



PORT AUGUSTA CITY COUNCIL
**ANNUAL FINANCIAL
STATEMENTS**
FOR YEAR ENDED 30 JUNE 2022

ABN: 73 625 993 182



PortAugusta
CITY COUNCIL



General Purpose Financial Statements

for the year ended 30 June 2022

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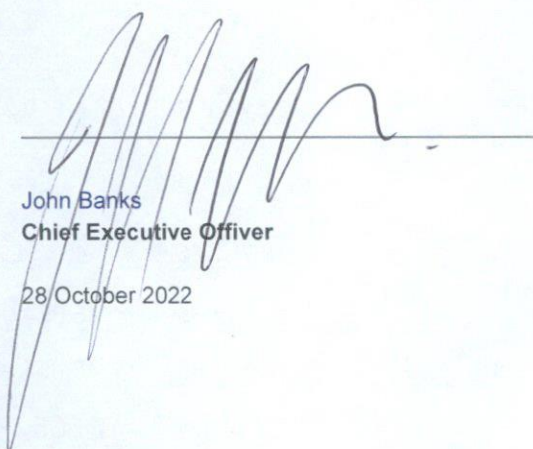
General Purpose Financial Statements
for the year ended 30 June 2022

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 2022 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



John Banks
Chief Executive Officer

28 October 2022



Brett Benbow
Mayor

01 November 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$	Notes	2022	2021
Income			
Rates & Service Charges	2a	19,380,195	20,240,041
Statutory Charges	2b	324,530	413,835
User Charges	2c	3,957,827	3,519,939
Grants, Subsidies and Contributions	2g	7,765,673	8,412,425
Investment Income	2d	37,002	15,310
Reimbursements	2e	680,767	403,018
Other income	2f	792,266	767,749
Total Income		32,938,260	33,772,317
Expenses			
Employee costs	3a	11,719,484	11,385,309
Materials, Contracts and Other Expenses	3b	11,873,968	12,811,242
Depreciation, Amortisation and Impairment	3c	7,671,327	7,889,278
Finance Costs	3d	133,162	202,746
Total Expenses		31,397,941	32,288,575
Operating Surplus / (Deficit)		1,540,319	1,483,742
Physical Resources Received Free of Charge	2i	–	728,325
Asset Disposal & Fair Value Adjustments	4	(141,945)	(10,216)
Amounts Received or Returned Specifically for New or Upgraded Assets	2g	1,413,795	(291,631)
Net Surplus / (Deficit)		2,812,169	1,910,220
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	8	1,561,065	45,654,926
Total Amounts which will not be reclassified subsequently to operating result		1,561,065	45,654,926
Total Other Comprehensive Income		1,561,065	45,654,926
Total Comprehensive Income		4,373,234	47,565,146
Financial Assistance Grant Payment Reallocation 22/23		(2,442,957)	–
Financial Assistance Grant Payment Reallocation 21/22		1,599,250	(1,599,250)
Financial Assistance Grant Payment Reallocation 20/21		–	1,575,847
Supplementary Road Funding Reallocation 20/21		–	141,579
Adjusted Operating Surplus/(Deficit)		696,612	1,601,917

