



# **Port Augusta**

## **CITY COUNCIL**

ABN 73 625 993 182

### **FINANCIAL STATEMENTS**

### **FOR YEAR ENDED 30 JUNE 2015**

PORT AUGUSTA CITY COUNCIL  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**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 2015 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**  
**CHIEF EXECUTIVE OFFICER**



**S.C. JOHNSON**  
**MAYOR**

Date: 22/10/2015

## PORT AUGUSTA CITY COUNCIL

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### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
<b>INCOME</b>			
Rates	3	16,486,930	15,110,171
Statutory charges	3	237,695	315,205
User charges	3	4,967,366	4,624,436
Grants, Subsidies & Contributions	3	13,084,322	9,302,522
Investment Income	3	131,644	231,472
Reimbursements	3	675,024	365,481
Other Income	3	2,040,429	1,641,181
<b>TOTAL INCOME</b>		<b>37,623,410</b>	<b>31,590,468</b>
<b>EXPENSES</b>			
Employee Costs	4	17,418,918	16,236,103
Materials, Contracts & Other Expenses	4	15,644,338	14,474,480
Finance Costs	4	1,439,500	1,113,021
Depreciation, Amortisation & Impairment	4	5,740,709	5,942,466
<b>TOTAL EXPENSES</b>		<b>40,243,465</b>	<b>37,766,070</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(2,620,056)</b>	<b>(6,175,602)</b>
Asset disposal and fair value adjustments	5	(38,832)	(72,569)
Amounts received specifically for new or upgraded assets	3	1,389,757	4,849,593
Physical resources received free of charge	3		
<b>NET SURPLUS/(DEFICIT) transferred to Equity Statement</b>		<b>(1,269,131)</b>	<b>(1,398,578)</b>
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - infrastructure, property, plant & equipment		692,104	(776,322)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>692,104</b>	<b>(776,322)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(577,027)</b>	<b>(2,174,900)</b>

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

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## PORT AUGUSTA CITY COUNCIL

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### STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2015

		2015	2014
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	4,689,933	4,340,068
Trade & other receivables	6	2,396,367	2,659,775
Inventories	6	248,636	246,319
<b>Total Current Assets</b>		<u>7,334,936</u>	<u>7,246,161</u>
<b>Non-current Assets</b>			
Financial Assets	7	100,128	92,990
Infrastructure, Property, Plant & Equipment	8	183,923,540	185,967,593
Other Non-current Assets	7	23,461,357	16,296,928
<b>Total Non-current Assets</b>		<u>207,485,026</u>	<u>202,357,512</u>
<b>TOTAL ASSETS</b>		<u>214,819,962</u>	<u>209,603,673</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	9	6,135,035	10,095,949
Borrowings	9	18,946,490	9,517,813
Provisions	9	2,935,359	2,450,175
<b>Total Current Liabilities</b>		<u>28,016,884</u>	<u>22,063,937</u>
<b>Non-current Liabilities</b>			
Borrowings	9	13,567,833	13,515,466
Provisions	9	175,358	387,356
<b>Total Non-current Liabilities</b>		<u>13,743,192</u>	<u>13,902,822</u>
<b>TOTAL LIABILITIES</b>		<u>41,760,076</u>	<u>35,966,759</u>
<b>NET ASSETS</b>		<u>173,059,886</u>	<u>173,636,914</u>
<b>EQUITY</b>			
Accumulated Surplus(Deficit)		(4,983,912)	(3,714,779)
Asset Revaluation Reserve	10	178,043,797	177,351,693
<b>TOTAL EQUITY</b>		<u>173,059,886</u>	<u>173,636,914</u>

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

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## PORT AUGUSTA CITY COUNCIL

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### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

		ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
<b>2015</b>	Notes			
Balance at end of previous reporting period		(3,714,780)	177,351,693	173,636,914
Net Surplus/ (Deficit) for year		<u>(1,269,131)</u>		<u>(1,269,131)</u>
<b>Balance at end of period</b>		<u>(4,983,911)</u>	<u>177,351,693</u>	<u>172,367,783</u>
Gain on revaluation of property, plant & equipment	10		692,104	692,104
<b>Balance at end of period</b>		<u>(4,983,911)</u>	<u>178,043,797</u>	<u>173,059,887</u>
<b>2014</b>	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>
<b>Balance at end of period</b>		<u>(3,714,780)</u>	<u>178,128,015</u>	<u>174,413,236</u>
Gain on revaluation of property, plant & equipment	10		(776,322)	(776,322)
<b>Balance at end of period</b>		<u>(3,714,780)</u>	<u>177,351,693</u>	<u>173,636,914</u>

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

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## PORT AUGUSTA CITY COUNCIL

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating Receipts		37,822,796	30,549,718
Investment Receipts		131,644	231,472
<u>Payments</u>			
Operating Payments to suppliers & employees		(34,075,247)	(27,687,379)
Finance Payments		(1,846,317)	(954,093)
<b>Net Cash provided by (or used in) Operating Activities</b>		<u>2,032,877</u>	<u>2,139,719</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,314,757	4,849,593
Sale of replaced assets		97,155	168,686
Repayments of loans by community groups		12,884	12,508
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,762,834)	(1,298,754)
Expenditure on new/upgraded assets		(10,631,260)	(12,415,079)
Loans made to community groups		(25,000)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(10,994,298)</u>	<u>(8,683,046)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		12,147,102	9,230,560
Proceeds from Aged Care Facility deposits		85,272	1,221,088
<u>Payments</u>			
Repayments of Borrowings		(2,666,060)	(6,068,084)
Repayment of Aged Care Facility deposits		(255,029)	(405,884)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>9,311,286</u>	<u>3,977,680</u>
<b>Net Increase (Decrease) in cash held</b>		<u>349,865</u>	<u>(2,565,648)</u>
Cash & cash equivalents at beginning of period		<u>4,340,068</u>	<u>6,905,716</u>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>		<u>4,689,933</u>	<u>4,340,068</u>

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

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## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **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).

