



PORT AUGUSTA CITY COUNCIL ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2023

ABN: 73 625 993 182



PortAugusta
CITY COUNCIL

General Purpose Financial Statements

for the year ended 30 June 2023

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Port Augusta City Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a 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.



John Banks
Chief Executive Officer
27 November 2023

Linley Shine
Mayor

27 November 2023

Statement of Comprehensive Income

for the year ended 30 June 2023

\$	Notes	2023	2022
Income			
Rates & Service Charges	2a	18,889,263	19,380,195
Grants, subsidies and contributions - operating	2g	9,071,761	7,765,673
User charges	2c	4,355,659	3,957,827
Other income	2f	895,427	792,266
Statutory charges	2b	549,044	324,530
Investment income	2d	356,855	37,002
Reimbursements	2e	191,099	680,767
Total income		34,309,108	32,938,260
Expenses			
Employee costs	3a	12,231,959	11,719,484
Materials, contracts and other expenses	3b	11,968,446	11,873,968
Depreciation, amortisation and impairment	3c	7,700,916	7,671,327
Finance costs	3d	117,180	133,162
Total expenses		32,018,501	31,397,941
Operating surplus / (deficit)		2,290,607	1,540,319
Asset disposal and fair value adjustments	4	(110,595)	(141,945)
Amounts Received or Returned Specifically for New or Upgraded Assets	2g	783,414	1,413,795
Net surplus / (deficit)		2,963,426	2,812,169
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	9	—	1,561,065
Total amounts which will not be reclassified subsequently to operating result		—	1,561,065
Total other comprehensive income		—	1,561,065
Total comprehensive income		2,963,426	4,373,234
Financial Assistance Grant Payment Reallocation 23/24		(3,692,778)	—
Financial Assistance Grant Payment Reallocation 22/23		2,442,957	(2,442,957)
Financial Assistance Grant Payment Reallocation 21/22		—	1,599,250
Adjusted Operating Surplus/(Deficit)		1,040,786	696,612

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2023

\$	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	12,121,207	10,591,069
Trade and other receivables	5b	1,622,589	1,896,007
Inventories	5c	174,307	143,008
Subtotal		13,918,103	12,630,084
Non-current assets held for sale	18	–	253,276
Subtotal		–	253,276
Total current assets		13,918,103	12,883,360
Non-current assets			
Trade and other receivables	6	101,780	–
Infrastructure, property, plant and equipment	7	219,439,949	219,374,292
Total non-current assets		219,541,729	219,374,292
TOTAL ASSETS		233,459,832	232,257,652
LIABILITIES			
Current liabilities			
Trade and other payables	8a	3,189,208	4,659,205
Borrowings	8b	335,695	327,947
Provisions	8c	1,845,349	1,888,374
Subtotal		5,370,252	6,875,526
Total current liabilities		5,370,252	6,875,526
Non-current liabilities			
Borrowings	8b	3,764,031	4,086,028
Provisions	8c	136,168	70,143
Total non-current liabilities		3,900,199	4,156,171
TOTAL LIABILITIES		9,270,451	11,031,697
Net assets		224,189,381	221,225,955
EQUITY			
Accumulated surplus		952,420	(2,011,006)
Asset revaluation reserves	9	223,236,961	223,236,961
Total council equity		224,189,381	221,225,955
Total equity		224,189,381	221,225,955

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2023

\$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2023				
Balance at the end of previous reporting period		(2,011,006)	223,236,961	221,225,955
Net surplus / (deficit) for year		2,963,426	—	2,963,426
Other comprehensive income				
Gain (Loss) on Revaluation of I,PP&E	7a(i)	—	—	—
Other comprehensive income		—	—	—
Total comprehensive income		2,963,426	—	2,963,426
Balance at the end of period		952,420	223,236,961	224,189,381
2022				
Balance at the end of previous reporting period		(4,823,175)	221,675,896	216,852,721
Net surplus / (deficit) for year		2,812,169	—	2,812,169
Other comprehensive income				
Gain (Loss) on Revaluation of I,PP&E	7a(i)	—	1,561,065	1,561,065
Other comprehensive income		—	1,561,065	1,561,065
Total comprehensive income		2,812,169	1,561,065	4,373,234
Balance at the end of period		(2,011,006)	223,236,961	221,225,955