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

Statement of Financial Position

as at 30 June 2022

\$	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	10,591,069	3,816,981
Trade & Other Receivables	5b	1,896,007	2,255,475
Inventories	5c	143,008	172,410
<u>Subtotal</u>		<u>12,630,084</u>	<u>6,244,866</u>
Non-Current Assets Held for Sale	17	253,276	—
<u>Subtotal</u>		<u>253,276</u>	<u>—</u>
Total current assets		<u>12,883,360</u>	<u>6,244,866</u>
Non-current assets			
Infrastructure, Property, Plant & Equipment	6a(i)	219,374,292	221,617,239
Total non-current assets		<u>219,374,292</u>	<u>221,617,239</u>
TOTAL ASSETS		<u>232,257,652</u>	<u>227,862,105</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7a	4,659,205	3,759,574
Borrowings	7b	327,947	897,945
Provisions	7c	1,888,374	1,886,432
<u>Subtotal</u>		<u>6,875,526</u>	<u>6,543,951</u>
Total Current Liabilities		<u>6,875,526</u>	<u>6,543,951</u>
Non-Current Liabilities			
Borrowings	7b	4,086,028	4,399,194
Provisions	7c	70,143	66,239
Total Non-Current Liabilities		<u>4,156,171</u>	<u>4,465,433</u>
TOTAL LIABILITIES		<u>11,031,697</u>	<u>11,009,384</u>
<u>Net Assets</u>		<u>221,225,955</u>	<u>216,852,721</u>
EQUITY			
Accumulated surplus		(2,011,006)	(4,823,175)
Asset revaluation reserves	8	223,236,961	221,675,896
Total Council Equity		<u>221,225,955</u>	<u>216,852,721</u>
<u>Total Equity</u>		<u>221,225,955</u>	<u>216,852,721</u>

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

Statement of Changes in Equity

for the year ended 30 June 2022

\$	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2022				
Balance at the end of previous reporting period		(4,823,175)	221,675,896	216,852,721
Net Surplus / (Deficit) for Year		2,812,169	–	2,812,169
Other Comprehensive Income				
Gain (Loss) on Revaluation of I,PP&E	6a(i)	–	1,561,065	1,561,065
Other comprehensive income		–	1,561,065	1,561,065
Total comprehensive income		2,812,169	1,561,065	4,373,234
Balance at the end of period		(2,011,006)	223,236,961	221,225,955
2021				
Balance at the end of previous reporting period		(6,733,395)	176,020,970	169,287,575
Net Surplus / (Deficit) for Year		1,910,220	–	1,910,220
Other Comprehensive Income				
Gain (Loss) on Revaluation of I,PP&E	6a(i)	–	45,654,926	45,654,926
Other comprehensive income		–	45,654,926	45,654,926
Total comprehensive income		1,910,220	45,654,926	47,565,146
Balance at the end of period		(4,823,175)	221,675,896	216,852,721

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

Statement of Cash Flows

for the year ended 30 June 2022

\$	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		34,666,916	36,680,015
Investment Receipts		37,002	15,310
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(24,071,771)	(26,262,436)
Finance Payments		(133,162)	(240,496)
Net cash provided by (or used in) Operating Activities	9b	10,498,985	10,192,393
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,413,795	195,280
Sale of Replaced Assets		106,364	62,899
Sale of Surplus Assets		–	208,633
Sale of Non Current Assets "held for sale"		–	605,360
Repayments of Loans by Community Groups		7,008	15,438
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,287,788)	(2,009,401)
Expenditure on New/Upgraded Assets		(1,054,328)	(668,037)
Return of amounts specifically for new or upgraded assets		–	(486,911)
Net cash provided (or used in) investing activities		(2,814,949)	(2,076,739)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Loans		(897,944)	(4,572,138)
Repayment of Lease Liabilities		(12,004)	–
Net Cash provided by (or used in) Financing Activities		(909,948)	(4,572,138)
Net Increase (Decrease) in Cash Held		6,774,088	3,543,516
plus: Cash & Cash Equivalents at beginning of period		3,816,981	273,465
Cash and cash equivalents held at end of period	9a	10,591,069	3,816,981
Additional Information:			
Total Cash, Cash Equivalents & Investments		10,591,069	3,816,981

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 01 November 2022.

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

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

(2) The Local Government Reporting Entity

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

(3) Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

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

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

2019/20	2 quarters of the 2020/21 allocation	\$1,575,847
2020/21	2 quarters of the 2021/22 allocation	\$1,599,250
2021/22	3 quarters of the 2022/23 allocation	\$2,442,957

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 11.

