



**Port Augusta**

CITY COUNCIL

PORT AUGUSTA CITY COUNCIL  
**ANNUAL FINANCIAL  
STATEMENTS**  
FOR YEAR ENDED 30 JUNE 2020

ABN: 73 625 993 182



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## **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 2020 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 BANKS**  
**CHIEF EXECUTIVE OFFICER**

Date:

20/10/2020



**B BENBOW**  
**MAYOR**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2020 \$	2019 \$
<b>INCOME</b>			
Rates	3	19,865,613	19,119,362
Statutory charges	3	329,470	262,492
User charges	3	2,616,268	2,879,612
Grants, Subsidies & Contributions	3	6,844,084	6,697,532
Investment Income	3	18,695	27,043
Reimbursements	3	485,352	696,628
Other Income	3	1,281,234	1,324,464
<b>TOTAL INCOME</b>		<b>31,440,716</b>	<b>31,007,133</b>
<b>EXPENSES</b>			
Employee Costs	4	11,533,397	12,051,785
Materials, Contracts & Other Expenses	4	13,079,450	12,655,981
Finance Costs	4	397,736	663,452
Depreciation, Amortisation & Impairment	4	6,682,078	6,806,799
<b>TOTAL EXPENSES</b>		<b>31,692,661</b>	<b>32,178,017</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(251,945)</b>	<b>(1,170,884)</b>
Asset disposal and fair value adjustments	5	(248,797)	(755,193)
Amounts received specifically for new or upgraded assets	3	544,522	486,500
<b>NET SURPLUS/(DEFICIT)</b>			
transferred to Equity Statement		43,780	(1,439,577)
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	(279,468)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>(279,468)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>43,780</b>	<b>(1,719,045)</b>

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

Financial Assistance Grant Payment Reallocation	18/19		1,525,808
Financial Assistance Grant Payment Reallocation	19/20	1,557,484	(1,557,484)
Financial Assistance Grant Payment Reallocation	20/21	(1,575,847)	
Supplementary Road Funding Reallocation	19/20	141,579	(141,579)
Supplementary Road Funding Reallocation	20/21		(141,579)
Gain on the sale of held for sale assets			
<b>Adjusted Operating Surplus/(Deficit)</b>		<b>(128,729)</b>	<b>(1,485,718)</b>



## STATEMENT OF FINANCIAL POSITION

		2020	2019
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	273,465	598,590
Trade & other receivables	6	3,088,125	1,167,986
Inventories	6	183,818	174,362
		<u>3,545,408</u>	<u>1,940,938</u>
Non Current Assets held for Sale	17	393,168	-
<b>Total Current Assets</b>		<u>3,938,576</u>	<u>1,940,938</u>
<b>Non-current Assets</b>			
Financial Assets	7	7,008	22,446
Infrastructure, Property, Plant & Equipment	8	181,293,981	184,511,427
Other Non-current Assets	7	4,125	-
		<u>181,305,114</u>	<u>184,533,873</u>
<b>Total Non-current Assets</b>		<u>181,305,114</u>	<u>184,533,873</u>
<b>TOTAL ASSETS</b>		<u>185,243,690</u>	<u>186,474,811</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	9	3,891,484	2,939,366
Borrowings	9	1,409,242	6,890,665
Provisions	9	2,067,721	2,076,517
		<u>7,368,447</u>	<u>11,906,548</u>
<b>Total Current Liabilities</b>		<u>7,368,447</u>	<u>11,906,548</u>
<b>Non-current Liabilities</b>			
Borrowings	9	8,460,036	5,237,782
Provisions	9	127,631	86,685
		<u>8,587,667</u>	<u>5,324,467</u>
<b>Total Non-current Liabilities</b>		<u>8,587,667</u>	<u>5,324,467</u>
<b>TOTAL LIABILITIES</b>		<u>15,956,114</u>	<u>17,231,015</u>
<b>NET ASSETS</b>		<u>169,287,576</u>	<u>169,243,796</u>
<b>EQUITY</b>			
Accumulated Surplus(Deficit)		(6,733,395)	(6,777,175)
Asset Revaluation Reserve	10	176,020,971	176,020,971
<b>TOTAL EQUITY</b>		<u>169,287,576</u>	<u>169,243,796</u>

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

## STATEMENT OF CHANGES IN EQUITY

		ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2020	Notes			
Balance at end of previous reporting period		(6,777,175)	176,020,971	169,243,796
Net Surplus/ (Deficit) for year		43,780		43,780
Other Comprehensive Income				
Gain/ (Loss) on revaluation of property, plant & equipment				-
Balance at end of period		(6,733,395)	176,020,971	169,287,576
2019	Notes			
Balance at end of previous reporting period		(5,337,598)	181,966,089	176,628,491
Correction of prior period error	1.2		(5,665,650)	(5,665,650)
Restated Balance		(5,337,598)	176,300,439	170,962,841
Net Surplus/ (Deficit) for year		(1,439,577)		(1,439,577)
Other Comprehensive Income				-
Gain/ (Loss) on revaluation of property, plant & equipment			(279,468)	(279,468)
Balance at end of period		(6,777,175)	176,020,971	169,243,796

