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INDEPENDENT AUDITOR'S REPORT

To the members of the Corporation of the City of Port Augusta

Report on the Financial Report

We have audited the accompanying financial report of the Corporation of the City of Port Augusta (the Council), which comprises the statement of financial position as at 30 June 2016, 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 the Corporation of the City of Port Augusta.

Council's Responsibility for the Financial Report

The 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 the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

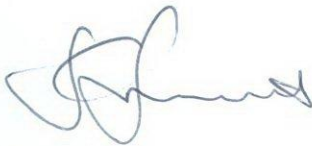
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

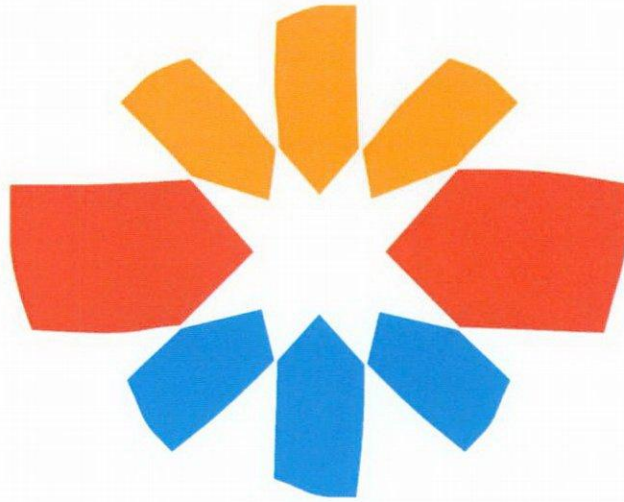
Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Corporation of the City of Port Augusta as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTSA handwritten signature in dark ink, appearing to read 'Simon Smith', with a stylized flourish at the end.

Simon Smith FCPA, Registered Company Auditor
Partner

19 / 10 / 2016



Port Augusta

CITY COUNCIL

ABN 73 625 993 182

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016**

PORT AUGUSTA CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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PORT AUGUSTA CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

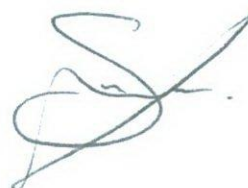
CERTIFICATION OF FINANCIAL STATEMENTS

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 2016 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: 19 October 2016

PORT AUGUSTA CITY COUNCIL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
INCOME			
Rates	3	17,799,445	16,486,930
Statutory charges	3	190,436	237,695
User charges	3	5,167,711	4,967,366
Grants, Subsidies & Contributions	3	11,299,330	13,084,322
Investment Income	3	106,776	131,644
Reimbursements	3	500,521	675,024
Other Income	3	1,762,636	2,040,429
TOTAL INCOME		36,826,855	37,623,410
EXPENSES			
Employee Costs	4	17,760,850	17,418,918
Materials, Contracts & Other Expenses	4	15,089,029	15,644,338
Finance Costs	4	1,415,841	1,439,500
Depreciation, Amortisation & Impairment	4	5,602,200	5,740,709
TOTAL EXPENSES		39,867,920	40,243,465
OPERATING SURPLUS / (DEFICIT)		(3,041,065)	(2,620,056)
Asset disposal and fair value adjustments	5	(43,874)	(38,832)
Amounts received specifically for new or upgraded assets	3	458,000	1,389,757
NET SURPLUS/(DEFICIT) transferred to Equity Statement		(2,626,939)	(1,269,131)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		17,215,192	692,104
TOTAL OTHER COMPREHENSIVE INCOME		17,215,192	692,104
TOTAL COMPREHENSIVE INCOME		14,588,253	(577,027)

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

FAGS	1,505,972	-1,505,972
Adjusted Net Deficit	(1,120,967)	(2,775,103)

PORT AUGUSTA CITY COUNCIL

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,892,450	4,689,933
Trade & other receivables	6	2,043,968	2,396,367
Inventories	6	<u>256,714</u>	<u>248,636</u>
Total Current Assets		<u>6,193,132</u>	<u>7,334,936</u>
Non-current Assets			
Financial Assets	7	81,666	100,128
Infrastructure, Property, Plant & Equipment	8	220,474,142	183,923,540
Other Non-current Assets	7	<u>2,100,000</u>	<u>23,461,357</u>
Total Non-current Assets		<u>222,655,808</u>	<u>207,485,026</u>
TOTAL ASSETS		<u>228,848,940</u>	<u>214,819,962</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	7,014,814	6,135,035
Borrowings	9	3,168,753	2,695,293
Provisions	9	<u>2,977,562</u>	<u>2,935,359</u>
Total Current Liabilities		<u>13,161,129</u>	<u>11,765,687</u>
Non-current Liabilities			
Borrowings	9	27,945,358	29,819,030
Provisions	9	<u>94,313</u>	<u>175,358</u>
Total Non-current Liabilities		<u>28,039,671</u>	<u>29,994,389</u>
TOTAL LIABILITIES		<u>41,200,800</u>	<u>41,760,076</u>
NET ASSETS		<u>187,648,140</u>	<u>173,059,886</u>
EQUITY			
Accumulated Surplus(Deficit)		(7,610,849)	(4,983,912)
Asset Revaluation Reserve	10	<u>195,258,989</u>	<u>178,043,797</u>
TOTAL EQUITY		<u>187,648,140</u>	<u>173,059,886</u>