(5) Inventories

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

Assets which are not completed as at 30th June in any year will be shown as Capital Work in Progress on the Infrastructure, Property, Plant & Equipment Note. These assets will not attract depreciation until completion.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 6.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Contents and Vehicles

Furniture and Contents	3 to 20 years
Plant and Equipment	5 to 20 years
Vehicles	10 to 20 years

Buildings, Structures and Site Improvements

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

CWMS, Waste Water and Stormwater

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

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

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

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

(9) Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

(10) Leases

AASB 16 Leases, commenced from 1 July 2019 and requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for low-value assets - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2022, Council has 1 lease to which this treatment has been applied.

(11) GST Implications

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

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

(12) New accounting standards and UIG interpretations

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7)

(13) Comparative Figures

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

(14) Disclaimer

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

(15) COVID-19 Pandemic

The 2020/2021 financial year experienced impacts from the global COVID-19 pandemic due to a mandatory shut down period in November 2020, restrictions on the number of people at certain Council sites and border closures. The net impact on 2020/2021 is estimated to be \$47,800.

2021/2022 was also impacted by a mandatory shut down period during July for South Australia and border restrictions interstate, impacting on tourism sites peak trading periods. The net impact on 2021/2022 is estimated to be \$98,000.

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 2. Income

\$	2022	2021
(a) Rates & Service Charges		
General Rates		
General Rates	19,187,797	17,908,645
Less: Mandatory Rebates	(594,126)	(370,167)
Less: Discretionary Rebates, Remissions & Write Offs	(2,391,333)	(410,887)
Total General Rates	16,202,338	17,127,591
Other Rates (Including Service Charges)		
Waste Collection	1,921,826	1,879,732
Community Wastewater Management Systems	810,492	783,711
Regional Landscape Levy	289,925	285,985
Total Other Rates (Including Service Charges)	3,022,243	2,949,428
Other Charges		
Penalties for Late Payment	97,985	91,324
Legal & Other Costs Recovered	57,629	71,698
Total Other Charges	155,614	163,022
Total Rates & Service Charges	19,380,195	20,240,041
(b) Statutory Charges		
Development Act Fees	106,196	92,735
Health & Septic Tank Inspection Fees	7,581	11,551
Animal Registration & Expiation Fees	155,332	262,680
Parking Expiation Fees	12,043	20,312
Other Licences, Fees & Fines	43,378	26,557
Total Statutory Charges	324,530	413,835
(c) User Charges		
Cemetery Fees	216,282	225,261
Hall & Equipment Hire	135,674	108,454
Sales - General	1,194,629	1,273,839
Other Fees	2,411,242	1,912,385
Total User Charges	3,957,827	3,519,939

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
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(d) Investment Income

Interest on Investments

- Local Government Finance Authority

36,765

14,636

- Loans to Community Groups

237

674

Total Investment Income

37,002

15,310

(e) Reimbursements

Roadworks

187,940

—

Private Works

11,674

1,017

Other

481,153

402,001

Total Reimbursements

680,767

403,018

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E

706,105

633,803

Other

86,161

133,946

Total Other income

792,266

767,749

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets

1,413,795

195,280

Return of amounts received specifically for new or upgraded assets

—

(486,911)

Total Amounts Received Specifically for New or Upgraded Assets

1,413,795

(291,631)

Other Grants, Subsidies and Contributions

7,765,673

8,412,425

Total Other Grants, Subsidies and Contributions

7,765,673

8,412,425

Total Grants, Subsidies, Contributions

9,179,468

8,120,794

The functions to which these grants relate are shown in Note 10.

(i) Sources of grants

Commonwealth Government

2,749,297

2,439,674

State Government

6,343,195

5,649,279

Other

86,976

31,841

Total

9,179,468

8,120,794

(ii) Individually Significant Items

In 2021/2022, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2022/2023

(2,442,957)

—

In 2020/2021, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2021/2022

1,599,250

(1,599,250)

In 2019/2020, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2020/2021

—

1,575,847

In 2018/2019, the Commonwealth Government paid an advance of the Supplementary Road Funding for 2019/2020 and 2020/2021