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### 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 Purtli  
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:

June 2011	1 quarter of the 2011/12 allocation	\$827,244
June 2012	2 quarters of the 2012/13 allocation	\$1,634,200
June 2013	2 quarters of the 2013/14 allocation	\$1,584,272
June 2014	No advance paid	
June 2015	2 quarters of the 2015/16 allocation	\$1,505,972

Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in a consistent manner. For 2013/14 the Operating Deficit is overstated by \$1,584,272 and for 2014/15 the Operating Deficit is understated by \$1,505,972.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

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## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **4.0 Cash Equivalents and other Financial Instruments**

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

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

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

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

A detailed statement of the accounting policies applied to the Financial Instruments forms part of Note 12.

### **5.0 Inventories**

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

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### 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.

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### 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 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.

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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

### **7.0 Payables**

#### **7.1 Goods & Services**

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

#### **7.2 Payments Received in Advance & Deposits**

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

### **8.0 Borrowings**

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

### **9.0 Employee Benefits**

#### **9.1 Salaries, Wages & Compensated Absences**

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

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

#### **9.2 Superannuation**

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme and to 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".

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### 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 2015 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 116	<i>Property, Plant and Equipment</i>
AASB 1055	<i>Budgetary Reporting</i>
2010-1	<i>Amendments to Australian Accounting Standards</i> <i>[Operative dates: Parts A-C – 1 Jul 2014; Part D – 1 Jan 2016; Part E – 1 Jan 2015]</i>
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> <i>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>
2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> <i>[AASB 116 &amp; AASB 138]</i>
2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>
2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)</i>
2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>
2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 –</i> <i>[AASB 7, AASB 101, AASB 134 &amp; AASB 1049]</i>
2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

	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)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration										
City Management & Economic Development	4,052,539	1,128,370	719,777	645,806	3,332,762	482,565	4,049,952	1,121,800	164,177	129,177
Human Resource Management	283,898	252,569	(161,491)	(215,871)	445,389	468,440			44,497	44,497
Records Management			233,489	233,991	(233,489)	(233,991)			33,100	33,100
Financial & Customer Services	14,288,556	13,014,405	945,260	846,885	13,343,296	12,167,520			170,221	169,894
Information Technology			497,739	562,663	(497,739)	(562,663)			904,742	904,742
Work Health & Safety	88,329	84,719	117,712	150,820	(29,383)	(66,101)			25,117	25,117
Public Order & Safety										
General Inspection	126,709	108,762	281,159	267,584	(154,450)	(158,822)			352,332	338,572
Other General Services	55,402	42,080	116,570	69,098	(61,168)	(27,018)				
Health Services										
Substance Misuse Service	567,389	566,641	619,359	585,275	(51,971)	(18,635)	567,389	566,641	116,473	116,473
Sobering Up Unit	667,822	648,259	688,151	688,546	(20,328)	(40,287)	667,004	647,577	698,031	698,031
Nerrilda Nursing Home	3,835,875	3,568,429	4,981,000	4,718,210	(1,145,125)	(1,149,781)	2,945,893	2,662,523	9,073,235	9,029,612
A.M. Ramsay Village	4,027,713	3,327,421	4,552,303	4,078,480	(524,590)	(751,059)	2,599,580	1,942,105	8,335,876	8,313,196
OPAL Program	19,914	54,255	47,982	146,106	(28,068)	(91,851)	12,493	56,000		19,342
Immunisation Program	5,799	9,900	15,948	10,623	(10,149)	(723)	5,487	9,595		
Environmental Health	439	566	115,998	127,887	(115,560)	(127,320)			7,000	7,000
Social Security & Welfare										
Health Focus	252,608	239,819	287,320	265,337	(34,712)	(25,518)	228,588	219,418		
Childcare Service	922,242	909,545	1,177,472	1,175,786	(255,230)	(266,242)	417,130	368,252	2,085,382	2,085,382
Special Needs Program	436,231	441,036	545,486	527,555	(109,255)	(22,141)	416,374	488,081	717,284	717,284
DVA Shed Program	54,376	57,342	63,968	62,577	(9,593)	(5,235)	41,435	40,464		
HACC Project	29,171	64,378	80,237	65,009	(51,066)	(65,009)	29,171			
Youth Activities Service	3,000	6,214	40,139	47,745	(37,139)	(41,532)		3,000		
Ageing/Disability Planning			6,028	11,008	(6,028)	(11,008)				
Senior Citizens Centre			24,565	31,987	(24,565)	(31,987)			590,810	590,810
Housing & Community Amenities										
City Planning	70,916	177,613	215,470	209,645	(144,554)	(32,031)			25,908	26,492
Projects & Events	4,318	3,916	271,218	273,727	(266,900)	(269,811)			6,200	6,200
Community Harmony Program	272,181	185,751	230,117	172,394	42,064	13,357	272,181	182,163		
Community Donations			27,443	33,722	(27,443)	(33,722)				
Community Safety Program	43,089	39,444	291,056	287,746	(247,967)	(248,302)	22,800	19,655	266,778	266,778
Community Bus Service	18,235	32,226	41,101	60,192	(22,866)	(27,966)		14,545		
Halls	7,883		49,700	43,430	(41,817)	(43,430)			396,344	396,344
Civic Centre			348,759	400,453	(348,759)	(400,453)			5,572,646	5,572,646
Housing	68,848	60,733	108,257	143,						