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

PORT AUGUSTA CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2016	Notes		
Balance at end of previous reporting period	(4,983,911)	178,043,797	173,059,887
Net Surplus/ (Deficit) for year	<u>(2,626,939)</u>		<u>(2,626,939)</u>
Balance at end of period	<u>(7,610,849)</u>	<u>178,043,797</u>	<u>170,432,948</u>
Gain on revaluation of property, plant & equipment	10	17,215,192	17,215,192
Balance at end of period		<u>195,258,989</u>	<u>187,648,140</u>
2015	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>
Balance at end of period	<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
Balance at end of period		<u>178,043,797</u>	<u>173,059,887</u>

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

PORT AUGUSTA CITY COUNCIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		36,945,677	37,693,489
Investment Receipts		106,776	131,644
<u>Payments</u>			
Operating Payments to suppliers & employees		(32,524,281)	(34,075,247)
Finance Payments		(1,419,227)	(1,846,317)
Net Cash provided by (or used in) Operating Activities		<u>3,108,945</u>	<u>1,903,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		458,000	1,314,757
Sale of replaced assets		103,182	97,155
Repayments of loans by community groups		17,862	12,884
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,615,856)	(1,762,834)
Expenditure on new/upgraded assets		(2,362,303)	(10,631,260)
Loans made to community groups		-	(25,000)
Net Cash provided by (or used in) Investing Activities		<u>(3,399,115)</u>	<u>(10,994,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		7,650,001	12,147,102
Proceeds from Aged Care Facility deposits		1,299,913	85,272
<u>Payments</u>			
Repayments of Borrowings		(9,056,864)	(2,666,060)
Repayment of Aged Care Facility deposits		(407,013)	(125,721)
Net Cash provided by (or used in) Financing Activities		<u>(513,963)</u>	<u>9,440,593</u>
Net Increase (Decrease) in cash held		<u>(804,133)</u>	<u>349,866</u>
Cash & cash equivalents at beginning of period		<u>4,689,933</u>	<u>4,340,068</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD		<u>3,885,800</u>	<u>4,689,933</u>

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by the Council by certificate under Regulation 14 of the Local Government (Financial Management) Regulation 2011.

1.1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.1.4 Rounding

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

2.0 The Local Government Reporting Entity

The Port Augusta City Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 4 Mackay Street, Port Augusta, South Australia. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

Wadlata Outback Centre
Australian Arid Lands Botanic Gardens
Port Augusta Cultural Centre – Yarta Purtli
Ryan Mitchell Swim Centre
Nerrilda Nursing Home
AM Ramsay Village
Port Augusta Childcare Centre
Miriam High Special Needs Centre
Port Augusta Mens 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
June 2016	No advance paid	

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. For 2014/15 the Operating Deficit is understated by \$1,505,972, and for 2015/16 the Operating Deficit is overstated by this amount.

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.

4.0 Cash Equivalents and other Financial Instruments

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

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

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

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

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

5.0 Inventories

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

6.0 Infrastructure, Property, Plant & Equipment**6.1 Initial Recognition**

All assets are initially recognised as cost.

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

Capital works still in progress at balance date are recognised as *other non-current assets* and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and values are provided in Note 8.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure and property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets. Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC70	to 80 years
Reticulation Pipes – other25	to 75 years
Pumps & Telemetry	15 to 25 years
Reclaimed Water Plant & Irrigation System	30 years
CED Schemes	50 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

7.0 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8.0 Borrowings

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

9.0 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 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 Statewide Superannuation Scheme and to Hesta Super Fund. The Statewide Superannuation Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

10.0 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11.0 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

12.0 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax

- Receivables and Creditors include GST receivable and payable
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

13.0 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 9	<i>Financial Instruments</i>
AASB 124	<i>Related Party Disclosures</i>
AASB 1057	<i>Application of Australian Accounting Standards</i>
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending related Party Disclosures to Not-for-Profit Public Sector Entities</i>
AASB 2015-7	<i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>
AASB 2015-9	<i>Amendments to Australian Accounting Standards – Scope and Application Paragraphs</i>
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>
Int'n 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>

(Standards not affecting the Port Augusta City Council have been excluded from the above list)

AASB 7 Financial Instruments - Disclosures, AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers (all commence 1 January 2018) and AASB 16 Leases (commences 1 January 2019) are considered to be too remote in time to have a potentially material effect on the interpretation of the 2015/16 financial reports, and omitted on this basis. Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 FUNCTIONS & ACTIVITIES OF THE COUNCIL