—

141,579

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
During 2020/21 Council returned unspent funds to the State Government relating to the Eastside Jetty. The funds were received by Council during the 2014/15 financial year and utilised to remove a portion of the Jetty following community consultation.	–	(486,911)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$	2022	2021
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(h) 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	1,840,217	1,793,252
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Other	(1,840,217)	(1,717,426)
Subtotal	(1,840,217)	(1,717,426)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Other	2,563,862	1,764,391
Subtotal	2,563,862	1,764,391
Unexpended at the close of this reporting period	2,563,862	1,840,217
Net increase (decrease) in assets subject to conditions in the current reporting period	723,645	46,965

(i) Physical Resources Received Free of Charge

Land	–	45,000
Buildings & Other Structures	–	683,325
Total Physical Resources Received Free of Charge	–	728,325

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses

\$	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		9,574,864	9,278,156
Employee Leave Expense		1,015,925	976,420
Superannuation - Defined Contribution Plan Contributions	16	883,615	806,542
Superannuation - Defined Benefit Plan Contributions	16	101,981	125,820
Superannuation - Other	16	—	368
Workers' Compensation Insurance		260,907	321,686
Less: Capitalised and Distributed Costs		(117,808)	(123,683)
Total Operating Employee Costs		11,719,484	11,385,309
Total Number of Employees (full time equivalent at end of reporting period)			
		133	132
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		19,245	18,701
Bad and Doubtful Debts		60,801	—
Elected Members' Expenses		243,666	238,883
Lease Expense - Low Value Assets / Short Term Leases		56,833	81,272
Subtotal - Prescribed Expenses		380,545	338,856
(ii) Other Materials, Contracts and Expenses			
Contractors		4,953,821	6,219,872
Utilities		1,655,611	1,597,602
Legal Expenses		79,863	97,746
Levies Paid to Government - Regional Landscape Levy		289,540	286,673
Parts, Accessories & Consumables		1,286,178	1,366,298
Professional Services		192,281	140,141
Communications		130,834	137,189
Contributions & Donations		133,015	84,632
Insurances		565,100	498,986
Rates & Taxes		64,684	56,276
Travel & Accommodation		2,679	13,230
Advertising		64,826	56,904
Subscriptions		83,538	84,213
Training		139,323	135,498
Postage Printing Stationery		85,790	100,247
Plant Hire		690,650	589,604
Bank Charges		63,726	62,680
Sundry		1,011,964	944,595
Subtotal - Other Material, Contracts & Expenses		11,493,423	12,472,386
Total Materials, Contracts and Other Expenses		11,873,968	12,811,242

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses (continued)

\$	2022	2021
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(c) Depreciation, Amortisation and Impairment

(i) Depreciation and Amortisation

Buildings & Other Structures	3,236,075	3,246,992
Infrastructure	3,557,688	3,717,129
Right-of-use Assets	12,175	–
Plant & Equipment	600,650	659,707
Furniture & Fittings	264,739	265,450
Total Depreciation, Amortisation and Impairment	7,671,327	7,889,278

(d) Finance Costs

Interest on Loans	132,663	202,746
Interest on Leases	499	–
Total Finance Costs	133,162	202,746

Note 4. Asset Disposal & Fair Value Adjustments

\$	2022	2021
----	------	------

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	106,364	62,899
Less: Carrying Amount of Assets Sold	(248,309)	(146,588)
Gain (Loss) on Disposal	(141,945)	(83,689)

(ii) Assets Surplus to Requirements

Proceeds from Disposal	–	208,633
Less: Carrying Amount of Assets Sold	–	(347,352)
Gain (Loss) on Disposal	–	(138,719)

Gain on the sale of held for sale assets

Proceeds From Sale of Assets	–	605,360
Carrying Value	–	(393,168)
Gain on the sale of Held for Sale Assets	–	212,192

Net Gain (Loss) on Disposal or Revaluation of Assets	(141,945)	(10,216)
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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 5. Current Assets

\$	2022	2021
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(a) Cash & Cash Equivalent Assets

Cash on Hand at Bank	417,330	487,020
Deposits at Call	10,173,739	3,329,961
Total Cash & Cash Equivalent Assets	10,591,069	3,816,981