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2023

\$	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		19,229,187	19,530,985
Statutory charges		549,044	324,530
User charges		4,355,659	3,957,827
Grants, subsidies and contributions		9,121,247	7,970,649
Investment receipts		356,855	37,002
Reimbursements		191,099	680,767
Other receipts		970,737	2,202,158
<u>Payments</u>			
Payments to employees		(12,208,959)	(11,713,638)
Payments for materials, contracts and other expenses		(13,650,279)	(12,358,133)
Finance payments		(117,180)	(133,162)
Net cash provided by (or used in) operating activities	10b	8,797,410	10,498,985
Cash flows from investing activities			
<u>Receipts</u>			
Amounts received specifically for new or upgraded assets		783,414	1,413,795
Sale of replaced assets		360,866	106,364
Repayments of loans by community groups		—	7,008
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(7,828,672)	(3,287,788)
Expenditure on new/upgraded assets		(142,387)	(1,054,328)
Loans made to community groups		(112,545)	—
Net cash provided (or used in) investing activities		(6,939,324)	(2,814,949)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of loans		(313,167)	(897,944)
Repayment of lease liabilities		(14,781)	(12,004)
Net cash provided by (or used in) financing activities		(327,948)	(909,948)
Net increase (decrease) in cash held		1,530,138	6,774,088
plus: cash & cash equivalents at beginning of period		10,591,069	3,816,981
Cash and cash equivalents held at end of period	10a	12,121,207	10,591,069
Additional information:			
Total cash, cash equivalents and investments		12,121,207	10,591,069

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

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Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

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.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 21 November 2023.

1.2 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.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

(2) The local government reporting entity

Port Augusta City Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 4 Mackay Street, Port Augusta, South Australia. These consolidated financial statements include the Council's direct operations 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) 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 recent years the Commonwealth Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation:

2020/21	2 quarters of the 2021/22 allocation	\$1,599,250
2021/22	3 quarters of the 2022/23 allocation	\$2,442,957
2022/23	95 percent of the 2023/24 allocation	\$3,692,778

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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 Operating Surplus Ratio disclosed in Note 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(4) Cash, 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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

(5) 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) Infrastructure, property, plant and 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

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 as Capital Work in Progress on the Infrastructure, Property, Plant & Equipment Note. 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. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of non-current assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best 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 20 years
Plant and Equipment	5 to 20 years
Vehicles	10 to 20 years

Buildings, Structures and Site Improvements

Buildings — Structure	30 to 150 years
Buildings — Components	20 to 60 years
Park Furniture	7 to 30 years
Playground Equipment	15 to 30 years
Carparks, Pathways and Fencing	30 to 50 years
BMX Track	20 years
Board Walk	30 to 40 years
Monuments and Memorials	50 to 100 years
Shade Sails and Shelters	15 to 40 years
Swimming Pools	40 to 50 years
Marine Structures	25 to 80 years

CWMS, Waste Water and Stormwater

Stormwater Drains	60 to 100 years
Culverts	60 to 80 years
Flood Control Structures	50 to 100 years

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Basins	50 years
Reticulation Pipes — PVC70	60 to 70 years
Reticulation Pipes — other25	50 to 70 years
Wastewater Irrigation	80 to 100 years
Pumps & Telemetry	25 to 50years
Reclaimed Water Plant & Irrigation System	25 to 50 years
CWMS – Pipe Assets & Node Assets	70 years
<i>Road Infrastructure</i>	
Sealed Roads — Surface Upper	10 to 70 years
Sealed Roads — Surface Lower	60 to 105 years
Sealed Roads — Pavement Upper	50 to 100 years
Sealed Roads — Pavement Sub Base	150 to 300 years
Unsealed Roads - Surface	10 to 25 years
Unsealed Roads – Base	45 to 60 years
Bridges — Concrete	50 to 85 years
Kerb and Gutter	60 to 65 years
Paving and Footpaths - Surface	10 to 45 years
Paving and Footpaths - Base	90 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) 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 other than grants 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) 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".

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) 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 Hostplus Superannuation Scheme. The 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 16.

(10) 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 2022, Council has 1 lease to which this treatment has been applied.

(11) 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.