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

## STATEMENT OF CASH FLOWS

	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<u>Receipts</u>		
Operating Receipts	30,653,792	32,313,556
Investment Receipts	18,695	27,043
<u>Payments</u>		
Operating Payments to suppliers & employees	(24,662,927)	(24,774,282)
Finance Payments	(517,521)	(728,087)
<b>Net Cash provided by (or used in) Operating Activities</b>	<u>5,492,039</u>	<u>6,838,230</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	544,522	486,500
Sale of replaced assets	106,727	94,819
Sale of surplus assets	44,491	21,002
Repayments of loans by community groups	20,403	19,732
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(2,106,349)	(752,510)
Expenditure on new/upgraded assets	(2,167,789)	(1,039,826)
<b>Net Cash provided by (or used in) Investing Activities</b>	<u>(3,557,995)</u>	<u>(1,170,283)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<u>Receipts</u>		
Proceeds from Borrowings	5,000,000	-
<u>Payments</u>		
Repayments of Borrowings	(7,259,169)	(5,416,660)
<b>Net Cash provided by (or used in) Financing Activities</b>	<u>(2,259,169)</u>	<u>(5,416,660)</u>
<b>Net Increase (Decrease) in cash held</b>	<u>(325,125)</u>	<u>251,287</u>
Cash & cash equivalents at beginning of period	<u>598,590</u>	<u>347,303</u>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u>273,465</u>	<u>598,590</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 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.

**1.1.2 Authorisation for Issue**

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 20/10/2020.

**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).



**1.2 Correction of Prior Period Error**

During the year it was identified that the Port Augusta Wharf has never been under the care and control of the Port Augusta City Council, but had been included in revaluations of property, plant and equipment for many years.

Accordingly, the balances of Property, Plant and Equipment and Asset Revaluation Reserve have been retrospectively restated to the earliest prior period presented.

The effect of the restatement is as follows:

	Balance reported as at 30 June 2018	Restatement	Restated Balance as at 30 June 2018
Buildings and Other Structures	62,603,403	(5,665,650)	56,937,753
Total Infrastructure, Property, Plant and Equipment	195,798,875	(5,665,650)	190,133,225
Total Assets	198,908,275	(5,665,650)	193,242,625
Net Assets	176,628,491	(5,665,650)	170,962,841
Accumulated Surplus (Deficit)	(5,337,598)	-	(5,337,598)
Asset Revaluation Reserve - Buildings and Other Structures	47,019,777	(5,665,650)	41,354,127
Total Asset Revaluation Reserve	181,966,089	(5,665,650)	176,300,439
Total Equity	176,628,491	(5,665,650)	170,962,841

	Balance reported as at 30 June 2019	Restatement	Restated Balance as at 30 June 2019
Buildings and Other Structures	60,181,904	(5,564,703)	54,617,201
Total Infrastructure, Property, Plant and Equipment	190,076,130	(5,564,703)	184,511,427
Total Assets	192,039,514	(5,564,703)	186,474,811
Net Assets	174,808,499	(5,564,703)	169,243,796
Depreciation Expense - Infrastructure	3,208,141	(100,947)	3,107,194
Total Depreciation Expense	6,907,746	(100,947)	6,806,799
Accumulated Surplus (Deficit)	(6,878,122)	100,947	(6,777,175)
Asset Revaluation Reserve - Buildings and Other Structures	46,795,727	(5,665,650)	41,130,077
Asset Revaluation Reserve	181,686,621	(5,665,650)	176,020,971
Total Equity	176,628,491	(5,665,650)	170,962,841

**1.3 Change In Accounting Policy**

An upgrade of Councils rating software has allowed for the separate recognition of Council's liability for rates received in advance for the current year. The resulting change is shown in note 6 and note 9. As it is not practical to recalculate and restate the prior year the comparative in note 6 remains a net amount of rates receivable and rates received in advance.

**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.

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**

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 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 2015	2 quarters of the 2015/16 allocation	\$1,505,972
June 2016	No advance paid	
June 2017	2 quarters of the 2017/18 allocation	\$1,510,089
June 2018	2 quarters of the 2018/19 allocation	\$1,525,808
June 2019	2 quarters of the 2019/20 allocation	\$1,557,484
June 2020	2 quarters of the 2020/21 allocation	\$1,575,847

In June 2019, the Commonwealth Government also paid an advance of the Supplementary Road Funding for 2019/20 and 2020/21 of \$141,579 for each year.

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 Adjusted 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.

#### **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 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.

##### **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 in the Statement of Financial Position as 'Other Non Current Assets'. 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. 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, Contents and Vehicles

Furniture and Contents	3 to 15 years
Plant and Equipment	5 to 15 years
Vehicles	5 to 15 years

#### Buildings, Structures and Site Improvements

Buildings – Structure	50 to 120 years
Buildings – Components	15 to 40 years
Park Furniture	5 to 20 years
Playground Equipment	20 to 30 years
Carparks, Pathways and Fencing	30 to 50 years
Monuments and Memorials	50 to 100 years
Shade Sails and Shelters	15 to 30 years
Swimming Pools	40 to 50 years
Marine Structures	60 to 150 years

#### CWMS, Waste Water and Stormwater

Stormwater Drains	80 to 100 years
Culverts	50 to 80 years
Flood Control Structures	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC70	60 to 80 years
Reticulation Pipes – other25	50 to 75 years
Pumps & Telemetry	15 to 25 years
Reclaimed Water Plant & Irrigation System	20 to 50 years
CWMS	50 to 80 years

#### Road Infrastructure

Sealed Roads – Surface Upper	15 to 35 years
Sealed Roads – Surface Lower	45 to 75 years
Sealed Roads – Pavement Upper	50 to 80 years

Sealed Roads – Pavement Sub Base	150 to 300 years
Unsealed Roads	10 to 15 years
Bridges – Concrete	80 to 100 years
Kerb and Gutter	60 to 80 years
Paving and Footpaths	15 to 45 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.

#### **7.0 Payables**

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

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

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

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

#### **8.0 Borrowings**

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

#### **9.0 Employee Benefits**

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

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms. No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.