(b) Trade & Other Receivables

Rates - General & Other	1,145,690	1,296,480
Accrued Revenues	176,226	160,219
Debtors - General	237,490	283,244
Other Levels of Government	49,486	254,462
GST Recoupment	370,008	284,715
Prepayments	38,219	82,568
Loans to Community Organisations	–	7,008
Subtotal	2,017,119	2,368,696
Less: Allowance for Doubtful Debts	(121,112)	(113,221)
Total Trade & Other Receivables	1,896,007	2,255,475

(c) Inventories

Stores & Materials	70,644	74,182
Trading Stock	72,364	98,228
Total Inventories	143,008	172,410

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 6. Infrastructure, Property, Plant & Equipment

(a(i)) Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/06/21				Asset movements during the reporting period							as at 30/06/22			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Increments to Equity (ARR) (Note 8)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress		–	285,951	–	285,951	–	882,889	–	–	(273,338)	–	–	–	895,502	–	895,502
Land - Other	2	1,715,500	–	–	1,715,500	–	–	–	–	–	–	–	1,715,500	–	–	1,715,500
Land - Other	3	11,573,000	–	–	11,573,000	–	–	–	–	–	(95,000)	–	11,478,000	–	–	11,478,000
Buildings & Other Structures	2	1,623,000	–	(1,365,926)	257,074	–	–	–	(57,926)	–	–	–	1,623,000	–	(1,423,852)	199,148
Buildings & Other Structures	3	133,015,170	256,612	(57,884,672)	75,387,110	487,176	507,678	–	(3,178,149)	75,676	(158,276)	–	132,877,782	1,070,529	(60,827,096)	73,121,215
Infrastructure	3	199,148,005	1,962,797	(73,128,190)	127,982,612	370,670	1,599,008	(144,817)	(3,557,688)	197,662	–	1,561,065	202,837,322	2,943,360	(77,772,170)	128,008,512
Right-of-Use Assets		–	–	–	–	26,784	–	–	(12,175)	–	–	–	26,784	–	(12,175)	14,609
Plant & Equipment	2	8,236,918	49,537	(4,917,878)	3,368,577	173,064	298,213	(103,491)	(600,650)	–	–	–	8,330,668	173,064	(5,368,019)	3,135,713
Furniture & Fittings	2	4,421,731	207,888	(3,582,204)	1,047,415	23,417	–	–	(264,739)	–	–	–	4,629,619	23,417	(3,846,943)	806,093
Total Infrastructure, Property, Plant & Equipment		359,733,324	2,762,785	(140,878,870)	221,617,239	1,081,111	3,287,788	(248,308)	(7,671,327)	–	(253,276)	1,561,065	363,518,675	5,105,872	(149,250,255)	219,374,292
Comparatives		287,449,027	12,683,746	(118,838,792)	181,293,981	1,037,861	1,727,740	(493,940)	(7,889,278)	–	–	45,654,924	359,733,324	2,762,785	(140,878,870)	221,617,239

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 6. Infrastructure, Property, Plant & Equipment (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

Valuation of Assets

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

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

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

Fair value hierarchy level 2 valuations

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

Fair value hierarchy level 3 valuations of land

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Land

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

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

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 6. Infrastructure, Property, Plant & Equipment (continued)

Buildings & Other Structures

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

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

Infrastructure

Community waste water management systems, waste water and stormwater drainage assets were valued by Tonkins Consulting as at 1 July 2021. Road assets were valued by Tonkins Consulting as at 1 July 2020.