(12) New accounting standards and UIG interpretations

New accounting standards, amendments to existing standards and UIG Interpretations

Council applied for the first time certain new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2022. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Australian Accounting Standards – AASB 2020-3: Annual Improvement 2018-2020 and Other Amendments

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current

AASB 2020-6 defers the effective date for applying the requirements added to AASB 101 in AASB 2020-1 from annual reporting periods beginning on or after 1 January 2022 to annual reporting periods beginning after 1 January 2023, with earlier application permitted.

The adoption of the amendment did not have a material impact on the financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

Effective for annual report periods beginning on or after 1 January 2023.

AASB 2022-6: Amendments to Australian Accounting Standards – Non current Liabilities with Covenants

Effective for annual report periods beginning on or after 1 January 2024.

AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

Effective for annual report periods beginning on or after 1 January 2025.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Council has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material in the financial statements.

(13) Comparative figures

To ensure comparability with the current reporting period's figures following a General Ledger Restructure, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(14) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income

\$	2023	2022
(a) Rates & Service Charges		
General rates		
General rates	17,435,794	19,187,797
Less: mandatory rebates	(505,386)	(594,126)
Less: discretionary rebates, remissions and write-offs	(958,842)	(2,391,333)
Total general rates	15,971,566	16,202,338
Other rates (including service charges)		
Waste collection	1,646,068	1,921,826
Community wastewater management systems	830,220	810,492
Regional Landscape Levy	297,303	289,925
Total other rates (including service charges)	2,773,591	3,022,243
Other charges		
Penalties for late payment	18,602	97,985
Legal and other costs recovered	125,504	57,629
Total other charges	144,106	155,614
Total Rates & Service Charges	18,889,263	19,380,195
(b) Statutory charges		
Development Act fees	247,057	106,196
Health and septic tank inspection fees	11,242	7,581
Animal Registration & Expiation Fees	244,487	155,332
Parking Expiation Fees	10,359	12,043
Other licences, fees and fines	35,899	43,378
Total statutory charges	549,044	324,530
(c) User charges		
Cemetery Fees	210,712	216,282
Hall and equipment hire	153,174	135,674
Sales - general	1,499,917	1,194,629
Other Fees	2,491,856	2,411,242
Total user charges	4,355,659	3,957,827

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	354,506	36,765
- Loans to community groups	2,349	237
Total investment income	356,855	37,002
(e) Reimbursements		
Roadworks	6,460	187,940
Private works	14,402	11,674
Other	170,237	481,153
Total reimbursements	191,099	680,767
(f) Other income		
Insurance and other recoupments - infrastructure, property, plant and equipment	841,013	706,105
Other	54,414	86,161
Total other income	895,427	792,266
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	783,414	1,413,795
Total	783,414	1,413,795
Other grants, subsidies and contributions		
Other grants, subsidies and contributions	9,071,761	7,765,673
Total other grants, subsidies and contributions	9,071,761	7,765,673
Total grants, subsidies and contributions	9,855,175	9,179,468
The functions to which these grants relate are shown in Note 10.		
(i) Sources of grants		
Commonwealth Government	2,377,148	2,749,297
State Government	7,454,864	6,343,195
Other	23,163	86,976
Total	9,855,175	9,179,468
(ii) Individually significant items		
In 2022/23, the Commonwealth Government paid an advance of 95% of the Financial Assistance Grant for 2023/2024	3,692,778	—
In 2021/2022, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2022/2023	2,442,957	(2,442,957)
Grant Commission (Financial Assistance Grant) recognised as income	—	1,599,250

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income (continued)

\$	2023	2022
(h) Conditions over grants and 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	<u>2,563,862</u>	<u>1,840,217</u>
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Other	<u>(2,563,862)</u>	<u>(1,840,217)</u>
Subtotal	<u>(2,563,862)</u>	<u>(1,840,217)</u>
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Other	<u>3,841,145</u>	<u>2,563,862</u>
Subtotal	<u>3,841,145</u>	<u>2,563,862</u>
Unexpended at the close of this reporting period	<u>3,841,145</u>	<u>2,563,862</u>
Net increase (decrease) in assets subject to conditions in the current reporting period	<u>1,277,283</u>	<u>723,645</u>