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		SURPLUS/(DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration										
City Management & Economic Development	1,467,545	4,052,539	771,967	719,777	695,579	3,332,762	1,467,441	4,049,952	142,000	164,177
Human Resource Management	400,910	283,898	256,163	(161,491)	144,747	445,389			76,151	44,497
Records Management			13,674	233,489	(13,674)	(233,489)			33,100	33,100
Financial & Customer Services	15,529,639	14,288,556	863,183	945,260	14,666,456	13,343,296			183,850	170,221
Information Technology			578,274	497,739	(578,274)	(497,739)			877,270	904,742
Work Health & Safety	95,016	88,329	10,249	117,712	84,767	(29,383)			26,000	25,117
Public Order & Safety										
General Inspection	141,827	126,709	327,872	281,159	(186,045)	(154,450)			529,396	352,332
Other General Services	62,163	55,402	68,013	116,570	(5,850)	(61,168)				
Health Services										
Substance Misuse Service	566,073	567,389	587,363	619,359	(21,290)	(51,971)	566,073	567,389	44,000	116,473
Sobering Up Unit	705,777	667,822	723,742	688,151	(17,965)	(20,328)	705,000	667,004	87,750	698,031
Nemilda Nursing Home	4,148,403	3,835,875	4,825,259	4,981,000	(676,856)	(1,145,125)	3,173,370	2,945,893	11,356,410	9,073,235
A.M. Ramsay Village	4,455,207	4,027,713	4,559,167	4,552,303	(103,960)	(524,590)	3,017,181	2,599,580	12,259,395	8,335,876
OPAL Program		19,914	30,038	47,982	(30,038)	(28,068)		12,493		
Immunisation Program	6,841	5,799	11,879	15,948	(5,038)	(10,149)	6,452	5,487		
Environmental Health	36,299	439	150,482	115,998	(114,183)	(115,560)			7,000	7,000
Social Security & Welfare										
Health Focus	256,901	252,608	303,678	287,320	(46,777)	(34,712)	232,017	228,588		
Childcare Service	999,461	922,242	1,151,581	1,177,472	(152,120)	(255,230)	464,884	417,130	2,601,369	2,085,382
Special Needs Program	318,087	436,231	417,837	545,486	(99,750)	(109,255)	287,023	416,374	886,622	717,284
DVA Shed Program	63,438	54,376	74,389	63,968	(10,951)	(9,593)	42,080	41,435		
HACC Project	88,680	29,171	83,282	80,237	5,398	(51,066)	83,186	29,171		
Youth Activities Service	4,000	3,000	41,938	40,139	(37,938)	(37,139)				
Ageing/Disability Planning			21,919	6,028	(21,919)	(6,028)				
Senior Citizens Centre			25,249	24,565	(25,249)	(24,565)			1,022,860	590,810
Housing & Community Amenities										
City Planning	64,023	70,916	214,043	215,470	(150,020)	(144,554)			30,150	25,908
Projects & Events	3,764	4,318	262,312	271,218	(258,548)	(266,900)			6,200	6,200
Community Harmony Program	303,187	272,181	400,155	230,117	(96,968)	42,064	303,187	272,181		
Community Donations			33,739	27,443	(33,739)	(27,443)				
Community Safety Program	62,105	43,089	319,236	291,056	(257,131)	(247,967)	22,800	22,800	437,204	266,778
Community Bus Service	35,924	18,235	40,892	41,101	(4,968)	(22,866)				
Halls		7,883	23,452	49,700	(23,452)	(41,817)			738,122	396,344
Civic Centre			325,116	348,759	(325,116)	(348,759)			5,955,619	5,572,646
Housing	71,677	68,848	107,128	108,257	(35,451)	(39,409)			2,829,331	1,967,906
Cemeteries	194,582	218,501	295,355	299,096	(100,773)	(80,595)	40,909		411,396	222,030
Sanitation & Garbage	1,518,274	1,489,118	1,649,863	1,455,249	(131,589)	33,869				
Foreshores			348,294	338,007	(348,294)	(338,007)			41,442,971	28,372,520
Public Conveniences			76,583	80,531	(76,583)	(80,531)				
Street Lighting			353,643	327,177	(353,643)	(327,177)				
Lakes Management			6,370	13,957	(6,370)	(13,957)			124,766	83,457
Other Property & Services	173,335	160,657	287,728	670,476	(114,393)	(509,819)	110,000	50,000	11,734,956	17,454,429
Stormwater Drainage			338,709	228,892	(338,709)	(228,892)			14,212,626	8,810,387
Waste Water Treatment Plant			296,143	534,977	(296,143)	(534,977)			3,483,514	7,236,163
Effluent Drainage	769,853	731,258	616,861	480,936	152,992	250,322			9,415,805	5,181,645