Plant & Equipment

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

Furniture & Fittings

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 7. Liabilities

	2022 Current	2022 Non Current	2021 Current	2021 Non Current
\$				
(a) Trade and Other Payables				
Goods & Services	2,662,642	—	2,003,967	—
Payments Received in Advance	1,165,960	—	1,062,055	—
Accrued Expenses - Other	830,603	—	693,552	—
Total Trade and Other Payables	4,659,205	—	3,759,574	—

	Notes	2022 Current	2022 Non Current	2021 Current	2021 Non Current
\$					
(b) Borrowings					
Loans		313,167	4,086,028	897,945	4,399,194
Lease Liabilities	15b	14,780	—	—	—
Total Borrowings		327,947	4,086,028	897,945	4,399,194

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

(c) Provisions

Employee Entitlements (including oncosts)	1,888,374	70,143	1,886,432	66,239
Total Provisions	1,888,374	70,143	1,886,432	66,239

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

1,171,093	—	1,074,206	—
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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 8. Reserves

	as at 30/06/21				as at 30/06/22
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset Revaluation Reserve					
Land	14,912,106	—	—	—	14,912,106
Buildings & Other Structures	65,837,272	—	—	—	65,837,272
Infrastructure	135,106,950	1,561,065	—	—	136,668,015
Plant & Equipment	3,393,936	—	—	—	3,393,936
Furniture & Fittings	2,425,632	—	—	—	2,425,632
Total Asset Revaluation Reserve	221,675,896	1,561,065	—	—	223,236,961
Comparatives	176,020,971	45,654,926	—	—	221,675,897

Purposes of Reserves

Asset Revaluation Reserves

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 9. Reconciliation to Statement of Cash Flows

\$	Notes	2022	2021
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(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total Cash & Equivalent Assets	5	10,591,069	3,816,981
Balances per Statement of Cash Flows		10,591,069	3,816,981

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

Net Surplus/(Deficit)		2,812,169	1,910,220
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,671,327	7,889,278
Non-Cash Asset Acquisitions		–	(728,325)
Grants for capital acquisitions treated as Investing Activity		(1,413,795)	291,631
Net (Gain) Loss on Disposals		141,945	10,216
		9,211,646	9,373,020
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		360,351	817,822
Change in Allowances for Under-Recovery of Receivables		(7,891)	6,397
Net (Increase)/Decrease in Inventories		29,402	11,408
Net Increase/(Decrease) in Trade & Other Payables		899,631	226,428
Net Increase/(Decrease) in Unpaid Employee Benefits		5,846	(242,681)
Net Cash provided by (or used in) operations		10,498,985	10,192,394

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical Resources Received Free of Charge	2i	–	728,325
Amounts recognised in Income Statement		–	728,325
Total Non-Cash Financing and Investing Activities		–	728,325

(d) Financing Arrangements

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

Bank Overdrafts	700,000	700,000
Corporate Credit Cards	43,000	43,000
LGFA Cash Advance Debenture Facility	13,350,000	16,350,000

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 10(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 10(b).

		INCOME		EXPENSES	OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
\$	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	810,492	783,711	1,154,368	851,103	(343,876)	(67,392)	—	—	7,642,593	7,650,700
Community Services	4,131,909	5,830,561	6,932,980	8,512,027	(2,801,071)	(2,681,466)	3,228,561	4,940,493	13,929,855	14,307,731
Culture	194,806	162,401	1,126,564	1,166,235	(931,758)	(1,003,834)	93,643	47,031	6,810,266	7,199,549
Economic Development	485,666	529,632	1,253,704	1,211,159	(768,038)	(681,527)	—	—	—	—
Environment	2,901,783	2,981,036	5,121,302	4,932,228	(2,219,519)	(1,951,192)	—	18,236	11,747,370	10,315,030
Recreation	577,506	659,601	6,083,398	5,913,356	(5,505,892)	(5,253,755)	28,409	28,409	46,030,561	47,198,081
Regulatory Services	305,160	415,277	900,786	992,251	(595,626)	(576,974)	—	7,258	345,064	390,871
Transport	1,652,354	922,165	6,947,462	6,693,117	(5,295,108)	(5,770,952)	424,224	286,925	129,717,677	131,235,063
Plant Hire & Depot	767,886	663,843	—	—	767,886	663,843	23,855	28,617	3,299,341	3,484,836
Council Administration	21,110,698	20,824,091	1,877,377	2,017,099	19,233,321	18,806,992	3,966,981	3,055,455	12,734,923	6,080,247
Total Functions/Activities	32,938,260	33,772,318	31,397,941	32,288,575	1,540,319	1,483,743	7,765,673	8,412,426	232,257,652	227,862,105