Note 3. Expenses

\$	Notes	2023	2022
(a) Employee costs			
Salaries and wages		9,946,630	9,574,864
Employee leave expense		1,047,292	1,015,925
Superannuation - defined contribution plan contributions	17	1,020,462	883,615
Superannuation - defined benefit plan contributions	17	66,898	101,981
Workers' compensation insurance		313,495	260,907
Less: capitalised and distributed costs		<u>(162,818)</u>	<u>(117,808)</u>
Total operating employee costs		<u>12,231,959</u>	<u>11,719,484</u>
Total number of employees (full time equivalent at end of reporting period)		138	133

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 3. Expenses (continued)

\$	2023	2022
(b) Materials, contracts and other expenses		
(i) Prescribed expenses		
Auditor's remuneration		
- Auditing the financial reports	33,816	19,245
Bad and doubtful debts	(121,112)	60,801
Elected members' expenses	242,525	243,666
Election expenses	82,523	—
Lease expense - low value assets / short term leases	58,235	56,833
Subtotal - prescribed expenses	295,987	380,545
(ii) Other materials, contracts and expenses		
Contractors	3,886,042	4,953,821
Utilities	1,734,531	1,655,611
Legal expenses	118,313	79,863
Levies Paid to Government - Regional Landscape Levy	296,778	289,540
Parts, accessories and consumables	1,708,532	1,286,178
Professional services	457,677	192,281
Communications	137,101	130,834
Contributions & Donations	170,492	133,015
Insurances	565,089	565,100
Rates & Taxes	71,259	64,684
Travel & Accommodation	2,725	2,679
Advertising	67,306	64,826
Subscriptions	83,741	83,538
Training	199,123	139,323
Postage Printing Stationery	94,306	85,790
Plant Hire	680,176	690,650
Bank Charges	60,932	63,726
Sundry	1,338,336	1,011,964
Subtotal - Other material, contracts and expenses	11,672,459	11,493,423
Total materials, contracts and other expenses	11,968,446	11,873,968
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	3,252,267	3,236,075
Infrastructure	3,617,647	3,557,688
Right-of-use assets	14,610	12,175
Plant and equipment	596,824	600,650
Furniture and fittings	219,568	264,739
Total depreciation, amortisation and impairment	7,700,916	7,671,327
(d) Finance costs		
Interest on loans	116,955	132,663
Interest on leases	225	499
Total finance costs	117,180	133,162

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 4. Asset disposal and fair value adjustments

\$	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	360,866	106,364
Less: carrying amount of assets sold	(471,461)	(248,309)
Gain (loss) on disposal	(110,595)	(141,945)
<u>Net gain (loss) on disposal or revaluation of assets</u>	<u>(110,595)</u>	<u>(141,945)</u>

Note 5. Current assets

\$	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	70,855	417,330
Deposits at call	12,050,352	10,173,739
<u>Total cash and cash equivalent assets</u>	<u>12,121,207</u>	<u>10,591,069</u>

(b) Trade and other receivables

Rates - general and other	805,766	1,145,690
Accrued revenues	244,137	176,226
Debtors - general	293,692	237,490
Other levels of government - operating	—	49,486
GST recoupment	265,529	370,008
Prepayments	2,700	38,219
Loans to community organisations	10,765	—
Subtotal	1,622,589	2,017,119
Less: provision for expected credit losses	—	(121,112)
<u>Total trade and other receivables</u>	<u>1,622,589</u>	<u>1,896,007</u>

(c) Inventories

Stores and materials	24,594	70,644
Trading stock	149,713	72,364
<u>Total inventories</u>	<u>174,307</u>	<u>143,008</u>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 6. Non-current assets

\$	2023	2022
Trade and other receivables		
Receivables		
Loans to community organisations	101,780	—
Subtotal	101,780	—
Total receivables	101,780	—
<u>Total financial assets</u>	<u>101,780</u>	<u>—</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