# PORT AUGUSTA CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation & Culture										
Library & Information Service	61,129	69,255	660,132	606,965	(599,004)	(537,709)	46,400	51,997	206,124	221,782
Fountain Gallery	9,127	18,927	33,861	33,103	(24,733)	(14,176)			1,125,446	1,125,446
Cultural Centre	168,784	121,049	652,271	662,076	(483,488)	(541,027)	6,350	875	7,390,725	7,390,725
StarClub Officer & Aquatic Centre Program	61,431	145,391	254,496	242,177	(193,065)	(96,787)	32,750	31,550	862,417	862,417
Ryan Mitchell Swimming Centre	184,194	206,966	573,477	524,584	(389,283)	(317,619)			2,441,610	2,441,610
Be Active Community Centre	26,102	22,273	46,762	51,861	(20,660)	(29,588)			62,200	62,200
Junior Sports Foundation			640	608	(640)	(608)				
Sporting Clubs			2,879	5,719	(2,879)	(5,719)			15,950	15,950
Parks & Gardens & Playgrounds	860	8,623	1,072,225	1,142,283	(1,071,365)	(1,133,660)		4,435	10,393,689	10,360,595
Ovals	200	2,445	705,610	800,069	(705,410)	(797,624)			4,380,281	4,399,281
ETSA Oval Complex			96,139	66,443	(96,139)	(66,443)			469,762	469,762
Central Oval Community Hub	306,637		522,360		(215,723)				19,000	
Mining Manufacturing & Construction										
Building Act	55,200	37,419	423,817	357,227	(368,617)	(319,808)			52,610	52,610
Transport & Communication										
Aerodromes	258,457	301,517	420,888	452,574	(162,431)	(151,057)			15,303,917	14,021,222
Maintenance of Roads, Bridges etc	1,075,716	524,261	4,314,851	4,216,359	(3,239,135)	(3,692,097)	659,951	464,185	136,479,683	135,447,030
Street Sweeping			143,640	122,877	(143,640)	(122,877)				
Footpaths			317,030	330,064	(317,030)	(330,064)				
Parking			11,962	12,157	(11,962)	(12,157)				
Economic Affairs										
Regional & Economic Development										
Related Projects	340,556	259,484	479,530	432,037	(138,975)	(172,553)		235,000		
Wadlata Interpretive Centre	157,820	148,563	534,657	486,861	(376,838)	(338,297)			6,511,727	6,511,727
Wadlata Retail Centre	221,620	215,068	202,443	203,829	19,177	11,240				
Wadlata Visitor Information Centre	5,848	46,205	175,183	233,247	(169,335)	(187,043)				
Wadlata Outback Tucker Box	240,880	222,201	230,391	226,392	10,489	(4,191)			81,417	81,417
Arid Lands Garden Interpretive Centre	661,786	571,145	961,341	871,248	(299,556)	(300,103)			3,237,800	3,237,800
Arid Lands Garden Operation	3,189	4,225	580,906	489,871	(577,717)	(485,646)				
Arid Lands Nursery Operation	120,835	117,446	154,039	157,024	(33,204)	(39,579)			273,008	265,954
Information Bays			9,536	6,199	(9,536)	(6,199)				
Public Debt Transactions										
Treasury - Debt Servicing	46,706	141,442	1,430,830	1,068,508	(1,384,124)	(927,066)				
Other Purposes NEC										
Machinery Operating	789,013	784,184	668,011	668,346	121,001	115,837	13,394	13,361		
Depot & Nursery			1,638,849	1,516,670	(1,638,849)	(1,516,670)			4,931,280	4,709,711
Engineering Services			916,120	821,877	(916,120)	(821,877)			170,395	171,563
Other NEC	24,306	1,727			24,306	1,727				
<b>TOTALS</b>	<b>37,623,410</b>	<b>31,590,468</b>	<b>40,243,465</b>	<b>37,766,070</b>	<b>(2,620,056)</b>	<b>(6,175,602)</b>	<b>13,084,322</b>	<b>9,302,522</b>	<b>293,323,731</b>	<b>289,932,712</b>

**PORT AUGUSTA CITY COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 3 INCOME**

	Notes	2015 \$	2014 \$
<b>RATES REVENUES</b>			
<b>GENERAL RATES</b>			
General Rates		14,972,919	13,808,774
Less Mandatory Rebates		145,972	46,824
Less Discretionary Rebates, remissions & write offs		<u>1,019,244</u>	<u>1,218,769</u>
		<u>13,807,703</u>	<u>12,543,182</u>
<b>OTHER RATES (INCLUDING SERVICE CHARGES)</b>			
Natural Resource Management Levy		237,422	236,316
Community Waste Water Management Systems		731,258	737,034
Waste Management Levy		<u>1,486,825</u>	<u>1,380,335</u>
		<u>2,455,505</u>	<u>2,353,684</u>
<b>OTHER CHARGES</b>			
Penalties for late payment		138,150	125,910
Legal & other costs recovered		<u>85,572</u>	<u>87,395</u>
		<u>223,722</u>	<u>213,305</u>
		<u>16,486,930</u>	<u>15,110,171</u>



**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 3 INCOME (Continued)**

	2015	2014
<b>STATUTORY CHARGES</b>		
Notes	\$	\$
Development Act Fees	55,164	37,419
Town Planning Fees	69,693	174,497
Animal Registration Fees & Fines	81,007	74,793
Parking Fines/expiation fees	17,627	10,443
Sundry	14,205	18,053
	<u>237,695</u>	<u>315,205</u>
 <b>USER CHARGES</b>		
Cemetery Fees	185,546	167,270
Halls Hire	8,272	13,362
Sales - General	1,020,048	849,954
Rentals	45,173	48,654
Nursing Home Fees	2,081,510	2,069,062
Childcare Fees	490,767	530,858
Swimming Pool & Aquatic Centre Fees	183,998	187,381
Wadlata Interpretive Centre Fees	154,483	141,280
Other Fees	778,930	598,581
Sundry	18,637	18,036
	<u>4,967,366</u>	<u>4,624,436</u>
 <b>INVESTMENT INCOME</b>		
Interest on Investments		
Local Government Finance Authority	128,746	228,601
Loans to community groups	2,898	2,871
	<u>131,644</u>	<u>231,472</u>
 <b>REIMBURSEMENTS</b>		
For Roadworks	415,111	53,604
For Private Works	655	6,473
Other	259,259	305,405
	<u>675,024</u>	<u>365,481</u>
 <b>OTHER INCOME</b>		
Insurance & other recoupments - infrastructure	1,058,752	1,027,961
Sundry	981,677	613,220
	<u>2,040,429</u>	<u>1,641,181</u>