**9.2 Superannuation**

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme and to a number of other super funds as chosen by the employee. 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 15.

**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**

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 2020, Council has no leases to which this treatment will need to be applied.

**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 2020 reporting period and have not been used in preparing these reports.

Council is of the view that none of the new standards or interpretations will materially affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities commenced 1 July 2019 and affects the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will now be recognised as these obligations are fulfilled. In 2019, prior to the introduction of these standards, \$486,500 was recognised as "amounts received specifically for new and upgraded assets" and was unable to be recorded as a liability in relation to unfulfilled performance obligations. In 2020, following commencement of the new standards, \$144,641 has been recognised as a liability in relation to grant funds received for which specific performance obligations have not been met.

Treatment relating to AASB 16 Leases is outlined in paragraph 11 above.

**14.0 COVID-19 Pandemic**

The COVID-19 pandemic has impacted the 2019/2020 financial statements, which may impact on the comparability of some line items and amounts reported in this financial report.

The financial impacts are a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The impacts on the Council's financial performance and financial position are outlined below

- Decreases in user charges and other revenue of approximately \$425,000 due to closures or reductions in programs or services, including sporting facilities, childcare, public and tourism facilities.
- Decreases in employee costs and materials, contracts and other expenses of approximately \$525,000 due to closures or reductions in programs or services as described above.
- Additional costs of approximately \$43,000 associated with changes to Council operations and increased public health activities (e.g. cleaning, preparing Council's facilities to respond to COVID-19, health and safety initiatives, PPE etc)

Council estimates that overall the reduction in revenue and expenditure resulted in a decrease of approximately \$57,000 in the 2019/2020 operating deficit. It is expected that further financial impacts, though not significant, will flow into the 2020/2021 financial year.

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.



**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)	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Administration										
City Management & Economic Development	3,038,029	3,033,277	838,806	850,257	2,199,223	2,183,021	3,025,341	3,033,277	47,378	19,749
Human Resource Management	89,629	162,987	42,732	134,944	46,897	28,043			14,506	398
Records Management			15,506	19,288	(15,506)	(19,288)			715	715
Financial & Customer Services	17,515,429	16,835,787	914,937	883,202	16,600,492	15,952,585			1,819,944	900,435
Information Technology			210,045	226,079	(210,045)	(226,079)			542,787	546,120
Work Health & Safety	96,583	160,584	56,612	53,731	39,971	106,853				28,672
Public Order & Safety										
General Inspection	329,535	263,089	376,868	410,666	(47,333)	(147,577)			328,918	274,921
Other General Services	47,734	30,226	48,021	32,038	(287)	(1,812)				
Health Services										
Substance Misuse Service	623,693	567,389	650,053	596,058	(26,360)	(28,669)	623,693	567,389	35,531	31,341
Sobering Up Unit	753,337	733,482	781,460	762,136	(28,123)	(28,654)	751,819	733,482	12,721	16,620
Aged Care Programs		196,390	7,781	27,659	(7,781)	168,731			4,788	7,702
Immunisation Program	16,290	15,575	21,689	18,011	(5,399)	(2,436)	16,290	15,315		
Environmental Health	9,468	18,933	172,724	120,884	(163,256)	(101,951)			2,999	3,427
Social Security & Welfare										
Health Focus	264,931	268,722	237,644	292,533	27,287	(23,811)		242,137		
Childcare Service	803,262	862,781	1,035,879	1,165,970	(232,617)	(303,189)	570,982	505,334	738,557	780,105
Special Needs Program	27,171	212,228	144,146	283,624	(116,975)	(71,396)	18,727	155,882	361,486	416,761
Mens Shed Program	53,915	57,531	57,528	60,958	(3,613)	(3,427)	44,486	43,829	2,971	3,391
HACC Project	73,787	76,269	66,209	81,352	7,578	(5,083)	72,227	71,160		
Youth Activities Service		2,000		2,077		(77)		2,000		
Service Reviews			58,870	324,001	(58,870)	(324,001)				
Senior Citizens Centre			46,063	47,069	(46,063)	(47,069)			293,348	322,909
Housing & Community Amenities										
City Planning	64,116	72,295	360,918	254,997	(296,802)	(182,702)			221	338
Contracts & Events	2,500	6,691	210,063	230,179	(207,563)	(223,488)			148	1,226
Community Harmony Program	250,269	396,676	344,276	285,361	(94,007)	111,315	250,269	382,792	87,674	
Community Donations			19,927	22,978	(19,927)	(22,978)				
Community Safety Program		11,630	284,469	286,047	(284,469)	(274,417)		11,630	219,301	228,830
Community Bus Service			1,504	228	(1,504)	(228)				
Halls	1,198			1,198					296,597	314,160
Civic Centre			369,147	369,240	(369,147)	(369,240)			2,192,103	2,314,388
Housing	53,664	60,929	108,948	116,949	(55,284)	(56,020)			1,059,465	1,109,959
Cemeteries	229,114	180,230	333,031	259,576	(103,917)	(78,346)			284,346	239,475
Sanitation & Garbage	1,667,561	1,588,154	1,756,250	1,583,055	(88,689)	5,099			4,919,939	4,864,661
Foreshores			155,320	201,760	(155,320)	(201,760)				
Public Conveniences			108,255	99,795	(108,255)	(99,795)				
Street Lighting			315,432	305,907	(315,432)	(305,907)				
Lakes Management	809,000	255,500	944,564	281,799	(135,564)	(26,299)	809,000	255,500	926,271	59,782
Other Property & Services	253,768	108,435	353,464	633,137	(99,696)	(524,702)	19,957	30,000	7,590,851	7,552,805
Stormwater Drainage			327,093	282,941	(327,093)	(282,941)			7,925,922	8,120,442
Waste Water Treatment Plant			298,835	286,337	(298,835)	(286,337)			2,786,192	2,848,649
Effluent Drainage	761,635	742,950	763,756	619,887	(2,121)	123,063			4,601,174	4,139,428
Recreation & Culture										
Library & Information Service	59,967	72,068	679,678	716,800	(619,711)	(644,732)	47,684	57,162	35,645	47,109
Fountain Gallery			63,811	60,325	(63,811)	(60,325)			955,542	997,014
Cultural Centre	96,538	156,339	745,010	701,000	(648,472)	(544,661)		25,000	3,880,577	4,046,787
Aquatic Centre		695	45,143	45,600	(45,143)	(44,905)			533,558	570,364
Ryan Mitchell Swimming Centre	195,231	190,881	636,700	598,829	(441,469)	(407,948)			822,093	896,502
Be Active Community Centre				701		(701)				
Parks & Gardens & Playgrounds	6,875	605	1,339,175	1,119,104	(1,332,300)	(1,118,499)			5,011,622	5,197,607
Ovals	63,395	3,698	835,835	639,240	(772,440)	(635,542)			805,959	881,597
ETSA Oval Complex			167,113	174,017	(167,113)	(174,017)			239,445	257,705
Central Oval Community Hub	312,468	459,224	1,728,603	1,937,068	(1,416,135)	(1,477,844)	28,409	28,409	17,385,727	17,141,619
Mining Manufacturing & Construction										
Building Act	16,298	26,337	223,373	364,474	(207,075)	(338,137)			859	16,497
Transport & Communication										
Aerodromes	465,066	430,695	723,127	794,407	(258,061)	(363,712)		82,500	12,943,615	13,069,678
Maintenance of Roads, Bridges	291,436	482,829	4,182,111	4,330,486	(3,890,675)	(3,847,657)	286,925	424,737	95,082,659	96,822,109
Street Sweeping			192,204	152,018	(192,204)	(152,018)				
Footpaths			381,637	323,417	(381,637)	(323,417)				
Parking			6,283	12,997	(6,283)	(12,997)				
Economic Affairs										
Economic Development	25,043	12,656	248,190	294,026	(223,147)	(281,370)				
Wadlata Outback Centre	483,813	649,831	1,143,689	1,421,263	(659,876)	(771,432)			4,077,735	4,336,256
Aust.Arid Lands Botanic Garden	800,255	866,147	1,703,353	1,706,282	(903,098)	(840,135)			2,566,127	2,719,581
Information Bays			3,016	2,457	(3,016)	(2,457)				
Public Debt Transactions										
Treasury - Debt Servicing	18,695	27,043	426,673	712,678	(407,978)	(685,635)			295,985	641,760
Other Purposes										
Machinery Operating	770,018	707,345	521,425	580,796	248,593	126,549	32,506	29,997	3,111	2,828
Depot & Nursery			1,760,056	1,945,557	(1,760,056)	(1,945,557)			3,413,478	3,533,854
Engineering Services			1,097,631	1,031,765	(1,097,631)	(1,031,765)			93,100	148,535
<b>TOTALS</b>	<b>31,440,716</b>	<b>31,007,133</b>	<b>31,692,661</b>	<b>32,178,017</b>	<b>(251,945)</b>	<b>(1,170,884)</b>	<b>6,844,084</b>	<b>6,697,532</b>	<b>185,243,690</b>	<b>186,474,811</b>