		as at 30/06/22				Asset movements during the reporting period								as at 30/06/23			
\$	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Tfrs from/to "Held for Sale" category	Revaluation Increments to Equity (ARR) (Note 8)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	895,502	–	895,502	57,124	293,508	–	–	(881,389)	–	–	–	–	364,745	–	364,745
Land - other	2	1,715,500	–	–	1,715,500	–	–	–	–	–	–	–	–	1,715,500	–	–	1,715,500
Land - other	3	11,478,000	–	–	11,478,000	–	–	–	–	–	–	–	–	11,478,000	–	–	11,478,000
Buildings and other structures	2	1,623,000	–	(1,423,852)	199,148	–	–	–	(25,695)	–	(1)	–	–	1,623,000	–	(1,449,548)	173,452
Buildings and other structures	3	132,877,782	1,070,529	(60,827,096)	73,121,215	1,035,596	4,145,075	–	(3,226,572)	714,816	–	–	–	132,877,782	6,966,016	(64,053,668)	75,790,130
Infrastructure	3	202,837,322	2,943,360	(77,772,170)	128,008,512	–	1,966,961	(178,097)	(3,617,647)	166,573	(1)	–	–	202,136,328	5,076,893	(80,866,920)	126,346,301
Right-of-use assets		26,784	–	(12,175)	14,609	–	13,698	–	(14,610)	–	1	–	–	26,784	13,698	(26,784)	13,698
Plant and equipment	2	8,330,668	173,064	(5,368,019)	3,135,713	15,748	132,897	(40,088)	(596,824)	–	(1,949)	–	–	8,234,643	321,711	(5,910,857)	2,645,497
Furniture and fittings	2	4,629,619	23,417	(3,846,943)	806,093	24,819	299,331	–	(219,568)	–	1,951	–	–	4,644,519	347,567	(4,079,460)	912,626
Total infrastructure, property, plant and equipment		363,518,675	5,105,872	(149,250,255)	219,374,292	1,133,287	6,851,470	(218,185)	(7,700,916)	–	1	–	–	362,736,556	13,090,630	(156,387,237)	219,439,949
Comparatives		359,733,324	2,762,785	(140,878,870)	221,617,239	1,081,111	3,287,788	(248,308)	(7,671,327)	–	–	(253,276)	1,561,065	363,518,675	5,105,872	(149,250,255)	219,374,292

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a 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 buildings, infrastructure and other assets. These assets 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.

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Buildings & Other Structures

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

The land and building associated 20 Jervois Street was transferred and re-classified as "Non Current Assets Held for Sale" as at 30 June 2022. Settlement of this property occur on 7 October 2022.

Infrastructure

Community waste water management systems, waste water and stormwater drainage assets were valued by Tonkins Consulting as at 1 July 2021. 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.

Note 8. Liabilities

	2023 Current	2023 Non Current	2022 Current	2022 Non Current
\$				
(a) Trade and other payables				
Goods and services	1,030,107	—	2,662,642	—
Payments received in advance	1,382,016	—	1,165,960	—
Accrued expenses - other	777,085	—	830,603	—
Total trade and other payables	3,189,208	—	4,659,205	—

(b) Borrowings

Loans	321,997	3,764,031	313,167	4,086,028
Lease liabilities	13,698	—	14,780	—
Total Borrowings	335,695	3,764,031	327,947	4,086,028

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

(c) Provisions

Employee entitlements (including oncosts)	1,845,349	136,168	1,888,374	70,143
Total provisions	1,845,349	136,168	1,888,374	70,143

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

	1,282,220	—	1,171,093	—
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Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset revaluation reserve					
Land	14,912,106	–	–	–	14,912,106
Buildings and other structures	65,837,272	–	–	–	65,837,272
Infrastructure	136,668,015	–	–	–	136,668,015
Plant and equipment	3,393,936	–	–	–	3,393,936
Furniture and fittings	2,425,632	–	–	–	2,425,632
Total asset revaluation reserve	223,236,961	–	–	–	223,236,961
Comparatives	221,675,896	1,561,065	–	–	223,236,961

Purposes of reserves

Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Note 10. Reconciliation to Statement of Cash Flows

\$	Notes	2023	2022
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(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:

Total cash and equivalent assets	5	12,121,207	10,591,069
Balances per Statement of Cash Flows		12,121,207	10,591,069

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)	2,963,426	2,812,169
Non-cash items in income statements		
Depreciation, amortisation and impairment	7,700,916	7,671,327
Grants for capital acquisitions treated as investing activity	(783,414)	(1,413,795)
Net (gain)/loss on disposals	110,595	141,945
	9,991,523	9,211,646
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	405,295	360,351
Change in allowances for under-recovery of receivables	(121,112)	(7,891)
Net (increase)/decrease in inventories	(31,299)	29,402
Net increase/(decrease) in trade and other payables	(1,469,997)	899,631
Net increase/(decrease) in unpaid employee benefits	23,000	5,846
Net cash provided by (or used in) operations	8,797,410	10,498,985