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 3 INCOME (Continued)**

	Notes	2015 \$	2014 \$
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		1,389,757	4,849,593
Other grants, subsidies and contributions		<u>13,084,322</u>	<u>9,302,522</u>
		<u>14,474,079</u>	<u>14,152,115</u>

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

**Sources of grants**

Commonwealth government		8,325,860	11,053,450
State government		6,073,219	3,094,230
Other		<u>75,000</u>	<u>4,435</u>
		<u>14,474,079</u>	<u>14,152,115</u>

**INDIVIDUALLY SIGNIFICANT ITEMS**

In June, 2015, Council received payment of the first two instalments of the 2015/2016 Grants Commission (FAG) grant.

1,505,972

Council received a grant of \$4,250,000 from the Federal Government for the Central Oval Redevelopment Project in 2013/14. This funding was expended during the 2013/2014 and 2014/2015 financial years.

4,250,000

**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>	<i>117,711</i>	<i>5,343,131</i>
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	<i>117,711</i>	<i>5,343,131</i>
<i>Subtotal</i>	<i>0</i>	<i>0</i>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>	<i>1,770,024</i>	<i>117,711</i>
<i>Subtotal</i>	<i>1,770,024</i>	<i>117,711</i>
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	<i>1,770,024</i>	<i>117,711</i>
<i>Net increase (decrease) in restricted assets in the current reporting period</i>	<i>1,652,313</i>	<i>(5,225,420)</i>

**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 4 EXPENSES**

	Notes	2015 \$	2014 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		14,287,291	13,238,818
Employee Leave Expenses		1,631,729	1,475,930
Superannuation - Defined Contribution Plan Contributions	17	1,067,530	939,441
Superannuation - Defined Benefit Plan Contributions	17	258,373	276,627
Superannuation - Other	17	120,967	151,892
Workers Compensation Insurance		574,324	546,909
Less: Capitalised and distributed costs		(521,295)	(393,515)
<b>Total Operating Employee Costs</b>		<b>17,418,918</b>	<b>16,236,103</b>
<b>Total Number of Employees</b>			
(Full time equivalent at end of reporting period)		225.1	222.4
<b>MATERIALS, CONTRACTS &amp; EXPENSES</b>			
<b>Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the financial reports		15,250	15,433
Bad and Doubtful Debts		306	-
Elected members' expenses		260,389	213,151
Election Expenses		45,019	21,196
Operating Lease Rentals - non cancellable leases	16		
- minimum lease payments		348,237	286,025
<b>Sub Total Prescribed Expenses</b>		<b>669,201</b>	<b>535,805</b>
<b>Other Materials, Contracts &amp; Expenses</b>			
Contractors		6,782,508	6,263,915
Energy		2,132,919	2,180,260
Legal Expenses		115,215	51,187
Levies paid to government - NRM Levy		231,877	225,160
Other levies		45,784	37,030
Parts, Accessories & Consumables		2,400,924	2,219,182
Professional Services		202,476	88,516
Communications		168,351	155,588
Contributions & Donations		129,933	131,588
Insurances		523,747	468,336
Rates & Taxes		102,331	105,498
Travel & Accommodation		87,519	66,251
Affiliations		-	3,100
Advertising		168,229	165,228
Subscriptions		80,542	75,910
Training		101,121	109,088
Postage Printing Stationery		156,140	129,594
Plant Hire		596,595	659,535
Bank Charges		70,510	71,531
Sundry		878,415	732,179
<b>Sub Total Other Materials, Contracts &amp; Expenses</b>		<b>14,975,137</b>	<b>13,938,674</b>
<b>TOTAL MATERIALS, CONTRACTS &amp; EXPENSES</b>		<b>15,644,338</b>	<b>14,474,480</b>

**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 4 EXPENSES (cont)**

	Notes	2015 \$	2014 \$
<b>FINANCE COSTS</b>			
Interest on overdraft & short-term borrowings		15,223	14,001
Interest on Loans		<u>1,424,277</u>	<u>1,099,020</u>
		<u>1,439,500</u>	<u>1,113,021</u>
 <b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		1,911,547	2,017,448
Infrastructure		3,125,056	3,205,513
Plant & Equipment		448,460	454,166
Furniture & Equipment		<u>255,646</u>	<u>265,339</u>
		<u>5,740,709</u>	<u>5,942,466</u>

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 5 ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS**

	Notes	2015 \$	2014 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		97,155	168,686
Less: Carrying amount of assets sold		<u>135,987</u>	<u>241,255</u>
<b>Gain (Loss) on disposal</b>		<u>(38,832)</u>	<u>(72,569)</u>
<b>NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<u>(38,832)</u>	<u>(72,569)</u>

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**PORT AUGUSTA CITY COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 6 CURRENT ASSETS**

	Notes	2015 \$	2014 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		727,626	21,367
Deposits at Call		3,962,308	4,318,700
Short Term Deposits & Bills, etc			
Bills of Exchange			
		<u>4,689,933</u>	<u>4,340,068</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		1,233,515	1,230,702
Rates Postponed for State Seniors			
Accrued Revenues		62,296	68,123
Debtors - General		309,747	264,557
Other levels of Government		816,620	430,514
GST Recoupment		167,484	782,643
Prepayments		9,522	
Loans to community organisations		17,862	12,884
		<u>2,617,045</u>	<u>2,789,424</u>
Less: Allowance for Doubtful Debts		<u>220,678</u>	<u>129,648</u>
		<u>2,396,367</u>	<u>2,659,775</u>
<b>INVENTORIES</b>			
Stores & Materials		89,983	97,328
Trading Stock		<u>158,653</u>	<u>148,991</u>
		<u>248,636</u>	<u>246,319</u>