\*Expenses includes depreciation and full cost attribution

**NOTE 3 INCOME**

	2020 \$	2019 \$
<b>RATES REVENUES</b>		
<b>GENERAL RATES</b>		
General Rates	17,843,890	17,160,628
Less Mandatory Rebates	371,232	340,789
Less Discretionary Rebates, remissions & write offs	<u>491,358</u>	<u>583,809</u>
	<u>16,981,300</u>	<u>16,236,030</u>
<b>OTHER RATES (INCLUDING SERVICE CHARGES)</b>		
Natural Resource Management Levy	283,442	274,096
Community Waste Water Management Systems	761,635	706,558
Waste Management Levy	<u>1,617,796</u>	<u>1,580,863</u>
	<u>2,662,873</u>	<u>2,561,517</u>
<b>OTHER CHARGES</b>		
Penalties for late payment	123,523	139,818
Legal & other costs recovered	<u>97,917</u>	<u>181,997</u>
	<u>221,440</u>	<u>321,815</u>
	<u>19,865,613</u>	<u>19,119,362</u>



**PORT AUGUSTA CITY COUNCIL**NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**NOTE 3 INCOME (CONTINUED)**

	2020	2019
	\$	\$
<b>STATUTORY CHARGES</b>		
Development Act Fees	24,178	28,918
Town Planning Fees	51,613	63,579
Animal Registration & Expiation Fees	186,441	114,664
Parking Expiation Fees	50,860	39,933
Sundry	16,378	15,398
	<u>329,470</u>	<u>262,492</u>
 <b>USER CHARGES</b>		
Cemetery Fees	229,114	179,853
Halls Hire	3,267	5,868
Sales - General	846,796	948,661
Rentals	51,614	57,624
Childcare Fees	219,752	328,656
Swimming Pool Fees	180,636	184,381
Wadlata Fees	142,124	182,450
Arid Lands Fees	185,061	187,409
Other Fees	757,364	804,281
Sundry	540	429
	<u>2,616,268</u>	<u>2,879,612</u>
 <b>INVESTMENT INCOME</b>		
Interest on Investments		
Local Government Finance Authority	17,384	25,060
Loans to community groups	1,311	1,983
	<u>18,695</u>	<u>27,043</u>
 <b>REIMBURSEMENTS</b>		
For Roadworks	215	48,243
For Private Works	4,296	9,849
Other	480,841	638,536
	<u>485,352</u>	<u>696,628</u>
 <b>OTHER INCOME</b>		
Contributions from developers		
Insurance & other recoupments - infrastructure	881,546	830,328
Sundry	399,688	494,136
	<u>1,281,234</u>	<u>1,324,464</u>