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation & Culture										
Library & Information Service	62,086	61,129	654,009	660,132	(591,923)	(599,004)	47,527	46,400	194,030	206,124
Fountain Gallery	1,750	9,127	26,905	33,861	(25,155)	(24,733)			1,931,237	1,125,446
Cultural Centre	122,847	168,784	637,826	652,271	(514,979)	(483,488)		6,350	5,056,621	7,390,725
StarClub Officer & Aquatic Centre Program	9,833	61,431	44,491	254,496	(34,658)	(193,065)		32,750	1,662,913	862,417
Ryan Mitchell Swimming Centre	184,547	184,194	553,434	573,477	(368,887)	(389,283)			7,363,835	2,441,610
Be Active Community Centre	27,931	26,102	40,572	46,762	(12,641)	(20,660)			555,570	62,200
Junior Sports Foundation				640		(640)				
Sporting Clubs			2,523	2,879	(2,523)	(2,879)				15,950
Parks & Gardens & Playgrounds	37,457	860	1,069,562	1,072,225	(1,032,105)	(1,071,365)	35,000		8,923,541	10,393,689
Ovals	294	200	633,314	705,610	(633,020)	(705,410)			3,343,099	4,380,281
ETSA Oval Complex			83,506	96,139	(83,506)	(96,139)			561,246	469,762
Central Oval Community Hub	465,928	306,637	1,156,622	522,360	(690,694)	(215,723)	26,000		20,531,289	19,000
Mining Manufacturing & Construction										
Building Act	36,771	55,200	399,402	423,817	(362,631)	(368,617)			77,048	52,610
Transport & Communication										
Aerodromes	264,018	258,457	517,492	420,888	(253,474)	(162,431)			17,026,124	15,303,917
Maintenance of Roads, Bridges etc	608,885	1,075,716	3,964,426	4,314,851	(3,355,541)	(3,239,135)	596,516	659,951	147,602,891	136,479,683
Street Sweeping			128,252	143,640	(128,252)	(143,640)				
Footpaths			237,838	317,030	(237,838)	(317,030)				
Parking			12,744	11,962	(12,744)	(11,962)				
Economic Affairs										
Regional & Economic Development Related Projects	23,175	340,556	476,918	479,530	(453,743)	(138,975)				
Wadlata Interpretive Centre	170,593	157,820	466,129	534,657	(295,536)	(376,838)			7,974,761	6,511,727
Wadlata Retail Centre	222,166	221,620	203,438	202,443	18,728	19,177				
Wadlata Visitor Information Centre	50,760	5,848	210,008	175,183	(159,248)	(169,335)				
Wadlata Outback Tucker Box	241,888	240,880	236,819	230,391	5,069	10,489			70,850	81,417
Arid Lands Garden Interpretive Centre	689,048	661,786	923,968	961,341	(234,920)	(299,556)			4,018,905	3,237,800
Arid Lands Garden Operation	2,226	3,189	481,825	580,906	(479,599)	(577,717)				
Arid Lands Nursery Operation	111,837	120,835	142,825	154,039	(30,988)	(33,204)			384,150	273,008
Information Bays			4,565	9,536	(4,565)	(9,536)				
Public Debt Transactions										
Treasury - Debt Servicing	43,679	46,706	1,425,771	1,430,830	(1,382,092)	(1,384,124)				
Other Purposes NEC										
Machinery Operating	896,912	789,013	612,954	668,011	283,958	121,001	72,684	13,394		
Depot & Nursery			1,735,903	1,638,849	(1,735,903)	(1,638,849)			7,128,476	4,931,280
Engineering Services			891,059	916,120	(891,059)	(916,120)			187,150	170,395
Other NEC	9,233	24,306			9,233	24,306				
TOTALS	36,826,855	37,623,410	39,867,920	40,243,465	(3,041,065)	(2,620,056)	11,299,330	13,084,322	355,549,569	293,323,731

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 INCOME

	Notes	2016 \$	2015 \$
RATES REVENUES			
GENERAL RATES			
General Rates		15,846,867	14,972,919
Less Mandatory Rebates		138,240	145,972
Less Discretionary Rebates, remissions & write offs		<u>697,531</u>	<u>1,019,244</u>
		<u>15,011,096</u>	<u>13,807,703</u>
OTHER RATES (INCLUDING SERVICE CHARGES)			
Natural Resource Management Levy		240,832	237,422
Community Waste Water Management Systems		769,853	731,258
Waste Management Levy		<u>1,515,218</u>	<u>1,486,825</u>
		<u>2,525,903</u>	<u>2,455,505</u>
OTHER CHARGES			
Penalties for late payment		138,540	138,150
Legal & other costs recovered		<u>123,906</u>	<u>85,572</u>
		<u>262,446</u>	<u>223,722</u>
		<u>17,799,445</u>	<u>16,486,930</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**NOTE 3 INCOME (Continued)**

	2016	2015
STATUTORY CHARGES		
Notes	\$	\$
Development Act Fees	31,644	55,164
Town Planning Fees	45,737	69,693
Animal Registration Fees & Fines	75,893	81,007
Parking Fines/expiation fees	23,806	17,627
Sundry	13,356	14,205
	<u>190,436</u>	<u>237,695</u>
USER CHARGES		
Cemetery Fees	153,673	185,546
Halls Hire	6,498	8,272
Sales - General	968,083	1,020,048
Rentals	48,347	45,173
Nursing Home Fees	2,167,808	2,081,510
Childcare Fees	523,006	490,767
Swimming Pool & Aquatic Centre Fees	181,679	183,998
Wadlata Interpretive Centre Fees	164,336	154,483
Other Fees	936,810	778,930
Sundry	17,471	18,637
	<u>5,167,711</u>	<u>4,967,366</u>
INVESTMENT INCOME		
Interest on Investments		
Local Government Finance Authority	102,924	128,746
Loans to community groups	3,852	2,898
	<u>106,776</u>	<u>131,644</u>
REIMBURSEMENTS		
For Roadworks	5,693	415,111
For Private Works	6,676	655
Other	488,152	259,259
	<u>500,521</u>	<u>675,024</u>
OTHER INCOME		
Insurance & other recoupments - infrastructure	1,184,328	1,058,752
Sundry	578,308	981,677
	<u>1,762,636</u>	<u>2,040,429</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3 INCOME (Continued)