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 7 NON-CURRENT ASSETS**

	Notes	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>			
<b>Receivables</b>			
Loans to community organisations		<u>100,128</u>	<u>92,990</u>
		<u>100,128</u>	<u>92,990</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
<b>TOTAL FINANCIAL ASSETS</b>		<u>100,128</u>	<u>92,990</u>
Capital Works-in-Progress		21,361,357	14,196,928
Nursing Home Bed Places		<u>2,100,000</u>	<u>2,100,000</u>
<b>TOTAL OTHER NON-CURRENT ASSETS</b>		<u>23,461,357</u>	<u>16,296,928</u>

# PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

## NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	FAIR VALUE LEVEL	2014 \$				2015 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	2	10,058,991	-	-	10,058,991	10,058,991	-	-	10,058,991
Buildings & Other Structures	2	109,969,151	332,961	(45,245,641)	65,056,470	109,969,151	2,234,365	(47,157,188)	65,046,327
Infrastructure	3	153,802,950	2,707,320	(50,117,034)	106,393,236	152,216,755	5,491,123	(53,049,648)	104,658,230
Plant & Equipment	2	7,269,448	529,504	(4,333,841)	3,465,112	7,020,266	1,013,931	(4,669,105)	3,365,092
Furniture & Fittings	2	5,227,099	35,290	(4,268,604)	993,784	5,227,099	92,051	(4,524,250)	794,900
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		286,327,637	3,605,074	(103,965,119)	185,967,593	284,492,261	8,831,470	(109,400,191)	183,923,540
<b>2014 Totals</b>		288,516,354	752,326	(98,680,648)	190,588,031	286,327,637	3,605,074	(103,965,119)	185,967,593

	2014 \$						2015 \$
	CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
		NEW/UPGRADE	RENEWALS				
Land	10,058,991	-	-	-		-	10,058,991
Buildings & Other Structures	65,056,470	1,331,044	570,360	-	(1,911,547)	-	65,046,327
Infrastructure	106,393,236	578,771	119,174	-	(3,125,056)	692,104	104,658,230
Plant & Equipment	3,465,112	36,476	447,951	(135,986)	(448,460)		3,365,093
Furniture & Fittings	993,784	18,295	38,467	-	(255,646)	-	794,900
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	185,967,593	1,964,586	1,175,952	(135,986)	(5,740,709)	692,104	183,923,541
<b>2014 Totals</b>	190,588,031	817,938	1,521,666	(241,256)	(5,942,466)	(776,322)	185,967,593



## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **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.

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

#### **Land**

Land is reported under the Fair Value Hierarchy Level 2. 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.

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. 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**

Buildings & Other Structures are reported under the Fair Value Hierarchy Level 2. 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.

These assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010. All acquisitions made after the respective dates of valuation are recorded at cost.

#### **Infrastructure**

Infrastructure is reported under the Fair Value Hierarchy Level 3. 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

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## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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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.

Transportation assets were valued by Tonkins Consulting at written down current replacement cost during the reporting period ended 30 June, 2010. All acquisitions made after the respective dates of valuation are recorded at cost. Desktop revaluations done at 30/6/2013, 30/6/2014 & 30/6/2015.

Stormwater drainage and 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. All acquisitions made after the respective dates of valuation are recorded at cost.

### **Plant & Equipment**

Plant & Equipment are reported under the Fair Value Hierarchy Level 2. 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.

These assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010. All acquisitions made after the respective dates of valuation are recorded at cost.

### **Furniture & Fittings**

Furniture & Fittings are reported under the Fair Value Hierarchy Level 2. 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.

These 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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**NOTE 9 LIABILITIES**

	Notes	2015 Current \$	2015 Non-Current \$	2014 Current \$	2014 Non-Current \$
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		1,948,579		4,252,150	
Payments received in advance		81,815		94,170	
Accrued expenses - other		1,273,383		2,748,615	
Aged Care Facility Deposits		2,831,258		3,001,014	
		<u>6,135,035</u>	<u>-</u>	<u>10,095,949</u>	<u>-</u>
Amounts included in trade & other payables that are not expected to be settled within 12 months of the reporting date.					
		2,067,000		2,190,000	
<b>BORROWINGS</b>					
Bank Overdraft		-		163,092	
Friends of the Arid Lands Botanic Garden		28,005	52,835	16,121	51,347
Loans - LGFA		18,918,485	13,514,999	9,338,600	13,464,119
		<u>18,946,490</u>	<u>13,567,833</u>	<u>9,517,813</u>	<u>13,515,466</u>

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

**PROVISIONS**

Provision for Annual Leave	1,413,829		1,255,358	
Provision for Long Service Leave	<u>1,521,530</u>	<u>175,358</u>	<u>1,194,817</u>	<u>387,356</u>
	<u>2,935,359</u>	<u>175,358</u>	<u>2,450,175</u>	<u>387,356</u>

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

1,840,307

1,881,340

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## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### NOTE 10 RESERVES

ASSET REVALUATION RESERVE	30/06/2014	Net Increments (Decrements)	Transfers on Sale	30/06/2015
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	20,380,215	692,104		21,072,319
Plant & Equipment	2,017,467	-		2,017,467
Furniture & Fittings	926,413			926,413
Nursing Home Bed Places	2,100,000	-		2,100,000
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>177,351,694</b>	<b>692,104</b>		<b>178,043,798</b>

### 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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**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	2015 \$	2014 \$
Total Cash & Equivalent Assets	6	4,689,933	4,340,068
Less: Short-term borrowings	BS	-	163,092
Balances per Statement of Cash Flows		<u>4,689,933</u>	<u>4,176,976</u>