## NOTE 3 INCOME (CONTINUED)

	2020 \$	2019 \$
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>		
Amounts received specifically for new or upgraded assets	544,522	486,500
Other grants, subsidies and contributions	6,844,084	6,697,532
	<u>7,388,606</u>	<u>7,184,032</u>

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

**Sources of grants**

Commonwealth government	1,864,882	1,584,955
State government	5,523,724	5,599,077
	<u>7,388,606</u>	<u>7,184,032</u>

**INDIVIDUALLY SIGNIFICANT ITEMS**

In June 2020, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2020/2021.	(1,575,847)	
In June 2019, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2019/2020.	1,557,484	(1,557,484)
In June 2018, the Commonwealth Government paid an advance of half of the Financial Assistance Grant for 2018/2019.		1,525,808
In June 2019, the Commonwealth Government paid an advance of the Supplementary Road Funding for 2019/2020 and 2020/2021.	-	(283,158)

**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	1,840,642	1,569,558
Less: expended during the current period from revenues recognised in previous reporting periods	1,840,642	1,569,558
Subtotal	0	0
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions	1,793,252	1,840,642
Subtotal	1,793,252	1,840,642
Unexpended at the close of this reporting period and held as restricted assets	1,793,252	1,840,642
Net increase (decrease) in restricted assets in the current reporting period	(47,390)	271,084



**NOTE 4 EXPENSES**

	Notes	2020 \$	2019 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		9,368,021	9,718,412
Employee Leave Expenses		1,166,897	1,112,524
Superannuation - Defined Contribution Plan Contributions	15	800,174	834,222
Superannuation - Defined Benefit Plan Contributions	15	155,272	171,916
Superannuation - Other	15	0	12,254
Workers Compensation Insurance		271,414	428,482
Less: Capitalised and distributed costs		(228,381)	(226,025)
<b>Total Operating Employee Costs</b>		<b>11,533,397</b>	<b>12,051,785</b>
<b>Total Number of Employees</b>			
(Full time equivalent at end of reporting period)		124.0	138.6
<b>MATERIALS, CONTRACTS &amp; EXPENSES</b>			
<b>Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the financial reports		28,250	24,200
Elected members' expenses		321,130	289,278
Election Expenses		616	57,701
Lease expense – low value assets/short term leases		102,530	106,595
<b>Sub Total Prescribed Expenses</b>		<b>452,526</b>	<b>477,774</b>
<b>Other Materials, Contracts &amp; Expenses</b>			
Contractors		6,383,594	5,596,437
Utilities		2,080,210	2,037,923
Legal Expenses		104,198	150,516
Levies paid to government - NRM Levy		281,328	273,931
Parts, Accessories & Consumables		1,382,262	1,552,779
Professional Services		4,576	800
Communications		153,742	259,754
Contributions & Donations		82,971	84,833
Insurances		504,683	508,500
Rates & Taxes		59,691	59,136
Travel & Accommodation		31,792	47,754
Affiliations		-	227
Advertising		64,100	82,651
Subscriptions		68,349	53,774
Training		84,413	67,265
Postage Printing Stationery		87,275	88,334
Plant Hire		647,668	607,247
Bank Charges		60,782	60,036
Sundry		545,290	646,310
<b>Sub Total Other Materials, Contracts &amp; Expenses</b>		<b>12,626,924</b>	<b>12,178,207</b>
<b>TOTAL MATERIALS, CONTRACTS &amp; EXPENSES</b>		<b>13,079,450</b>	<b>12,655,981</b>

**NOTE 4 EXPENSES (CONTINUED)**

	Notes	2020 \$	2019 \$
<b>FINANCE COSTS</b>			
Interest on Loans		<u>397,736</u>	<u>663,452</u>
		<u>397,736</u>	<u>663,452</u>
 <b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		2,581,391	2,566,368
Infrastructure		3,213,228	3,208,141
Plant & Equipment		546,759	572,113
Furniture & Equipment		<u>340,700</u>	<u>460,177</u>
		<u>6,682,078</u>	<u>6,806,799</u>

Please refer to Note 1.2 for detail regarding the derecognition of the Port Augusta Wharf.