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 10. Reconciliation to Statement of Cash Flows (continued)

\$	2023	2022
(c) Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Bank overdrafts	1,100,000	700,000
Corporate credit cards	46,000	43,000
LGFA cash advance debenture facility	9,850,000	13,350,000

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 11(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Business Undertakings	830,220	810,492	846,806	1,154,368	(16,586)	(343,876)	–	–	7,347,108	7,642,593
Community Services	4,279,497	4,131,909	7,275,504	6,932,980	(2,996,007)	(2,801,071)	3,296,456	3,228,561	29,077,133	13,929,855
Culture	161,239	194,806	1,116,936	1,126,564	(955,697)	(931,758)	117,722	93,643	6,523,847	6,810,266
Economic Development	703,079	485,666	1,357,569	1,253,704	(654,490)	(768,038)	–	–	–	–
Environment	3,616,260	2,901,783	5,997,002	5,121,302	(2,380,742)	(2,219,519)	824,864	–	11,614,964	11,747,370
Recreation	560,227	577,506	5,970,764	6,083,398	(5,410,537)	(5,505,892)	19,854	28,409	48,588,131	46,030,561
Regulatory Services	527,407	305,160	1,199,829	900,786	(672,422)	(595,626)	–	–	402,465	345,064
Transport	1,273,478	1,652,354	6,303,435	6,947,462	(5,029,957)	(5,295,108)	135,712	424,224	128,204,261	129,717,677
Plant Hire & Depot	711,302	767,886	–	–	711,302	767,886	25,377	23,855	2,980,610	3,299,341
Council Administration	21,646,295	21,110,698	1,950,578	1,877,377	19,695,717	19,233,321	4,651,776	3,966,981	13,490,394	12,734,923
Total Functions/Activities	34,309,004	32,938,260	32,018,423	31,397,941	2,290,581	1,540,319	9,071,761	7,765,673	248,228,913	232,257,651

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11(b). Components of functions

The activities relating to Council functions are as follows:

Business undertakings

Community Wastewater Management Schemes, Wastewater

Community services

Sobering Up and Substance Misuse Services, Community Buildings, Services for the Aged and Disabled, Childcare Centre, Community Support, Cemeteries, Public Conveniences, Other Public Amenities

Culture

Library, Cultural Centre, Art Gallery

Economic development

Regional Development, Tourism and Regional Promotion, Wadlata Outback Centre

Environment

Landcare, Australian Arid Lands Botanic Garden, Waste Management, Stormwater Management, Street Cleaning, Street Lighting

Recreation

Marine and Boating Facilities, Parks and Gardens, Sporting Facilities, Swimming Centre, Sport and Recreation Programs

Regulatory services

Dog and Cat Control, Parking Inspection, Building and Planning, Environmental Health

Transport

Airport, Bridges, Footpaths and Kerbing, Roads

Plant hire and depot

Engineering, Works and Parks Depot, Plant and Machinery

Council administration

Governance (City Management, Elected Members), Human Resources, Finance and Customer Services, Information Communications Technology, Records Management, Work Health Safety and Risk Management, Treasury Management, Rate Revenue and Local Government Grants Commission Financial Assistance Grants

*Expenses includes Depreciation, and Full Cost Attribution which re-allocates a portion of Council Administration (not including Governance) and Plant Hire & Depot expenses.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

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 variable interest rates between .01% and 4.30% (2022: 1.5%)

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated 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:

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 and 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. 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 State and Federal Governments.

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 and conditions:

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12. Financial instruments (continued)

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 3.05% and 5.30% dependant on the fixed period (2022: 3.05% and 4.20%).

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

Accounted for in accordance with AASB 16.

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
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Financial assets and liabilities

2023

Financial assets

Cash and cash equivalents	12,121,207	—	—	12,121,207	12,121,207
Receivables	1,622,965	—	—	1,622,965	1,619,889
Other financial assets / Non-Current Recieveables	—	55,366	59,403	114,769	101,780
Total financial assets	13,744,172	55,366	59,403	13,858,941	13,842,876

Financial liabilities

Payables	1,807,192	—	—	1,807,192	1,807,192
Current borrowings	434,167	—	—	434,167	321,997
Non-current borrowings	—	3,867,123	—	3,867,123	3,764,031
Lease liabilities	7,234	7,234	—	14,468	13,698
Total financial liabilities	2,248,593	3,874,357	—	6,122,950	5,906,918

