3,538,690</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	FAIR VALUE LEVEL	2013 \$				2014 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	2	10,058,991	-	-	10,058,991	10,058,991	-	-	10,058,991
Buildings & Other Structures	2	109,685,579	283,572	(43,228,193)	66,740,958	109,969,151	332,961	(45,245,641)	65,056,470
Infrastructure	3	156,344,768	0	(47,411,548)	108,933,220	153,802,950	2,707,320	(50,117,034)	106,393,236
Plant & Equipment	2	7,215,932	452,740	(4,037,643)	3,631,029	7,269,448	529,504	(4,333,841)	3,465,112
Furniture & Fittings	2	5,211,084	16,014	(4,003,265)	1,223,834	5,227,099	35,290	(4,268,604)	993,784
TOTAL PROPERTY, PLANT & EQUIPMENT		288,516,354	752,326	(98,680,648)	190,588,031	286,327,637	3,605,074	(103,965,119)	185,967,593
2013 Totals		282,903,470	5,017,271	(97,211,747)	190,708,994	288,516,354	752,326	(98,680,648)	190,588,031

	2013 \$						2014 \$
	CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
		NEW/UPGRADE	RENEWALS				
Land	10,058,991	-	-	-	-	-	10,058,991
Buildings & Other Structures	66,740,958	219,027	113,933	-	(2,017,448)	-	65,056,470
Infrastructure	108,933,220	543,461	898,389	-	(3,205,513)	(776,322)	106,393,236
Plant & Equipment	3,631,029	41,050	488,454	(241,256)	(454,166)	-	3,465,111
Furniture & Fittings	1,223,834	14,400	20,890	-	(265,339)	-	993,785
TOTAL PROPERTY, PLANT & EQUIPMENT	190,588,031	817,938	1,521,666	(241,256)	(5,942,466)	(776,322)	185,967,593
2013 Totals	190,708,994	1,302,032	1,944,742	(304,727)	(5,020,303)	1,957,294	190,588,031

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 subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land

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 116.16(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. Desktop revaluations done at 30/6/13 & 30/6/14

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, 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.

Plant & Equipment

Plant & 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.

Furniture and Fittings

Furniture and Fittings 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.

All other assets

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

ADDITIONAL DISCLOSURES FOR FAIR VALUE HIERARCHY:

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

Fair value hierarchy level 2 valuations – Land, Buildings and Structures, Plant and Equipment and Furniture and Fittings

The value of these assets 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 - Infrastructure

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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9 LIABILITIES

	Notes	2014 Current \$	2014 Non-Current \$	2013 Current \$	2013 Non-Current \$
TRADE & OTHER PAYABLES					
Goods & Services		4,252,150		1,900,644	
Payments received in advance		94,170		20,895	
Accrued expenses - other		2,748,615		623,766	
Accrued expenses - employee provisions				1,205,802	
Aged Care Facility Deposits		3,001,014		2,185,811	
		<u>10,095,949</u>	<u>-</u>	<u>5,936,917</u>	<u>-</u>
Amounts included in trade & other payables that are not expected to be settled within 12 months of the reporting date.		2,190,000		1,850,000	
BORROWINGS					
Bank Overdraft		163,092		-	
Local Government Finance Authority		-		-	
Friends of the Arid Lands Botanic Garden		16,121	51,347		
Loans - LGFA		9,338,600	13,464,119	6,068,085	13,802,719
		<u>9,517,813</u>	<u>13,515,466</u>	<u>6,068,085</u>	<u>13,802,719</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Provision for Annual Leave		1,255,358			
Provision for Long Service Leave		1,194,817	387,356	1,257,135	286,807
		<u>2,450,175</u>	<u>387,356</u>	<u>1,257,135</u>	<u>286,807</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10 RESERVES

ASSET REVALUATION RESERVE	30-06-13	Net Increments (Decrements)	Transfers on Sale	30-06-14
Notes	\$	\$	\$	\$
Land	10,571,565			10,571,565
Buildings & Other Structures	59,971,279	-		59,971,279
Infrastructure	81,384,755			81,384,755
Roads, Bridges, Footpaths	21,156,537	(776,322)		20,380,215
Plant & Equipment	2,017,467	-		2,017,467
Furniture & Fittings	926,413			926,413
Nursing Home Bed Places	2,100,000	-		2,100,000
Total Infrastructure, Property, Plant & Equipment	178,128,016	(776,322)		177,351,694