**PORT AUGUSTA CITY COUNCIL**NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

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

	2020 \$	2019 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	106,727	115,821
Less: Carrying amount of assets disposed	<u>357,434</u>	<u>871,014</u>
<b>Gain / (Loss) on disposal</b>	<u>(250,707)</u>	<u>(755,193)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	44,491	-
Less: Carrying amount of assets sold	<u>42,581</u>	<u>-</u>
<b>Gain / (Loss) on disposal</b>	<u>1,910</u>	<u>-</u>
<b>NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<u>(248,797)</u>	<u>(755,193)</u>

**NOTE 6 CURRENT ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>CASH &amp; EQUIVALENT ASSETS</b>		
Cash on Hand and at Bank	84,689	403,426
Deposits at Call	<u>188,776</u>	<u>195,164</u>
	<u>273,465</u>	<u>598,590</u>
 <b>TRADE &amp; OTHER RECEIVABLES</b>		
Rates - General & Other	1,557,052	945,323
Accrued Revenues	8,996	129,477
Debtors - General	284,094	210,328
Other levels of Government	1,031,248	62,457
GST Recoupment	298,120	209,261
Loans to community organisations	<u>15,438</u>	<u>20,403</u>
	<u>3,194,948</u>	<u>1,577,249</u>
 Less: Allowance for Doubtful Debts	<u>106,823</u>	<u>409,263</u>
	<u>3,088,125</u>	<u>1,167,986</u>
 <b>INVENTORIES</b>		
Stores & Materials	60,488	63,353
Trading Stock	<u>123,330</u>	<u>111,009</u>
	<u>183,818</u>	<u>174,362</u>

Rates receivable for the prior year remains a net figure of rates receivable and rates received in advance, as per Note 1.3.



**NOTE 7 NON-CURRENT ASSETS**

	2020 \$	2019 \$
<b>FINANCIAL ASSETS</b>		
Receivables		
Loans to community organisations	<u>7,008</u>	<u>22,446</u>
<b>TOTAL FINANCIAL ASSETS</b>	<u>7,008</u>	<u>22,446</u>
<b>OTHER NON-CURRENT ASSETS</b>		
Capital Works-in-Progress	<u>4,125</u>	<u>-</u>
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<u>4,125</u>	<u>-</u>

**NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	FAIR VALUE LEVEL	2019 \$				2020 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	2	1,736,934			1,736,934	1,736,934			1,736,934
Land	3	11,340,638			11,340,638	11,210,640			11,210,640
Buildings & Other Structures	2	1,525,058	630,087	(1,263,080)	892,065	2,155,143	293,065	(1,315,520)	1,132,689
Buildings & Other Structures	3	92,331,514	604,618	(39,210,996)	53,725,136	92,003,937	1,563,256	(41,165,109)	52,402,083
Infrastructure	3	169,841,383	7,335,959	(65,247,514)	111,929,828	169,922,713	8,559,908	(68,096,324)	110,386,297
Plant & Equipment	2	5,955,235	1,682,079	(3,850,551)	3,786,763	5,534,235	2,206,298	(4,080,001)	3,660,532
Furniture & Fittings	2	4,946,775	53,892	(3,900,604)	1,100,063	4,885,425	61,219	(4,181,838)	764,806
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		287,677,537	10,306,635	(113,472,745)	184,511,427	287,449,027	12,683,746	(118,838,792)	181,293,981
<b>2019 Totals</b>		292,207,889	8,139,144	(110,213,808)	190,133,225	287,677,537	10,306,635	(113,472,745)	184,511,427

	FAIR VALUE LEVEL	2019 \$						2020 \$
		CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	TRANSFER	CARRYING AMOUNT
			NEW/UPGRADE	RENEWALS				
Land	2	1,736,934						1,736,934
Land	3	11,340,638			(39,998)		(90,000)	11,210,640
Buildings & Other Structures	2	892,065	230,739	62,325		(52,440)		1,132,689
Buildings & Other Structures	3	53,725,136	420,392	1,142,862	(54,189)	(2,528,950)	(303,167)	52,402,083
Infrastructure	3	111,929,828	701,898	1,168,052	(200,253)	(3,213,228)		110,386,297
Plant & Equipment	2	3,786,763	58,597	465,623	(103,692)	(546,758)		3,660,532
Furniture & Fittings	2	1,100,063	7,326		(1,883)	(340,700)		764,806
TOTAL PROPERTY, PLANT & EQUIPMENT		184,511,427	1,418,952	2,838,862	(400,015)	(6,682,077)	(393,167)	181,293,981
2019 Totals		190,133,225	1,033,088	1,302,395	(871,014)	(6,806,799)	-	184,511,427

Please refer to Note 1.2 for detail regarding the derecognition of the Port Augusta Wharf.



**NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (CONTINUED)****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 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 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.

Julia Lodge assets have been transferred and re-classified as "Non Current Assets Held for Sale" as at 30 June 2020. Additional disclosure details are contained within Note 17.

A revaluation adjustment has occurred for 2019/2020 to remove the Wharf from Councils asset register.

**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.

**PORT AUGUSTA CITY COUNCIL**

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

**NOTE 9 LIABILITIES**

	2020 Current \$	2020 Non-Current \$	2019 Current \$	2019 Non-Current \$
<b>TRADE &amp; OTHER PAYABLES</b>				
Goods & Services	2,382,004	-	2,487,705	-
Payments received in advance	1,156,875	-	-	-
Accrued expenses - other	352,605	-	451,661	-
	<u>3,891,484</u>	<u>-</u>	<u>2,939,366</u>	<u>-</u>
<b>BORROWINGS</b>				
Loans - LGFA	1,409,242	8,460,036	6,890,665	5,237,782
	<u>1,409,242</u>	<u>8,460,036</u>	<u>6,890,665</u>	<u>5,237,782</u>

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

**PROVISIONS**

Provision for Annual Leave	974,530	-	976,292	-
Provision for Long Service Leave	1,093,191	127,631	1,100,225	86,685
	<u>2,067,721</u>	<u>127,631</u>	<u>2,076,517</u>	<u>86,685</u>

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

1,262,434	-	1,151,021	-
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Rates received in advance has been separately recognised in the current year, as per Note 1.3.