	Notes	2016 \$	2015 \$
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		458,000	1,389,757
Other grants, subsidies and contributions		<u>11,299,330</u>	<u>13,084,322</u>
		<u>11,757,330</u>	<u>14,474,079</u>

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

Sources of grants

Commonwealth government	8,785,991	8,325,860
State government	2,845,430	6,073,219
Other	<u>125,909</u>	<u>75,000</u>
	<u>11,757,330</u>	<u>14,474,079</u>

INDIVIDUALLY SIGNIFICANT ITEMS

In June, 2015, Council received payment of the first two instalments of the 2016/2017 Grants Commission (FAG) grant.		1,505,972
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Conditions over grants & contributions

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

Unexpended at the close of the previous reporting period	1,770,024	117,711
Less: expended during the current period from revenues recognised in previous reporting periods	<u>1,770,024</u>	<u>117,711</u>
Subtotal	0	0
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions	81,611	1,770,024
Subtotal	<u>81,611</u>	<u>1,770,024</u>
Unexpended at the close of this reporting period and held as restricted assets	81,611	1,770,024
Net increase (decrease) in restricted assets in the current reporting period	(1,688,413)	1,652,313

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4 EXPENSES

	Notes	2016 \$	2015 \$
EMPLOYEE COSTS			
Salaries and Wages		14,559,690	14,287,291
Employee Leave Expenses		1,563,407	1,631,729
Superannuation - Defined Contribution Plan Contributions	17	1,147,439	1,067,530
Superannuation - Defined Benefit Plan Contributions	17	234,809	258,373
Superannuation - Other	17	107,035	120,967
Workers Compensation Insurance		596,689	574,324
Less: Capitalised and distributed costs		(448,219)	(521,295)
Total Operating Employee Costs		17,760,850	17,418,918
Total Number of Employees			
(Full time equivalent at end of reporting period)		224.2	225.1
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		17,000	15,250
Bad and Doubtful Debts		-	306
Elected members' expenses		290,314	260,389
Election Expenses		3,714	45,019
Operating Lease Rentals - non cancellable leases	16		
- minimum lease payments		364,564	348,237
Sub Total Prescribed Expenses		675,592	669,201
Other Materials, Contracts & Expenses			
Contractors		6,582,990	6,782,508
Energy		2,076,731	2,132,919
Legal Expenses		188,082	115,215
Levies paid to government - NRM Levy		230,563	231,877
Other levies		35,770	45,784
Parts, Accessories & Consumables		1,996,721	2,400,924
Professional Services		200,901	202,476
Communications		230,581	168,351
Contributions & Donations		141,580	129,933
Insurances		558,009	523,747
Rates & Taxes		103,479	102,331
Travel & Accommodation		79,514	87,519
Affiliations		227	-
Advertising		129,377	168,229
Subscriptions		71,274	80,542
Training		100,026	101,121
Postage Printing Stationery		170,185	156,140
Plant Hire		608,171	596,595
Bank Charges		53,032	70,510
Sundry		856,224	878,415
Sub Total Other Materials, Contracts & Expenses		14,413,437	14,975,137
TOTAL MATERIALS, CONTRACTS & EXPENSES		15,089,029	15,644,338

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**NOTE 4 EXPENSES (cont)**

	Notes	2016 \$	2015 \$
FINANCE COSTS			
Interest on overdraft & short-term borrowings		5,502	15,223
Interest on Loans		<u>1,410,339</u>	<u>1,424,277</u>
		<u>1,415,841</u>	<u>1,439,500</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		1,907,093	1,911,547
Infrastructure		3,206,509	3,125,056
Plant & Equipment		391,046	448,460
Furniture & Equipment		<u>97,552</u>	<u>255,646</u>
		<u>5,602,200</u>	<u>5,740,709</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5 ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Notes	2016 \$	2015 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		103,182	97,155
Less: Carrying amount of assets sold		<u>147,056</u>	<u>135,987</u>
Gain (Loss) on disposal		<u>(43,874)</u>	<u>(38,832)</u>
NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(43,874)</u>	<u>(38,832)</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**NOTE 6 CURRENT ASSETS**

	Notes	2016 \$	2015 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		32,330	727,626
Deposits at Call		<u>3,860,120</u>	<u>3,962,308</u>
		<u>3,892,450</u>	<u>4,689,933</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		1,249,293	1,233,515
Accrued Revenues		70,216	62,296
Debtors - General		287,174	309,747
Other levels of Government		259,096	816,620
GST Recoupment		323,600	167,484
Prepayments		64,226	9,522
Loans to community organisations		<u>18,462</u>	<u>17,862</u>
		<u>2,272,067</u>	<u>2,617,045</u>
Less: Allowance for Doubtful Debts		<u>228,099</u>	<u>220,678</u>
		<u>2,043,968</u>	<u>2,396,367</u>
INVENTORIES			
Stores & Materials		92,251	89,983
Trading Stock		<u>164,463</u>	<u>158,653</u>
		<u>256,714</u>	<u>248,636</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7 NON-CURRENT ASSETS

	Notes	2016 \$	2015 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		<u>81,666</u>	<u>100,128</u>
TOTAL FINANCIAL ASSETS		<u>81,666</u>	<u>100,128</u>
Capital Works-in-Progress		-	21,361,357
Nursing Home Bed Places		<u>2,100,000</u>	<u>2,100,000</u>
TOTAL OTHER NON-CURRENT ASSETS		<u>2,100,000</u>	<u>23,461,357</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8

INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	FAIR VALUE LEVEL	2015 \$				2016 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	2	1,462,258	-	-	1,462,258	2,737,418	-	-	2,737,418
Land	3	8,596,733			8,596,733	11,725,039			11,725,039
Buildings & Other Structures	2	9,194,994		(5,325,604)	3,869,389	16,654,498		(13,079,998)	3,574,500
Buildings & Other Structures	3	100,774,158	2,234,365	(41,831,585)	61,176,937	134,270,967		(57,199,849)	77,071,118
Infrastructure	3	152,216,755	5,491,123	(53,049,648)	104,658,230	173,029,738	1,685,097	(57,980,035)	116,734,800
Plant & Equipment	2	7,020,266	1,013,931	(4,669,105)	3,365,092	8,430,537		(3,575,354)	4,855,183
Furniture & Fittings	2	5,227,099	92,051	(4,524,250)	794,900	7,016,275		(3,240,191)	3,776,084
TOTAL PROPERTY, PLANT & EQUIPMENT		284,492,261	8,831,470	(109,400,192)	183,923,539	353,864,472	1,685,097	(135,075,427)	220,474,142
2015 Totals		286,327,637	3,605,074	(103,965,119)	185,967,593	284,492,261	8,831,470	(109,400,191)	183,923,540

	FAIR VALUE LEVEL	2015 \$						2016 \$
		CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
			NEW/UPGRADE	RENEWALS				
Land	2	1,462,258	-	-	-		1,275,160	2,737,418
Land	3	8,596,733					3,128,307	11,725,040
Buildings & Other Structures	2	3,869,389				(220,891)	(73,998)	3,574,500
Buildings & Other Structures	3	61,176,937	20,387,046	375,952	-	(1,686,202)	(3,182,616)	77,071,118
Infrastructure	3	104,658,230	1,927,805	482,982	-	(3,206,509)	12,872,292	116,734,801
Plant & Equipment	2	3,365,092	82,726	461,447	(147,056)	(391,046)	1,484,018	4,855,181
Furniture & Fittings	2	794,900	1,326,084	40,623	-	(97,552)	1,712,029	3,776,084
TOTAL PROPERTY, PLANT & EQUIPMENT		183,923,540	23,723,660	1,361,005	(147,056)	(5,602,200)	17,215,192	220,474,142
2015 Totals		185,967,593	1,964,586	1,175,952	(135,986)	(5,740,709)	692,104	183,923,540

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.

Fair value hierarchy level 2 valuations

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

Fair value hierarchy level 3 valuations of land

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

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

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

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

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

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

Transfers between fair value hierarchy levels

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

Land

Land assets were valued by Maloney Field Services as at 30 June 2016.

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

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

Buildings & Other Structures

Buildings & Other Structures were valued by Maloney Field Services as at 30 June 2016.

Infrastructure

Community waste water management systems were valued by Tonkins Consulting as at 1 July 2015. Stormwater drainage and road infrastructure assets were valued by Tonkins Consulting as at 30 June 2016.

Plant & Equipment

Plant & Equipment were valued by Maloney Field Services as at 30 June 2016.

Furniture & Fittings

Furniture & Fittings were valued by Maloney Field Services as at 30 June 2016.

All other assets

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9 LIABILITIES

	Notes	2016 Current \$	2016 Non-Current \$	2015 Current \$	2015 Non-Current \$
TRADE & OTHER PAYABLES					
Goods & Services		2,260,088		1,948,579	
Payments received in advance		8,821		81,815	
Accrued expenses - other		1,140,381		1,273,383	
Aged Care Facility Deposits		3,605,524		2,831,258	
		<u>7,014,814</u>	<u>-</u>	<u>6,135,035</u>	<u>-</u>
Amounts included in trade & other payables that are not expected to be settled within 12 months of the reporting date.		2,632,000		2,067,000	
BORROWINGS					
Bank Overdraft		6,650		-	
Friends of the Arid Lands Botanic Garden		29,037	23,797	28,005	52,835
Loans - LGFA		3,133,066	27,921,561	2,667,288	29,766,196
		<u>3,168,753</u>	<u>27,945,358</u>	<u>2,695,293</u>	<u>29,819,030</u>

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

PROVISIONS

Provision for Annual Leave	1,452,274		1,413,829	
Provision for Long Service Leave	<u>1,525,288</u>	<u>94,313</u>	<u>1,521,530</u>	<u>175,358</u>
	<u>2,977,562</u>	<u>94,313</u>	<u>2,935,359</u>	<u>175,358</u>

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

1,911,602

1,840,307

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10 RESERVES

ASSET REVALUATION RESERVE		30/06/2015	Net Increments (Decrements)	Transfers on Sale	30/06/2016
	Notes	\$	\$	\$	\$
Land		10,571,565	4,403,466		14,975,031
Buildings & Other Structures		59,971,279	(3,256,614)		56,714,666
Infrastructure		102,457,074	12,872,292		115,329,366
Plant & Equipment		2,017,467	1,484,018		3,501,485
Furniture & Fittings		926,413	1,712,029		2,638,442
Nursing Home Bed Places		2,100,000	-		2,100,000
Total Infrastructure, Property, Plant & Equipment		<u>178,043,798</u>	<u>17,215,192</u>		<u>195,258,990</u>