Total financial assets and liabilities

15,992,765	3,929,723	59,403	19,981,891	19,749,794
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2022

Financial assets

Cash and cash equivalents	10,591,069	—	—	10,591,069	10,591,069
Receivables	1,857,788	—	—	1,857,788	1,857,788
Other financial assets / Non-Current Recieveables	—	—	—	—	—
Total financial assets	12,448,857	—	—	12,448,857	12,448,857

Financial liabilities

Payables	3,493,245	—	—	3,493,245	3,493,245
Current borrowings	434,168	—	—	434,168	313,167

continued on next page ...

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12. Financial instruments (continued)

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Non-current borrowings	–	4,301,289	–	4,301,289	4,086,028
Lease liabilities	15,004	–	–	15,004	14,780
Total financial liabilities	3,942,417	4,301,289	–	8,243,706	7,907,220
<u>Total financial assets and liabilities</u>	<u>16,391,274</u>	<u>4,301,289</u>	<u>–</u>	<u>20,692,563</u>	<u>20,356,077</u>

The following interest rates were applicable to Council's borrowings at balance date:

\$	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	2.80%	4,099,726	2.80%	4,399,195
		<u>4,099,726</u>		<u>4,399,195</u>

Net fair value

All carrying values approximate fair value for all recognised financial instruments. 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 impairment. 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 and 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 values 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 nor **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 Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing 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. Capital Expenditure Commitments

\$	2023	2022
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Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Ryan Mitchell Swim Centre Upgrade	–	2,975,881
Hancock Stadium Upgrade	327,438	–
	<u>327,438</u>	<u>2,975,881</u>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Capital Expenditure Commitments (continued)

\$	2023	2022
These expenditures are payable:		
Not later than one year	327,438	2,975,881
	<u>327,438</u>	<u>2,975,881</u>

During 2021/2022 Port Augusta City Council resolved to undertake an upgrade to the Ryan Mitchell Swim Centre. A contract was entered into, with work commencing in 2022/2023. Government grant revenue of \$1,749,600 has been committed for this project.

During 2022/2023 Port Augusta City Council resolved to undertake an upgrade to the Hancock Stadium. A contract was entered into, however due to some contractual delays \$327,438 of works remained outstanding, to be completed in 2023/2024.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 14. Financial indicators

\$	Amounts 2023	Indicator 2023	Indicators 2022	Indicators 2021
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Financial Indicators overview

These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating surplus	2,290,607	6.7%	4.7%	4.4%
Total operating income	34,309,003			

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

2. Net Financial Liabilities Ratio

Net financial liabilities	(4,575,125)	(13.3)%	(4.4)%	14.6%
Total operating income	34,309,003			

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.

Adjusted Operating Surplus Ratio

Operating surplus	1,040,786	3.1%	2.2%	4.7%
Total operating income	33,059,287			

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Net Financial Liabilities Ratio

Net financial liabilities	(882,347)	(2.7)%	3.1%	20.2%
Total operating income	33,059,182			

3. Asset Renewal Funding Ratio

Asset renewals	7,467,806	263.0%	82.2%	68.6%
Infrastructure and Asset Management Plan required expenditure	2,839,000			

Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.

This result is indicative of a significant renewal of the Ryan Mitchell Swim Centre during 2022/23, with works partially funded through the SA Government Local Government Infrastructure

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 14. Financial indicators (continued)

Partnership Project and the Federal Government's Local Roads
and Community Infrastructure Program.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Uniform presentation of finances

\$	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
<u>Income</u>		
Rates	18,889,263	19,380,195
Statutory charges	549,044	324,530
User charges	4,355,659	3,957,827
Grants, subsidies and contributions - operating	9,071,761	7,765,673
Investment income	356,855	37,002
Reimbursements	191,099	680,767
Other income	895,427	792,266
Total Income	34,309,108	32,938,260
<u>Expenses</u>		
Employee costs	12,231,959	11,719,484
Materials, contracts and other expenses	11,968,446	11,873,968
Depreciation, amortisation and impairment	7,700,916	7,671,327
Finance costs	117,180	133,162
Total Expenses	32,018,501	31,397,941
Operating surplus / (deficit)	2,290,607	1,540,319
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(7,828,672)	(3,287,788)
Add back depreciation, amortisation and impairment	7,700,916	7,671,327
Add back proceeds from sale of replaced assets	360,866	106,364
	233,110	4,489,903
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(142,387)	(1,054,328)
Add back amounts received specifically for new and upgraded assets	783,414	1,413,795
	641,027	359,467
Annual net impact to financing activities (surplus/(deficit))	3,164,744	6,389,689