**NOTE 10 RESERVES**

ASSET REVALUATION RESERVE	30/06/2019	Net Increments (Decrements)	30/06/2020
	\$	\$	\$
Land	14,566,180	-	14,566,180
Buildings & Other Structures	41,130,077	-	41,130,077
Infrastructure	115,003,620	-	115,003,620
Plant & Equipment	3,234,635	-	3,234,635
Furniture & Fittings	2,086,459	-	2,086,459
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>176,020,971</b>	<b>-</b>	<b>176,020,971</b>

**PURPOSES OF RESERVES****Asset Revaluation Reserve**

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

Please refer to Note 1.2 for detail regarding the derecognition of the Port Augusta Wharf.

**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	2020 \$	2019 \$
Total Cash & Equivalent Assets	6	273,465	598,590
Balances per Statement of Cash Flows		273,465	598,590
<b>(b) Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
Net Surplus (Deficit)		43,780	(1,439,577)
<b>Non-cash items in Income Statement</b>			
Depreciation, amortisation & impairment		6,682,077	6,806,799
Change in allowances for under-recovery		(302,440)	38,148
Grants for capital acquisitions treated as investing activity		(544,522)	(486,500)
Net increase (decrease) in unpaid employee benefits		32,150	(111,361)
Net (Gain) Loss on Disposals		248,797	755,194
		6,159,842	5,562,703
<b>Add (Less): Changes in Net Current Assets</b>			
Net (increase) decrease in receivables		(1,622,664)	1,300,507
Net (increase) decrease in inventories		(9,456)	38,915
Net increase (decrease) in trade & other payables		964,317	(63,895)
<b>Net Cash provided by (or used in) operations</b>		<b>5,492,039</b>	<b>6,838,230</b>

**(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	43,000	36,000
LGFA Cash Advance Debenture Facility	17,037,104	16,668,596

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

**NOTE 12 FINANCIAL INSTRUMENTS**

<b>Recognised Financial Instruments</b>	
<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates of 1.5% (2019: 1.5%) and variable interest rates of 0.45% (2019: 1.25%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b>	<p><b>Accounting Policy:</b> 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.</p> <p><b>Terms &amp; conditions:</b> 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.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> 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.</p> <p><b>Terms &amp; conditions:</b> 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.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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 &amp; State.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Loans</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, loans are repayable by equal 6 monthly instalments of principal &amp; interest; interest is charged at fixed rates between 2.8% and 6.7% (2019: 3.35% and 6.70%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 16.</p>



**NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)**

**Liquidity Analysis**

2020	Due ≤ 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	273,465	-	-	273,465	273,465
Receivables	3,088,798	237	-	3,089,035	3,089,035
Other Financial Assets	15,440	7008	-	22,448	22,448
<b>Total</b>	<b>3,377,703</b>	<b>7,245</b>	<b>-</b>	<b>3,384,948</b>	<b>3,384,948</b>
<b>Financial Liabilities</b>					
Payables	2,382,004	-	-	2,382,004	2,382,004
Borrowings	1,612,972	5,675,467	-	7,288,439	9,869,278
<b>Total</b>	<b>3,994,976</b>	<b>5,675,467</b>	<b>-</b>	<b>9,670,443</b>	<b>12,251,282</b>
<b>2019</b>	<b>Due ≤ 1 year</b>	<b>Due &gt; 1 year ≤ 5 years</b>	<b>Due &gt; 5 years</b>	<b>Total Contractual Cash Flows</b>	<b>Carrying Values</b>
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	598,590	-	-	598,590	598,590
Receivables	1,169,297	911	-	1,170,208	1,170,208
Other Financial Assets	20,403	22448	-	42,851	42,851
<b>Total</b>	<b>1,788,290</b>	<b>23,359</b>	<b>-</b>	<b>1,811,649</b>	<b>1,811,649</b>
<b>Financial Liabilities</b>					
Payables	2,487,705	-	-	2,487,705	2,487,705
Borrowings	7,302,588	1,787,739	-	9,090,327	12,128,447
<b>Total</b>	<b>9,790,293</b>	<b>1,787,739</b>	<b>-</b>	<b>11,578,032</b>	<b>14,616,152</b>

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

	30 June 2020		30 June 2019	
	Weighted Average Interest Rate %	Carrying Value	Weighted Average Interest Rate %	Carrying Value
<b>Overdraft</b>		-		-
<b>Other Variable Rates</b>	2.20	3,162,897	3.35	3,531,403
<b>Fixed Interest Rates</b>	3.26	6,706,381	5.05	8,597,044
		<b>9,869,278</b>		<b>12,128,447</b>

**NET FAIR VALUE**

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

**RISK EXPOSURES**

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

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

**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.

## NOTE 13 FINANCIAL PERFORMANCE INDICATORS

2020

2019

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

<b>Operating Surplus Ratio</b>	(0.8%)	(3.8%)
<u>Operating Surplus</u>		
Total Operating Revenue		

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

<b>Adjusted Operating Surplus Ratio</b>	(0.4%)	(4.8%)
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The 2019 and 2020 Adjusted Operating Surplus Ratio has been adjusted to account for the advance payments of the Financial Assistance Grant and the Supplementary Road Funding.

<b>Net Financial Liabilities</b>	12,587,516	15,441,993
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue

<b>Net Financial Liabilities Ratio</b>	40.0%	49.8%
<u>Net Financial Liabilities</u>		
Total Operating Revenue		

<b>Adjusted Net Financial Liabilities Ratio</b>	44.9%	56.3%
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The 2019 and 2020 Adjusted Net Financial Liabilities Ratio has been adjusted to account for the advance payments of the Financial Assistance Grant and the Supplementary Road Funding.