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

Net Surplus (Deficit)	(1,269,131)	(1,398,578)
<b>Non-cash items in Income Statement</b>		
Depreciation, amortisation & impairment	5,740,709	5,942,466
Change in allowances for under-recovery	91,030	(7,352)
Grants for capital acquisitions treated as investing activity	(1,314,757)	(4,849,593)
Nursing Home Deposits treated as financing activity	169,756	(815,203)
Net increase (decrease) in unpaid employee benefits	273,187	87,787
Net (Gain) Loss on Disposals	38,832	72,569
	<u>3,729,626</u>	<u>(967,904)</u>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (increase) decrease in receivables	177,356	(875,200)
Net (increase) decrease in inventories	(2,317)	1,997
Net increase (decrease) in trade & other payables	(1,871,788)	3,980,826
<b>Net Cash provided by (or used in) operations</b>	<u>2,032,877</u>	<u>2,139,719</u>

**(c) Financing Arrangements**

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

Bank Overdrafts	700,000	536,908
Local Government Finance Authority Overdraft		
Corporate Credit Cards	32,000	32,000
LGFA Cash Advance Debenture Facility	948,803	5,374,000

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 2015

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### NOTE 12 FINANCIAL INSTRUMENTS

#### Recognised Financial Instruments

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

**Terms & conditions:** Deposits are returning fixed interest rates between 2.0% and 2.55% (2014: 2.5% and 3.05%). Short term deposits have an average maturity of 30 days and an average interest rates of 2.27% (2014: 30 days, 2.77%).

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

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

**Terms & conditions:** Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999.

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

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

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

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

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

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

**Carrying amount:** approximates fair value.

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

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

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

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

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

**Carrying amount:** approximates fair value.

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

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

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

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

**Terms & conditions:** secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.7% and 7.48% (2014: 4.6% 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 2015

### NOTE 12 FINANCIAL INSTRUMENTS (Continued)

#### Liquidity Analysis

2015	Due ≤ 1 year	Due > 1 year ≥ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	4,689,933			4,689,933	4,689,933
Receivables	995,368			995,368	995,368
Other Financial Assets				-	-
<b>Total</b>	<b>5,685,302</b>	<b>-</b>	<b>-</b>	<b>5,685,302</b>	<b>5,685,302</b>
<b>Financial Liabilities</b>					
Payables	1,948,579			1,948,579	1,948,579
Short-term Borrowings	-			-	-
NHA Bonds	2,831,258			2,831,258	2,831,258
Borrowings	19,726,409	9,740,780	9,106,295	38,573,484	38,573,484
<b>Total</b>	<b>24,506,246</b>	<b>9,740,780</b>	<b>9,106,295</b>	<b>43,353,321</b>	<b>43,353,321</b>
<b>2014</b>	<b>Due ≤ 1 year</b>	<b>Due &gt; 1 year ≥ 5 years</b>	<b>Due &gt; 5 years</b>	<b>Total Contractual Cash Flows</b>	<b>Carrying Values</b>
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash & Equivalents	4,340,068			4,340,068	4,340,068
Receivables	646,431			646,431	646,431
Other Financial Assets				-	-
<b>Total</b>	<b>4,986,498</b>	<b>-</b>	<b>-</b>	<b>4,986,498</b>	<b>4,986,498</b>
<b>Financial Liabilities</b>					
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	10,153,543	9,094,802	10,140,493	29,388,838	29,388,838
<b>Total</b>	<b>17,569,799</b>	<b>9,094,802</b>	<b>10,140,493</b>	<b>36,805,094</b>	<b>36,805,094</b>

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
<b>Overdraft</b>	7.30	-	9.30	163,092
<b>Other Variable Rates</b>	5.00	16,251,197	5.00	6,676,000
<b>Fixed Interest Rates</b>	5.70	22,322,287	5.70	16,194,187
		<b>38,573,484</b>		<b>23,033,279</b>

#### 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

**PORT AUGUSTA CITY COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**Note 13 COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>Capital Commitments</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land			
Buildings & Structures - Central Oval Redevelopemnt			6,321,305
Plant & Equipment			
		-	6,321,305
These expenditures are payable:			
Less than 1 year			6,321,305
Later than one year and not later than 5 years			
Later than 5 years		-	6,321,305
<b>Other Expenditure Commitments</b>			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		16,500	16,500
Waste Collection Contract		1,795,782	2,581,974
Refuse Reserve Contract		3,429,484	3,429,484
Parks & Gardens Contract		798,670	1,195,296
Cleaning Services		344,196	558,368
Catering Services		300,000	938,710
Security Services		410,451	709,008
		7,095,083	9,429,340
These expenditures are payable:			
Less than one year		2,508,709	3,334,786
Not later than 5 years		4,586,374	6,094,554
		7,095,083	9,429,340



## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### Note 14 FINANCIAL PERFORMANCE INDICATORS

2015

2014

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.

<b>Operating Surplus Ratio</b>	(16.1%)	(41.5%)
<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.

<b>Adjusted Operating Surplus Ratio</b>	(25.4%)	(31.2%)
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In June, 2015, the Commonwealth Government made an advance of two quarterly payment of the Financial Assistance Grant for 2015/2016. (see Note 1 Recognition of Income). The Adjusted Surplus Ratio adjusts for this distortion.