PURPOSES OF RESERVES**Asset Revaluation Reserve**

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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	2014 \$	2013 \$
Total Cash & Equivalent Assets	6	4,340,068	6,905,718
Less: Short-term borrowings	BS	<u>163,092</u>	<u>-</u>
Balances per Statement of Cash Flows		<u>4,176,976</u>	<u>6,905,718</u>

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

Net Surplus (Deficit)	(1,398,578)	(4,029,591)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,942,466	5,020,303
Change in allowances for under-recovery	(7,352)	30,535
Grants for capital acquisitions treated as investing activity	(4,849,593)	(250,000)
Nursing Home Deposits treated as financing activity	(815,203)	272,159
Net increase (decrease) in unpaid employee benefits	87,787	192,756
Net (Gain) Loss on Disposals	<u>72,569</u>	<u>(83,794)</u>
	<u>(967,904)</u>	<u>1,152,368</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(875,200)	(451,674)
Net (increase) decrease in inventories	1,997	4,069
Net increase (decrease) in trade & other payables	<u>3,980,826</u>	<u>123,614</u>
Net Cash provided by (or used in) operations	<u>2,139,719</u>	<u>828,377</u>

(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		
Corporate Credit Cards	32,000	32,000
LGFA Cash Advance Debenture Facility	5,000,000	5,000,000

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 between 3.5% and 5.1% (2014:2.5% and 3.5%). Short term deposits have an average maturity of 30 days and an average interest rates of 4.3% (2013: 30 days, 4.3%).

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 8.0% (2013:9.0%) 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 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 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 are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.6% and 7.48% (2013: 4.35% and 7.48%)

Carrying amount: approximates fair value.

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

	Due ≤ 1 year	Due > 1 year ≥ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2014					
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	4,340,068			4,340,068	4,340,068
Receivables	646,431			646,431	646,431
Other Financial Assets				-	-
Total	4,986,498	-	-	4,986,498	4,986,498
Financial Liabilities					
Payables	4,252,150			4,252,150	4,252,150
Short-term Borrowings	163,092			163,092	163,092
NHA Bonds	3,001,014			3,001,014	3,001,014
Borrowings	9,338,600	13,531,587	-	22,870,187	22,870,187
Total	16,754,856	13,531,587	-	30,286,443	30,286,443
2013					
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	6,905,718			6,905,718	6,905,718
Receivables	314,224			314,224	314,224
Other Financial Assets				-	-
Total	7,219,942	-	-	7,219,942	7,219,942
Financial Liabilities					
Payables	1,900,644			1,900,644	1,900,644
Short-term Borrowings	-			-	-
NHA Bonds	2,185,811			2,185,811	2,185,811
Borrowings	6,068,085	13,802,719	-	19,870,804	19,870,804
Total	10,154,540	13,802,719	-	23,957,259	23,957,259

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Overdraft	9.30	163,092	10.15	-
Other Variable Rates	5.00	6,676,000	5.50	6,676,000
Fixed Interest Rates	5.70	16,194,187	5.97	13,194,804
		23,033,279		19,870,804

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 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 13 COMMITMENTS FOR EXPENDITURE

	2014	2013
	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land		
Buildings & Structures - Central Oval Redevelopemnt Plant & Equipment	6,321,305	14,000,000
	<u>6,321,305</u>	<u>14,000,000</u>
These expenditures are payable:		
Less than 1 year	6,321,305	12,000,000
Later than one year and not later than 5 years		2,000,000
Later than 5 years		
	<u>6,321,305</u>	<u>14,000,000</u>
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	16,500	66,000
Waste Collection Contract	2,581,974	3,366,017
Refuse Reserve Contract	3,429,484	3,429,484
Parks & Gardens Contract	1,195,296	1,590,838
Cleaning Services	558,368	363,297
Catering Services	938,710	1,821,774
Security Services	709,008	412,000
	<u>9,429,340</u>	<u>11,049,410</u>
These expenditures are payable:		
Less than one year	3,334,786	3,243,189
Not later than 5 years	6,094,554	7,806,221
	<u>9,429,340</u>	<u>11,049,410</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 14 FINANCIAL PERFORMANCE INDICATORS

2014 **2013**

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	(41.5%)	(31.2%)
<u>Adjusted Operating Surplus</u>		
Rates - general & other less NRM levy		

This ratio expressed the operating surplus as a percentage of general rates and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio	(31.2%)	(42.6%)
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In each of June 2009, June 2010, June 2011, June 2012 and June 2013 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012, an advance of two quarterly payments was made (see Note 1 Recognition of Income). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. There has been a "claw back" of two installments in 2013/2014. The Adjusted Surplus Ratio adjusts for this distortion.