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 16. Leases

(i) Council as a lessee

Terms and conditions of leases

Plant & Equipment

During 2021/2022 Port Augusta City Council entered into a lease for a vehicle for the Exceptional Needs Unit Program. The Lease period is September 2021 to June 2023, with fixed monthly payment amounts. The fixed interest rate applicable to the lease is 2.80%.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

(a) Right of use assets

\$	Right-Of-Use	Total
2023		
Opening balance	14,609	14,609
Additions to right-of-use assets	13,698	13,698
Depreciation charge	(14,609)	(14,609)
Balance at 30 June	13,698	13,698
2022		
Opening balance	—	—
Additions to right-of-use assets	26,784	26,784
Depreciation charge	(12,175)	(12,175)
Balance at 30 June	14,609	14,609

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2023	2022
At 1 July		
Additions	13,698	26,784
Accretion of interest	225	499
Payments	(15,005)	(12,504)
At 30 June 2023	13,698	14,779
Current	13,698	14,779

The maturity analysis of lease liabilities is included in Note 13.
The Council had total cash outflows for leases of \$15,005.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	14,610	12,175
Interest expense on lease liabilities	225	499
Total amount recognised in profit or loss	14,835	12,674

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 17. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus Super (formerly Statewide Super). 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 the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). 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 Fund) 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 Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) 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 119.34(a), 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 Willis Towers Watson as at 30 June 2021. 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 superannuation 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 employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 18. Non-current assets held for sale and discontinued operations

Details of assets and disposal groups

20 Jervois Street

During 2020/21, Port Augusta City Council resolved to place this property on the market.

The balances of the Land and Building associated with this property were re-classified and transferred to "Non Current Assets Held for Sale" as at 30 June 2022.

The property settlement date was 7 October 2022.

\$	2023	2022
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(ii). Carrying amounts of assets and liabilities

Assets

Infrastructure, property, plant and equipment

	–	253,276
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Total assets	–	253,276
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Net assets	–	253,276
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Note 19. Contingencies and assets/liabilities not recognised in the balance sheet

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

1. Land under roads

As reported in the Financial 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 the 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 **410** km 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 deductible "insurance excesses", 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.

Note 20. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 20. Events after the balance sheet date (continued)

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is not aware of any "non adjusting events" that merit disclosure.

Note 21. Related party transactions

Key management personnel

Transactions with key management personnel

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.

\$	2023	2022
The compensation paid to key management personnel comprises:		
Short-term employee benefits	1,296,087	1,384,055
Post-employment benefits	113,717	111,315
Long-term benefits	43,548	20,725
Termination benefits	28,424	21,501
Total	1,481,776	1,537,596

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

Receipts from key management personnel comprise:

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

Planning and building application Fees	1,094	2,077
Freedom of Information Requests	–	72
Total	1,094	2,149

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

One close family member of the key management personnel was employed by Council during the period 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.

An Elected Member paid an amount of \$650 to Council for venue hire.

Two Elected Members were involved in companies which paid Council a total of \$2,746.

A Key Management Personnel is a member of the management committee for an organisation which paid Council \$777.

Four Key Management Personnel or close family members are members of management committees of organisations which received sponsorship of \$105,429.

An Elected Member is involved in a company which received \$15,006 from Council.

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.



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under Professional Standards Legislation

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 2023, 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 2023, 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

30 November 2023



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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 2022 to 30 June 2023 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 2022 to 30 June 2023.

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 2022 to 30 June 2023. 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 2022 to 30 June 2023. 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

30 November 2023

Port Augusta City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Port Augusta City Council for the year ended 30 June 2023, the Council's Auditor, Galpins, has maintained its 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 Morris
Presiding Member, Audit Committee

Date: 27 November 2023



29th



CORPORATION OF THE CITY OF PORT AUGUSTA

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 2023, 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

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

Tim Muhlhausler CA, Registered Company Auditor

Partner

30 November 2023

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