<b>Net Financial Liabilities</b>	34,573,647	28,873,926
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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)

<b>Net Financial Liabilities Ratio</b>	92.5%	92.1%
<u>Net Financial Liabilities</u>		
Total Operating Revenue Less NRM Levy		

<b>Asset Sustainability Ratio</b>		
<u>Net Asset Renewals</u>	16.9%	21.2%
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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**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.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Income	37,623,410	31,590,468
less Expenses	40,243,465	37,766,070
	<u>(2,620,056)</u>	<u>(6,175,602)</u>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	1,762,834	1,298,754
less Depreciation, Amortisation and Impairment	(5,740,709)	(5,942,466)
less Proceeds from Sale of Replaced Assets	(97,155)	(168,686)
	<u>(4,075,030)</u>	<u>(4,812,398)</u>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets ( <i>Including investment property &amp; real estate developments</i> )	10,631,260	12,415,079
less Amounts specifically for New and Upgraded Assets	(1,314,757)	(4,849,593)
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	<u>9,316,503</u>	<u>7,565,486</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<u>(7,861,529)</u>	<u>(8,928,690)</u>

## PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### 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.

	2015	2014
	\$	\$
Not later than one year	353,073	293,182
Later than one year and not later than 5 years	583,194	720,562
	<u>936,267</u>	<u>1,013,744</u>

## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **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 (9.50% in 2014/15; 9.25% in 2013/14). 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 2013/14) 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 was conducted by the Fund's actuary, A.C. Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**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

<b>BUSINESS SEGMENTS</b>	<b>TOTAL COUNCIL 2015 \$</b>	<b>RACF 2015 \$</b>	<b>OTHER 2015 \$</b>	<b>TOTAL COUNCIL 2014 \$</b>	<b>RACF 2014 \$</b>	<b>OTHER 2014 \$</b>
<b>REVENUE</b>						
Grants & Subsidies	13,084,322	5,545,472	7,538,849	9,302,522	4,604,628	4,697,894
User Charges	4,967,366	2,152,366	2,815,000	4,624,436	2,112,268	2,512,169
Reimbursements	675,024	24,702	650,322	365,481	25,103	340,378
Investment Income	131,644	84,938	46,706	231,472	90,030	141,442
Other Revenue	18,765,054	56,110	18,708,945	17,066,556	63,821	17,002,735
<b>TOTAL REVENUE</b>	<b>37,623,410</b>	<b>7,863,588</b>	<b>29,759,822</b>	<b>31,590,468</b>	<b>6,895,850</b>	<b>24,694,617</b>
<b>EXPENDITURE</b>						
Operating Costs	34,502,756	9,002,125	25,500,631	31,823,604	8,264,995	23,558,609
Depreciation	5,740,709	531,178	5,209,531	5,942,466	531,696	5,410,770
	<b>40,243,465</b>	<b>9,533,303</b>	<b>30,710,162</b>	<b>37,766,070</b>	<b>8,796,691</b>	<b>28,969,379</b>
<b>Operating (Loss)/Surplus before Capital Revenues</b>	<b>(2,620,056)</b>	<b>(1,669,715)</b>	<b>(950,340)</b>	<b>(6,175,602)</b>	<b>(1,900,840)</b>	<b>(4,274,762)</b>
Capital Revenues	1,350,925		1,350,925	4,777,024		4,777,024
<b>RESULT</b>						
<b>Operating Result (Loss)/Surplus</b>	<b>(1,269,131)</b>	<b>(1,669,715)</b>	<b>400,585</b>	<b>(1,398,578)</b>	<b>(1,900,840)</b>	<b>502,262</b>
<b>ASSETS</b>						
Current Assets	7,334,936	3,016,289	4,318,648	7,246,161	3,134,566	4,111,595
Non-Current Assets	207,485,026	7,755,442	199,729,584	202,357,512	8,026,257	194,331,255
Intangible Assets	2,100,000	2,100,000		2,100,000	2,100,000	
<b>TOTAL ASSETS</b>	<b>216,919,962</b>	<b>12,871,731</b>	<b>204,048,232</b>	<b>211,703,673</b>	<b>13,260,823</b>	<b>198,442,850</b>
<b>LIABILITIES</b>						
Current Liabilities	28,016,884	4,051,593	23,965,291	22,063,937	4,131,417	17,932,520
Non-Current Liabilities	13,743,192	967,408	12,775,784	13,902,822	1,217,134	12,685,688
<b>TOTAL LIABILITIES</b>	<b>41,760,076</b>	<b>5,019,001</b>	<b>36,741,075</b>	<b>35,966,759</b>	<b>5,348,551</b>	<b>30,618,208</b>
<b>NET ASSETS</b>	<b>175,159,886</b>	<b>7,852,729</b>	<b>167,307,157</b>	<b>175,736,914</b>	<b>7,912,272</b>	<b>167,824,642</b>

**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 18 SEGMENT REPORTING CONTINUED**

<b>REVENUE</b>	<b>\$</b>	<b>EXPENSES</b>	<b>\$</b>
Government Subsidies	5,463,747	Wages & Superannuation - Care	3,296,333
Resident Charges	2,152,366	Wages & Superannuation - Admin	447,536
Capital Grants	0	Wages & Superannuation - Other	1,783,753
Bond Retentions	81,725	Management Fees	361,723
Interest Income	84,938	Depreciation & Amortisation	531,178
Donations & Contributions	65,757	Interest	91,380
Other Operating Revenue	15,055		
<b>TOTAL OPERATING REVENUE</b>	<b><u>7,863,588</u></b>	Building Repairs & Maintenance	205,414
		Insurance	296,827
		Motor Vehicles	11,852
		Utilities	123,120
		Other Expenses	<u>2,384,187</u>
		<b>TOTAL EXPENSES</b>	<b><u>9,533,303</u></b>
<b>SEGMENT RESULT SURPLUS(DEFICIT)</b>			<b>(1,669,715)</b>
<b>SEGMENT ASSETS</b>	<b>\$</b>	<b>SEGMENT LIABILITIES</b>	<b>\$</b>
<b>Current Assets</b>		<b>Current Liabilities</b>	
Investment	2,832,589	Borrowings	257,124
Trade Receivables	183,700	Trade Payables	296,231
Other Current Assets		Employee Provisions	516,477
		Accommodation Bonds	2,831,258
		Other Current Liabilities	<u>150,503</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>3,016,289</u></b>	<b>TOTAL CURRENT LIABILITIES</b>	<b><u>4,051,593</u></b>
Property, Plant & Equipment	7,755,442	Loans	864,250
Intangibles	2,100,000	Employee Provisions	103,158
Other Non-Current Assets		Accommodation Bonds	0
		Other non-current liabilities	
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>9,855,442</u></b>	<b>TOTAL LIABILITIES</b>	<b><u>967,408</u></b>
<b>SEGMENT TOTAL ASSETS</b>	<b><u>12,871,731</u></b>	<b>SEGMENT TOTAL LIABILITIES</b>	<b><u>5,019,001</u></b>
<b>SEGMENT NET ASSETS</b>	<b>7,852,729</b>		

## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **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 410km of road reserves of average width 20 metres.