Net Financial Liabilities	28,873,926	18,563,224
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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 (excluding NRM Levy)

Net Financial Liabilities Ratio	92.1%	60.4%
<u>Net Financial Liabilities</u>		
Total Operating Revenue Less NRM Levy		

Asset Sustainability Ratio		
<u>Net Asset Renewals</u>	21.2%	34.3%
Depreciation Expense as per Long Term Financial Plan		

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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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.

	2014 \$	2013 \$
Income	31,590,468	30,934,754
<i>less</i> Expenses	<u>37,766,070</u>	<u>35,298,139</u>
	<u>(6,175,602)</u>	<u>(4,363,385)</u>
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,298,754	2,331,007
<i>less</i> Depreciation, Amortisation and Impairment	(5,942,466)	(5,020,303)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(168,686)</u>	<u>(141,705)</u>
	<u>(4,812,398)</u>	<u>(2,831,001)</u>
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	12,415,079	2,099,378
<i>less</i> Amounts specifically for New and Upgraded Assets	(4,849,593)	(250,000)
<i>less</i> Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>-</u>	<u>(246,816)</u>
	<u>7,565,486</u>	<u>1,602,562</u>
Net Lending / (Borrowing) for Financial Year	<u>(8,928,690)</u>	<u>(3,134,946)</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16 OPERATING LEASES***Leases providing revenue to the Council***

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

Lease payment commitments of Council

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

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

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

No lease contains any escalation clause.

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

	2014	2013
	\$	\$
Not later than one year	293,182	295,245
Later than one year and not later than 5 years	<u>720,562</u>	<u>1,013,746</u>
	<u>1,013,744</u>	<u>1,308,991</u>

NOTE 17 SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme and to HESTA. The Statewide Superannuation 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 (9.25% in 2013/14; 9.0% in 2012/2013). 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 2012/2013) 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, and employees may transfer to another employee 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 full actuarial investigation conducted by the Scheme's actuary, A.C. Miller, FIAA, of Russel Employee Benefits as at 30 June 2011, 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 Commonwealth Government, a major funding source

BUSINESS SEGMENTS	TOTAL COUNCIL 2014 \$	RACF 2014 \$	OTHER 2014 \$	TOTAL COUNCIL 2013 \$	RACF 2013 \$	OTHER 2013 \$
REVENUE						
Grants & Subsidies	9,302,522	4,604,628	4,697,894	10,301,476	4,336,950	5,964,525
User Charges	4,624,436	2,112,268	2,512,169	4,280,308	1,965,681	2,314,627
Reimbursements	365,481	25,103	340,378	415,336	48,117	367,219
Investment Income	231,472	90,030	141,442	250,353	65,574	184,779
Other Revenue	17,066,556	63,821	17,002,735	15,687,281	72,956	15,614,325
TOTAL REVENUE	31,590,468	6,895,850	24,694,617	30,934,754	6,489,278	24,445,475
EXPENDITURE						
Operating Costs	31,823,604	8,264,995	23,558,609	30,277,835	7,655,622	22,622,213
Depreciation	5,942,466	531,696	5,410,770	5,020,303	531,333	4,488,971
	37,766,070	8,796,691	28,969,379	35,298,139	8,186,955	27,111,184
Operating (Loss)/Surplus before Capital Revenues	(6,175,602)	(1,900,840)	(4,274,762)	(4,363,386)	(1,697,677)	(2,665,709)
Capital Revenues	4,777,024		4,777,024	333,794		333,794
RESULT						
Operating Result (Loss)/Surplus	(1,398,578)	(1,900,840)	502,262	(4,029,592)	(1,697,677)	(2,331,915)
ASSETS						
Current Assets	7,246,161	3,134,566	4,111,595	8,930,881	2,309,673	6,621,208
Non-Current Assets	202,357,512	8,026,257	194,331,255	192,132,596	8,380,266	183,752,330
Intangible Assets	2,100,000	2,100,000		2,100,000	2,100,000	
TOTAL ASSETS	211,703,673	13,260,823	198,442,850	203,163,477	12,789,939	190,373,538
LIABILITIES						
Current Liabilities	22,063,937	4,131,417	17,932,520	13,262,137	3,197,145	10,064,992
Non-Current Liabilities	13,902,822	1,217,134	12,685,688	14,089,526	1,431,629	12,657,897
TOTAL LIABILITIES	35,966,759	5,348,551	30,618,208	27,351,663	4,628,774	22,722,889
NET ASSETS	175,736,914	7,912,272	167,824,642	175,811,814	8,161,165	167,650,649