<b>Asset Renewal Funding Ratio</b>		
<u>Expenditure on renewal/replacement of assets</u>	109.5%	53.6%
Optimal level of such expenditure per I&AMP		

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the asset renewal and replacement expenditure identified as warranted in a Council's infrastructure and asset management plan.

The draft Building and Land Asset Management Plan expenditure has been included in this Ratio. The draft is yet to be reviewed and adopted by Council.

Contents, Plant and Vehicles asset class are excluded from this ratio as there is no asset management plan for this class of assets.

**NOTE 14 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.

	2020 \$	2019 \$
Income	31,440,716	31,007,133
less Expenses	31,692,661	32,278,964
	<u>(251,945)</u>	<u>(1,271,831)</u>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	2,106,349	752,510
less Depreciation, Amortisation and Impairment	(6,682,078)	(6,806,799)
less Proceeds from Sale of Replaced Assets	<u>(106,727)</u>	<u>(94,819)</u>
	<u>(4,682,456)</u>	<u>(6,149,108)</u>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets ( <i>Including investment property &amp; real estate developments</i> )	2,167,789	1,039,826
less Amounts specifically for New and Upgraded Assets	(544,522)	(486,500)
less Proceeds from Sale of Surplus Assets ( <i>including investment property and real estate developments</i> )	<u>(44,491)</u>	<u>(21,002)</u>
	<u>1,578,776</u>	<u>532,324</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<u>2,851,735</u>	<u>4,344,953</u>



**NOTE 15 SUPERANNUATION**

The Council makes employer superannuation contributions in respect of its employees to the Statewide Super (formerly Local Government Superannuation Scheme). 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 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 2019/20; 9.50% in 2018/19). 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 2018/19) 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 119.32(b), 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 Willie Towers Watson as at 30 June 2020. 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.

**NOTE 16 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 may recognise the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

**NOTE 17 NON CURRENT ASSETS HELD FOR SALE & DISCONTINUED OPERATIONS**

**Julia Lodge**

During 2019/2020, Port Augusta City Council resolved to place this property on the market.

At reporting date there was no signed sale contract in place, but it was considered probable that a sale would occur in the following financial reporting period.

***Financial Performance***

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Revenue	36,468	38,358
Expenses (excluding depreciation)	22,876	23,340
Depreciation expense	23,150	23,150
Operating Result of discontinued operations	(9,558)	(8,133)

***Carrying Amount of Assets and Liabilities***

Infrastructure, property, plant and equipment	393,168	406,516
Total Assets	393,168	406,516

The balances of these Assets were re-classified and transferred to "Non Current Assets Held for Sale" as at 30 June 2020.



**NOTE 18 RELATED PARTY DISCLOSURES**

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, 17 persons were paid the following total compensation:

	<b>2020</b>
Salaries, allowances & other short term benefits	\$ 1,302,364
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ 2,396
<b>TOTAL</b>	<b>\$ 1,304,760</b>

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

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

	<b>2020</b>
Contributions for fringe benefits tax purposes	\$ -
Planning & building application fees	\$ 545
Rentals for Council property	\$ -
<b>TOTAL</b>	<b>\$ 545</b>

Key management personnel or close family members (including related parties) lodged a total of three 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 \$1,325.

An Elected Member is a member of the management committee for an organisation which received a contribution of \$1,314 for an event.

An Elected Member is involved in a company which paid Council \$1,100.

An Elected Member is involved in a business with total purchases amounting to \$3,188. This business also paid Council \$504.

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.

**NOTE 19 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council does not expect that further financial impacts to flow into the 2020/2021 financial year to be significant. Note 1 discloses the financial impacts caused by COVID-19 during 2019/2020.

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## **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 2020, 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**



**ALAN RUSHBROOK**  
**PRESIDING MEMBER**  
**AUDIT COMMITTEE**

20 /10/ 2020

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## PORT AUGUSTA CITY COUNCIL

### GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2020

#### Statement by Auditor

I confirm that, for the audit of the financial statements of the Corporation of the City of Port Augusta for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)*, 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) Regulation 2011*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



**Simon Smith** CA, FCPA Registered Company Auditor  
Partner

12 / 10 / 2020

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David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renaë Nicholson CA  
Tim Muhlhausler CA  
Aaron Coonan CA  
Luke Williams CA, CPA  
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## INDEPENDENT AUDITOR'S REPORT

### To The Corporation of the City of Port Augusta

### Report on the Financial Report

#### Audit Opinion

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 2020, 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.

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 2020, 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.

#### Basis for Audit 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, and we have fulfilled our other 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.

#### The Corporation of the City of Port Augusta Responsibility for the Financial Report

The Corporation of the City of Port Augusta 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 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 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 audit 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 Association'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 management'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 Association'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 Association 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



**Simon Smith** CA, FCPA, Registered Company Auditor  
Partner

23 / 10 / 2020

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of The Corporation of the City of Port Augusta

### Independent Assurance report on the Internal Controls of The Corporation of the City of Port Augusta

#### Opinion

We have audited the compliance of the 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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the 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 2019 to 30 June 2020.

#### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, 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 2019 to 30 June 2020. ASAE 3100 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 the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, 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 2019 to 30 June 2020. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

**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 which it was prepared

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Simon Smith** CA, FCPA, Registered Company Auditor  
Partner

23 / 10 / 2020



## PORT AUGUSTA CITY COUNCIL

### GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2020

#### Statement by Auditor

I confirm that, for the audit of the financial statements of the Corporation of the City of Port Augusta for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)*, 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) Regulation 2011*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



**Simon Smith** CA, FCPA Registered Company Auditor  
Partner

12 / 10 / 2020

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