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 10(b). Components of Functions

The activities relating to Council functions are as follows:

Business Undertakings

Community Wastewater Management Schemes, Wastewater

Community Services

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

Culture

Library, Cultural Centre, Art Gallery

Economic Development

Regional Development, Tourism and Regional Promotion, Wadlata Outback Centre

Environment

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

Recreation

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

Regulatory Services

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

Transport

Airport, Bridges, Footpaths and Kerbing, Roads

Plant Hire & Depot

Engineering, Works and Parks Depot, Plant and Machinery

Council Administration

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 11. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.29% and 3.95% dependant on the fixed period (2021: 0.30% and 0.85%) and variable interest rates of 1.5% (2021: 0.30%).

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 doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy:

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 11. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 3.05% and 4.20% dependant on the fixed period (2021: 2.8% and 5.05%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16.

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
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Financial Assets and Liabilities

2022

Financial Assets

Cash & Cash Equivalents	10,591,069	—	—	10,591,069	10,591,069
Receivables	1,857,788	—	—	1,857,788	1,857,788
Total Financial Assets	12,448,857	—	—	12,448,857	12,448,857

Financial Liabilities

Payables	3,493,245	—	—	3,493,245	3,493,245
Current Borrowings	434,168	—	—	434,168	313,167
Non-Current Borrowings	—	4,301,289	—	4,301,289	4,086,028
Leases	—	—	—	—	14,780
Total Financial Liabilities	3,927,413	4,301,289	—	8,228,702	7,907,220

2021

Financial Assets

Cash & Cash Equivalents	3,816,981	—	—	3,816,981	3,816,981
Receivables	2,173,144	—	—	2,173,144	2,173,144
Other Financial Assets	7,008	—	—	7,008	7,008
Total Financial Assets	5,997,133	—	—	5,997,133	5,997,133

Financial Liabilities

Payables	2,003,967	—	—	2,003,967	2,003,967
Current Borrowings	1,043,102	—	—	1,043,102	897,945
Non-Current Borrowings	—	5,169,623	—	5,169,623	4,399,194
Total Financial Liabilities	3,047,069	5,169,623	—	8,216,692	7,301,106

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 11. Financial Instruments (continued)

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

\$	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	2.80%	4,399,195	2.99%	5,297,139
		<u>4,399,195</u>		<u>5,297,139</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

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

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

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

Note 12. Capital Expenditure Commitments

\$	2022	2021
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Capital Commitments

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

Ryan Mitchell Swim Centre Upgrade	2,975,881	—
	<u>2,975,881</u>	<u>—</u>

These expenditures are payable:

Not later than one year	2,975,881	—
	<u>2,975,881</u>	<u>—</u>

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Indicators

	Amounts 2022	Indicator 2022	Indicator 2021
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\$

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

1. Operating Surplus Ratio

Operating Surplus	1,540,319	4.7%	4.4%
Total Operating Income	32,938,260		

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(1,455,379)	(4.4)%	14.6%
Total Operating Income	32,938,260		

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

Adjusted Operating Surplus Ratio

Operating Surplus	696,612	2.2%	4.7%
Total Operating Income	32,094,553		

Adjustments to Ratios

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

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	987,578	3.1%	20.2%
Total Operating Income	32,094,553		

3. Asset Renewal Funding Ratio

Asset Renewals	3,225,278	82.2%	68.6%
Infrastructure & Asset Management Plan required expenditure	3,924,000		

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 14. Uniform Presentation of Finances

\$	2022	2021
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

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.