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18 SEGMENT REPORTING CONTINUED

REVENUE	\$	EXPENSES	\$
Government Subsidies	4,509,043	Wages & Superannuation - Care	2,745,766
Resident Charges	2,112,268	Wages & Superannuation - Admin	396,875
Capital Grants	0	Wages & Superannuation - Other	2,023,824
Bond Retentions	95,585	Management Fees	315,344
Interest Income	90,030	Depreciation & Amortisation	531,696
Donations & Contributions	68,624	Interest	107,696
Other Operating Revenue	20,301		
TOTAL OPERATING REVENUE	6,895,850	Building Repairs & Maintenance	215,053
		Insurance	322,488
		Motor Vehicles	19,448
		Utilities	226,003
		Other Expenses	1,892,497
		TOTAL EXPENSES	8,796,691
SEGMENT RESULT SURPLUS(DEFICIT)			(1,900,840)
SEGMENT ASSETS	\$	SEGMENT LIABILITIES	\$
Current Assets		Current Liabilities	
Cash	3,003,464	Borrowings	239,611
Trade Receivables	131,102	Trade Payables	305,190
Other Current Assets		Employee Provisions	452,899
		Accommodation Bonds	3,001,014
		Other Current Liabilities	132,703
TOTAL CURRENT ASSETS	3,134,566	TOTAL CURRENT LIABILITIES	4,131,417
Property, Plant & Equipment	8,026,257	Loans	1,121,374
Intangibles	2,100,000	Employee Provisions	95,760
Other Non-Current Assets		Accommodation Bonds	0
		Other non-current liabilities	
TOTAL NON-CURRENT ASSETS	10,126,257	TOTAL LIABILITIES	1,217,134
SEGMENT TOTAL ASSETS	13,260,823	SEGMENT TOTAL LIABILITIES	5,348,551
SEGMENT NET ASSETS	7,912,272		

**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 403km 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 20 ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally raised.

	2014	2013
CASH & FINANCIAL ASSETS		
Unexpended grant funds and accumulated interest		
Central Oval	259,354	5,374,143
	<u>259,354</u>	<u>5,374,143</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS	<u>259,354</u>	<u>5,374,143</u>

In 2011/12 Council received a grant of \$5,000,000 from the State Government of South Australia for the Central Oval Redevelopment Project. Additional funding was received in installments from the Federal Government, totalling \$250,000 for 2012/13 and \$4,250,000 for 2013/14. Monies from these grants have been expended during the 2013/2014 and 2014/2015 financial years and the amount of \$259,354 remains unspent in interest accrued.

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PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

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 2014, 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 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
CITY MANAGER



PETER SOLOMAN
PRESIDING MEMBER
AUDIT COMMITTEE

27/11/2014

PORT AUGUSTA CITY COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Port Augusta City Council for the year ended 30 June 2014, we have maintained our 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 7th day of October 2014

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

We have audited the accompanying financial report of the Port Augusta City Council which comprises the balance sheet as at 30 June 2014 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 2014.

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 2011. 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

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted the audit in accordance with Australian Auditing Standards. These Auditing Standards require that we 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.

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

Independence

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Port Augusta City Council as of 30 June 2014, 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 2011.

**IAN G MC DONALD FCA
CHARTERED ACCOUNTANT
REGISTERED COMPANY AUDITOR**

Liability limited by a scheme approved under Professional Standards Legislation

Signed 29th day of October 2014, at Adelaide, South Australia