PURPOSES OF RESERVES**Asset Revaluation Reserve**

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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	2016 \$	2015 \$
Total Cash & Equivalent Assets	6	3,892,450	4,689,933
Less: Short-term borrowings	BS	<u>6,650</u>	<u>-</u>
Balances per Statement of Cash Flows		<u>3,885,800</u>	<u>4,689,933</u>

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

Net Surplus (Deficit)	(2,626,939)	(1,269,131)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,602,200	5,740,709
Change in allowances for under-recovery	7,421	91,030
Grants for capital acquisitions treated as investing activity	(458,000)	(1,314,757)
Nursing Home Deposits	(118,633)	(129,308)
Net increase (decrease) in unpaid employee benefits	(38,843)	273,187
Net (Gain) Loss on Disposals	<u>43,874</u>	<u>38,832</u>
	<u>2,411,080</u>	<u>3,430,561</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	345,578	177,356
Net (increase) decrease in inventories	(8,078)	(2,317)
Net increase (decrease) in trade & other payables	<u>360,365</u>	<u>(1,702,031)</u>
Net Cash provided by (or used in) operations	<u>3,108,945</u>	<u>1,903,569</u>

(c) Financing Arrangements

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

Bank Overdrafts	700,000	700,000
Corporate Credit Cards	36,000	32,000
LGFA Cash Advance Debenture Facility	3,478,373	948,803

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 2016

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 2.15% and 2.40% (2015: 2.0% and 2.55%). Short term deposits have an average maturity of 30 days and an average interest rates of 1.75% (2015: 30 days, 2.27%).

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

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

Accounting Policy: Carried at nominal value.

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

Carrying amount: approximates fair value.

Receivables - Retirement Contributions

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

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

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

Liabilities - Creditors and Accruals

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

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

Carrying amount: approximates fair value.

Liabilities - Retirement Home Contributions

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

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

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

Liabilities - Interest Bearing Loans

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

Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.25% and 7.48% (2015: 4.7% 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 2016

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

2016	Due ≤ 1 year	Due > 1 year ≥ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	3,892,450			3,892,450	3,892,450
Receivables	471,075			471,075	471,075
Total	4,363,525	-	-	4,363,525	4,363,525
Financial Liabilities					
Payables	2,260,088			2,260,088	2,260,088
Short-term Borrowings	6,650			6,650	6,650
NHA Bonds	3,605,524			3,605,524	3,605,524
Borrowings	3,961,141	12,669,912	34,668,843	51,299,896	51,299,896
Total	9,833,403	12,669,912	34,668,843	57,172,158	57,172,158
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
Total	5,685,302	-	-	5,685,302	5,685,302
Financial Liabilities					
Payables	1,948,579			1,948,579	1,948,579
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
Total	24,506,246	9,740,780	9,106,295	43,353,321	43,353,321

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

	30 June 2016		30 June 2016	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
Overdraft		6,650		-
Other Variable Rates	4.00	13,721,628	5.00	16,251,197
Fixed Interest Rates	5.50	37,578,268	5.70	22,322,287
		<u>51,306,546</u>		<u>38,573,484</u>

NET FAIR VALUE

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

RISK EXPOSURES

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

Market Risk is the risk that fair value of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market; and hence neither market risk or currency risk apply

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

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

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**Note 13 COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2016 \$	2015 \$
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		110,000	16,500
Waste Collection Contract		1,011,738	1,795,782
Refuse Reserve Contract		2,748,452	3,429,484
Parks & Gardens Contract		403,128	798,670
Cleaning Services		150,742	344,196
Catering Services		234,000	300,000
Security Services		814,628	410,451
		<u>5,472,688</u>	<u>7,095,083</u>
These expenditures are payable:			
Less than one year		2,639,239	2,508,709
Not later than 5 years		<u>2,833,449</u>	<u>4,586,374</u>
		<u>5,472,688</u>	<u>7,095,083</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 14 FINANCIAL PERFORMANCE INDICATORS

2016

2015

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

Operating Surplus Ratio

(8.3%)

(7.0%)

Operating Surplus

Total Operating Revenue

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

Adjusted Operating Surplus Ratio

(4.0%)

(11.4%)

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.

Net Financial Liabilities

35,182,716

34,573,647

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

Net Financial Liabilities Ratio

95.5%

91.9%

Net Financial Liabilities

Total Operating Revenue

Asset Sustainability Ratio

Net Asset Renewals

23.7%

26.1%

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.

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.

	2016 \$	2015 \$
Income	36,826,855	37,623,410
less Expenses	<u>39,867,920</u>	<u>40,243,465</u>
	<u>(3,041,065)</u>	<u>(2,620,056)</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,615,856	1,762,834
less Depreciation, Amortisation and Impairment	(5,602,200)	(5,740,709)
less Proceeds from Sale of Replaced Assets	<u>(103,182)</u>	<u>(97,155)</u>
	<u>(4,089,526)</u>	<u>(4,075,030)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	2,362,303	10,631,260
less Amounts specifically for New and Upgraded Assets	(458,000)	(1,314,757)
	<u>1,904,303</u>	<u>9,316,503</u>
Net Lending / (Borrowing) for Financial Year	<u>(855,842)</u>	<u>(7,861,529)</u>

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.