#### **2. POTENTIAL INSURANCE LOSSES**

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

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

Council 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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**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.

	2015	2014
<b>CASH &amp; FINANCIAL ASSETS</b>	Notes	
Unexpended grant funds and accumulated interest Central Oval	0	259,354
	<u>0</u>	<u>259,354</u>
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>	<u>0</u>	<u>259,354</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.

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**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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## **PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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### **ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 June 2015**

#### **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 2015, 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**  
**CHIEF EXECUTIVE OFFICER**



**SAM JOHNSON**  
**PRESIDING MEMBER**  
**AUDIT COMMITTEE**

22/10/ 2015

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# PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

## Working Paper - RECONCILIATION OF GOVERNMENT GRANTS

This schedule records all amounts received from other levels of Government, whether described as grants, subsidies or otherwise. All amounts (other than untied grants) are required to be held as cash or authorised investments until expended. (Amounts shown as negative are awaiting reimbursement to Council.)

	Notes	Opening Balance 1 July 2014	Movements		Closing Balance 30 June 2015
			Received/ Receivable	Expended	
		\$	\$	\$	\$
<b>GRANTS (with discretion use)</b>					
<b>GENERAL PURPOSE (Untied)</b>					
Grants Commission Grant - general purpose		0	2,711,104	2,711,104	0
Grants Commission Grant - general purpose (2015/16 Advance)		0	1,338,848	0	1,338,848
Grants Commission Grant - roads funding		0	284,108	284,108	0
Grants Commission Grant - roads funding (2015/16 Advance)		0	167,124	0	167,124
Roads to Recovery		0	208,719	6,870	201,849
<b>Subtotal</b>		0	4,709,903	3,002,082	1,707,821
<b>SPECIFIC PURPOSE (Recurrent)</b>					
Nerrilda		0	2,945,893	2,945,893	0
Health Focus Program		0	195,244	195,244	0
Ramsay Village		0	2,599,580	2,599,580	0
Childcare Centre		0	383,989	383,989	0
Special Needs Funding		0	221,062	221,062	0
NFWRHS Health Service		101,202	147,500	184,250	64,452
HACC - Special Needs		0	47,812	47,812	0
Health Focus Dementia Program		0	33,344	33,344	0
Substance Mis-Use Service		0	567,389	566,074	1,315
Sobering Up Centre		0	667,004	667,004	0
Immunisation		0	5,487	5,487	0
HACC - Mens DVA Shed		0	41,435	41,435	0
Star Club Field Officer		0	32,750	32,750	0
Library Service		0	46,400	46,400	0
OPAL Program		0	12,493	12,493	0
Fuel Tax Subsidy		0	13,394	13,394	0
<b>Subtotal</b>		101,202	7,960,775	7,996,211	65,767
<b>SPECIFIC PURPOSE (Non-Recurrent)</b>					
HACC - Collaborative Project Cwith		28,303	57,875	89,742	(3,564)
HACC - Collaborative Project State		0	0	0	0
HACC - Transitional Project		28,704	(28,704)		0
Exceptional Needs		0	187,181	187,181	0
Secure Taxi Rank		0	22,800	22,800	0
Foreshore Protection		0	50,000	50,000	0
Country Arts		0	6,350	6,350	0
Indigenous Engagement		0	85,000	85,000	0
Childcare Professional Development		0	23,971	23,971	0
Childcare DECS		0	9,170	9,170	0
<b>Subtotal</b>		57,007	413,643	474,214	(3,564)
<b>TOTAL OPERATING GRANTS</b>		<b>158,209</b>	<b>13,084,321</b>	<b>11,472,507</b>	<b>1,770,024</b>
<b>2014 Totals</b>		93,131			117,711
<b>CAPITAL GRANTS</b>					
<b>SPECIFIC PURPOSE (Recurrent)</b>					
<b>Subtotal</b>					
<b>SPECIFIC PURPOSE (Non-Recurrent)</b>					
Central Oval		0	500,000	500,000	0
Airport		0	264,757	264,757	0
Eastside Jetty		0	550,000	550,000	0
<b>Subtotal</b>		0	1,314,757	1,314,757	0
<b>TOTAL CAPITAL GRANTS</b>		<b>0</b>	<b>1,314,757</b>	<b>1,314,757</b>	<b>0</b>
<b>2014 Totals</b>			5,250,000		0

Recognised as revenue in advance of expenditure  
Current receivable - Other levels of Government



**Port Augusta City Council**

**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2015**

**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of the Port Augusta City Council for the year ended 30 June 2015, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'Ian McDonald'.

**Ian G McDonald FCA**

Dated this 30<sup>th</sup> day of September 2015

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**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 2015 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 2015.

**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 2015, 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 24 day of October 2015, at Adelaide, South Australia

234 Waymouth St  
Adelaide SA 5000

PO Box 75  
Henley Beach SA 5022

☎ 0419 620 906 / 0408 832 848  
☎ 08 8356 6397

✉ [ianmcdonald@creativeauditing.com.au](mailto:ianmcdonald@creativeauditing.com.au)

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