Income	32,938,260	33,772,317
less Expenses	(31,397,941)	(32,288,575)
Operating Surplus / (Deficit)	1,540,319	1,483,742

Net Outlays on Existing Assets

Capital Expenditure on Renewal and Replacement of Existing Assets	(3,287,788)	(2,009,401)
add back Depreciation, Amortisation and Impairment	7,671,327	7,889,278
add back Proceeds from Sale of Replaced Assets	106,364	62,899
	4,489,903	5,942,776

Net Outlays on New and Upgraded Assets

Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,054,328)	(668,037)
add back Amounts Received Specifically for New and Upgraded Assets	1,413,795	195,280
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	—	208,633
	359,467	(264,124)

Net Lending / (Borrowing) for Financial Year	6,389,689	7,162,394
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Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Leases

(i) Council as a lessee

Terms and conditions of leases

Plant & Equipment

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

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

(a) Right of use assets

\$	Right-Of-Use	Total
2022		
Opening balance	—	—
Additions to right-of-use assets	26,784	26,784
Depreciation charge	(12,175)	(12,175)
Balance at 30 June	14,609	14,609
2021		
Opening balance	—	—
Additions to right-of-use assets	—	—
Depreciation charge	—	—
Balance at 30 June	—	—

(b) Lease liabilities

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

\$	2022	2021
At 1 July 2021		
Additions	26,784	—
Accretion of interest	499	—
Payments	(12,504)	—
At 30 June 2022	14,779	—
Current	14,779	—

The maturity analysis of lease liabilities is included in Note 13.
The Council had total cash outflows for leases of \$12,504.

The following are the amounts recognised in profit or loss:

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 16. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus Super (formerly Statewide Super). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 17. Non-Current Assets Held for Sale & Discontinued Operations

Details of Assets & Disposal Groups

20 Jervois Street

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

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

The property settlement date is 7 October 2022.

\$	2022	2021
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(ii). Carrying Amounts of Assets and Liabilities

Assets

Infrastructure, Property, Plant and Equipment

Total Assets

Net Assets

253,276	—
<u>253,276</u>	<u>—</u>
<u>253,276</u>	<u>—</u>

Note 18. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. Land under roads

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

At reporting date, Council controlled **410** km of road reserves of average width **20** metres.

2. Potential insurance losses

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

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

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 19. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

Note 20. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 18 persons were paid the following total compensation.

\$	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,384,055	1,243,536
Post-Employment Benefits	111,315	95,936
Long-Term Benefits	20,725	—
Termination Benefits	21,501	—
Total	1,537,596	1,339,472

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

Receipts from Key Management Personnel comprise:

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

Planning and Building Application Fees	2,077	521
Freedom of Information Requests	72	—
Total	2,149	521

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

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

An Elected Member is a member of the management committee for an organisation which received a rate rebate of \$1,477.

An Elected Member is involved in a company which paid Council \$395.

An Elected Member is involved in an organisation which received \$4,717 from Council.

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



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under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of Corporation of the City of Port Augusta

Opinion

We have audited the accompanying financial report of Corporation of the City of Port Augusta (the Council), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Corporation of the City of Port Augusta.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

Council's responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

2 November 2022



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To the members of Corporation of the City of Port Augusta

Opinion

We have audited the compliance of Corporation of the City of Port Augusta (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

In our opinion, Corporation of the City of Port Augusta has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's responsibility for internal controls

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

Our independence and quality control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of controls

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

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

Limitation of use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

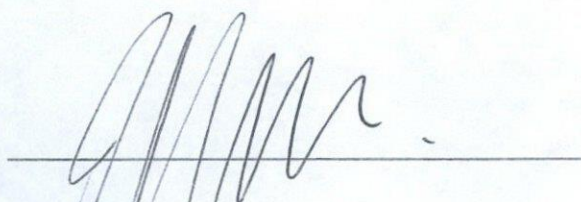
2 November 2022

General Purpose Financial Statements
for the year ended 30 June 2022

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Port Augusta City Council for the year ended 30 June 2022, the Council's Auditor, Galpins, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



John Banks
Chief Executive Officer

Date: 01 November 2022



Alan Rushbrook
Presiding Member, Audit Committee



CORPORATION OF THE CITY OF PORT AUGUSTA

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Statement by Auditor

I confirm that, for the audit of the financial statements of Corporation of the City of Port Augusta for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

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

Tim Muhlhausler CA, Registered Company Auditor

Partner

2 November 2022

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