	2016	2015
	\$	\$
Not later than one year	333,609	353,073
Later than one year and not later than 5 years	<u>244,022</u>	<u>583,194</u>
	<u>577,631</u>	<u>936,267</u>

NOTE 17 SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). 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 2014/15) 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18 SEGMENT REPORTING

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

BUSINESS SEGMENTS	TOTAL COUNCIL 2016 \$	RACF 2016 \$	OTHER 2016 \$	TOTAL COUNCIL 2015 \$	RACF 2015 \$	OTHER 2015 \$
REVENUE						
Grants & Subsidies	11,299,330	6,190,551	5,108,779	13,084,322	5,545,472	7,538,849
User Charges	5,167,711	2,255,906	2,911,805	4,967,366	2,152,366	2,815,000
Reimbursements	500,521	23,496	477,025	675,024	24,702	650,322
Investment Income	106,776	63,097	43,679	131,644	84,938	46,706
Other Revenue	19,752,517	70,560	19,681,957	18,765,054	56,110	18,708,945
TOTAL REVENUE	36,826,855	8,603,610	28,223,245	37,623,410	7,863,588	29,759,822
EXPENDITURE						
Operating Costs	34,265,720	8,923,276	25,342,444	34,502,756	9,002,125	25,500,631
Depreciation	5,602,200	461,150	5,141,050	5,740,709	531,178	5,209,531
	39,867,920	9,384,426	30,483,494	40,243,465	9,533,303	30,710,162
Operating (Loss)/Surplus before Capital Revenues	(3,041,065)	(780,816)	(2,260,249)	(2,620,056)	(1,669,715)	(950,340)
Capital Revenues	414,126		414,126	1,350,925		1,350,925
RESULT						
Operating Result (Loss)/Surplus	(2,626,939)	(780,816)	(1,846,123)	(1,269,131)	(1,669,715)	400,585
ASSETS						
Current Assets	6,193,132	3,769,092	2,424,040	7,334,936	3,016,289	4,318,648
Non-Current Assets	220,555,808	7,361,146	213,194,662	205,385,026	7,755,442	199,729,584
Intangible Assets	2,100,000	2,100,000		2,100,000	2,100,000	
TOTAL ASSETS	228,848,940	13,230,238	215,618,702	214,819,962	12,871,731	204,048,232
LIABILITIES						
Current Liabilities	13,161,129	4,880,970	8,280,159	28,016,884	4,051,593	23,965,291
Non-Current Liabilities	28,039,671	611,833	27,427,838	13,743,192	967,408	12,775,784
TOTAL LIABILITIES	41,200,800	5,492,803	35,707,997	41,760,076	5,019,001	36,741,075
NET ASSETS	187,648,140	7,737,436	179,910,704	173,059,886	7,852,729	167,307,157

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18 SEGMENT REPORTING CONTINUED

REVENUE	\$	EXPENSES	\$
Government Subsidies	5,944,421	Wages & Superannuation - Care	4,684,704
Resident Charges	2,255,906	Wages & Superannuation - Admin	391,927
Capital Grants	0	Wages & Superannuation - Other	607,028
Bond Retentions	246,130	Management Fees	369,192
Interest Income	63,097	Depreciation & Amortisation	461,150
Donations & Contributions	13,258	Interest	73,866
Other Operating Revenue	80,798		
TOTAL OPERATING REVENUE	8,603,610	Building Repairs & Maintenance	140,405
		Insurance	317,347
		Motor Vehicles	18,536
		Utilities	212,114
		Other Expenses	2,108,157
		TOTAL EXPENSES	9,384,426
SEGMENT RESULT SURPLUS(DEFICIT)			(780,816)
SEGMENT ASSETS	\$	SEGMENT LIABILITIES	\$
Current Assets		Current Liabilities	
Investment	3,652,475	Borrowings	275,919
Trade Receivables	116,618	Trade Payables	195,314
Other Current Assets		Employee Provisions	604,351
		Accommodation Bonds	3,605,525
		Other Current Liabilities	199,861
TOTAL CURRENT ASSETS	3,769,092	TOTAL CURRENT LIABILITIES	4,880,970
Property, Plant & Equipment	7,361,146	Loans	588,331
Intangibles	2,100,000	Employee Provisions	23,502
Other Non-Current Assets		Accommodation Bonds	0
		Other non-current liabilities	
TOTAL NON-CURRENT ASSETS	9,461,146	TOTAL LIABILITIES	611,833
SEGMENT TOTAL ASSETS	13,230,238	SEGMENT TOTAL LIABILITIES	5,492,803
SEGMENT NET ASSETS	7,737,436		

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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Port Augusta City Council for the year ended 30 June 2016, 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.



Simon Smith

Galpins Accountants, Auditors & Business Consultants

Dated this 18th day of OCTOBER 2016

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2016, the Council's Auditor, Galpins, have maintained their independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.



JOHN BANKS
CHIEF EXECUTIVE OFFICER



SAM JOHNSON
PRESIDING MEMBER
AUDIT COMMITTEE

20 /10/ 2016