



PortAugusta

CITY COUNCIL

Port Augusta City Council

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

ANNUAL FINANCIAL STATEMENTS

FOR THE YER ENDED 30 June 2012

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, 2012 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.



G.J. PERKIN
CITY MANAGER



N.J. BALUCH
MAYOR

Date: 27 NOVEMBER 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
	Notes	\$	\$
INCOME			
Rates	3	13,399,941	12,676,948
Statutory charges	3	219,597	225,473
User charges	3	4,242,647	3,910,366
Grants, Subsidies & Contributions	3	11,014,579	10,223,482
Investment Income	3	151,087	62,052
Reimbursements	3	328,412	477,166
Other Income	3	<u>1,642,167</u>	<u>1,523,057</u>
TOTAL INCOME		<u>30,998,430</u>	<u>29,098,544</u>
EXPENSES			
Employee Costs	4	14,518,051	13,713,776
Materials, Contracts & Other Expenses	4	13,501,453	12,493,808
Finance Costs	4	1,035,360	629,076
Depreciation, Amortisation & Impairment	4	<u>6,452,712</u>	<u>6,379,211</u>
TOTAL EXPENSES		<u>35,507,577</u>	<u>33,215,872</u>
OPERATING SURPLUS / (DEFICIT)		<u>(4,509,147)</u>	<u>(4,117,328)</u>
Asset disposal and fair value adjustments	5	(67,668)	324,366
Amounts received specifically for new or upgraded assets	3	<u>5,828,050</u>	<u>204,000</u>
NET SURPLUS/(DEFICIT) transferred to Equity Statement		<u>1,251,236</u>	<u>(3,588,962)</u>
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		<u>(120,902)</u>	<u>74,717,531</u>
TOTAL OTHER COMPREHENSIVE INCOME		<u>(120,902)</u>	<u>74,717,531</u>
TOTAL COMPREHENSIVE INCOME		<u>1,130,334</u>	<u>71,128,569</u>

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

BALANCE SHEET
FOR YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	8,199,103	2,624,957
Trade & other receivables	6	1,355,345	1,540,464
Inventories	6	<u>252,385</u>	<u>153,342</u>
Total Current Assets		<u>9,806,834</u>	<u>4,318,763</u>
Non-current Assets			
Financial Assets	7	118,382	-
Infrastructure, Property, Plant & Equipment	8	190,708,994	192,518,591
Other Non-current Assets	7	<u>2,416,211</u>	<u>2,100,000</u>
Total Non-current Assets		<u>193,243,587</u>	<u>194,618,591</u>
TOTAL ASSETS		<u>203,050,420</u>	<u>198,937,354</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	5,770,473	5,287,927
Borrowings	9	4,057,107	2,723,003
Provisions	9	1,157,783	1,312,931
Other Current Liabilities			
Liabilities relating to Non-current Assets held for Sale			
Total Current Liabilities		<u>10,985,363</u>	<u>9,323,861</u>
Non-current Liabilities			
Trade & Other Payables	10	-	-
Borrowings	9	13,883,584	12,629,049
Provisions	9	297,363	230,668
Other Non-current Liabilities			
Total Non-current Liabilities		<u>14,180,947</u>	<u>12,859,717</u>
TOTAL LIABILITIES		<u>25,166,309</u>	<u>22,183,578</u>
NET ASSETS		<u>177,884,111</u>	<u>176,753,776</u>
EQUITY			
Accumulated Surplus		1,713,389	462,153
Asset Revaluation Reserve	10	176,170,721	176,291,623
Other Reserves	11		
TOTAL EQUITY		<u>177,884,111</u>	<u>176,753,776</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

		ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	TOTAL EQUITY
2012				
	Notes			
Balance at end of previous reporting period		462,153	176,291,623	176,753,776
Net Surplus/ (Deficit) for year		<u>1,251,236</u>	<u></u>	<u>1,251,236</u>
Balance at end of period		<u>1,713,389</u>	<u>176,291,623</u>	<u>178,005,012</u>
Gain on revaluation of property, plant & equipment	10	<u></u>	<u>(120,902)</u>	<u>(120,902)</u>
Balance at end of period		<u>1,713,389</u>	<u>176,170,721</u>	<u>177,884,111</u>
2011				
	Notes			
Balance at end of previous reporting period		4,051,115	101,574,092	105,625,207
Net Surplus/ (Deficit) for year		<u>(3,588,962)</u>	<u></u>	<u>(3,588,962)</u>
Balance at end of period		<u>462,153</u>	<u>101,574,092</u>	<u>102,036,245</u>
Gain on revaluation of property, plant & equipment	10	<u></u>	<u>74,717,531</u>	<u>74,717,531</u>
Balance at end of period		<u>462,153</u>	<u>176,291,623</u>	<u>176,753,776</u>

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		31,003,093	29,102,542
Investment Receipts		151,087	62,052
<u>Payments</u>			
Operating Payments to suppliers & employees		(28,704,021)	(24,986,290)
Finance Payments		(1,043,175)	(698,198)
Net Cash provided by (or used in) Operating Activities		1,406,984	3,480,106
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		5,828,050	204,000
Sale of replaced assets		267,223	375,197
Sale of surplus assets		31,921	459,218
Repayments of loans by community groups		7,303	3,468
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,234,329)	(4,265,903)
Expenditure on new/upgraded assets		(1,877,007)	(1,880,765)
Loans made to community groups		(137,830)	-
Net Cash provided by (or used in) Investing Activities		885,331	(5,104,785)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		5,311,220	5,350,000
Proceeds from Aged Care Facility deposits		1,290,399	1,189,958
<u>Payments</u>			
Repayments of Borrowings		(2,722,581)	(2,291,257)
Repayment of Aged Care Facility deposits		(597,207)	(701,929)
Net Cash provided by (or used in) Financing Activities		3,281,831	3,546,772
Net Increase (Decrease) in cash held		5,574,146	1,922,093
Cash & cash equivalents at beginning of period		2,624,957	702,865
CASH & CASH EQUIVALENTS AT END OF PERIOD		8,199,104	2,624,957

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of Preparation

1.1.1 Compliance with Australian Accounting Standards

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

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

1.1.2 Historical Cost Convention

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

1.1.3 Critical Accounting Estimates

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

1.1.4 Rounding

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as income during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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 (as amended). 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

6.0 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised as cost.

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

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

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

6.2 Materiality

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

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

6.3 Subsequent Recognition

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

6.4 Depreciation of Non-Current Assets

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

Plant, Furniture & Equipment

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

Building & Other Structures

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

Infrastructure

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

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.5 Impairment

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

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

7.0 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8.0 Borrowings

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

9.0 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within twelve months are recognised by using the shorthand method and a benchmark number of years of staff service. The benchmark is five years. It has been determined that the liability is not materially different from the liability measured using the present value of expected future payments and is consistent with Council's experience of staff retention and leave taken.

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 Local Government Superannuation Scheme and to Hesta Super Fund. The Local Government Superannuation Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

10.0 Construction Contracts

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

11.0 Leases

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

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

12.0 GST Implications

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

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

13.0 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

AASB 9	<i>Financial Instruments</i>
AASB 10	<i>Consolidated Financial Statements</i>
AASB 11	<i>Joint Arrangements</i>
AASB 12	<i>Disclosure of Interests in Other Entities</i>
AASB 13	<i>Fair Value Measurement</i>
AASB 119	<i>Employee Benefits</i>
AASB 127	<i>Separate Financial Statements</i>
AASB 128	<i>Investments in Associates and Joint Ventures</i>
AASB 2010-6	<i>Amendments to Australian Accounting Standards [AASBs 1 & 7]</i>
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>
AASB 2011-1	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]</i>
AASB 2011-5	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB</i>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	<i>131]</i>
AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</i>
AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i>
AASB 2011-9	<i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i>
AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]</i>
AASB 2011-12	<i>Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]</i>

(Standards not affecting Local Government have been excluded from the above list)

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

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Administration								
City Management & Economic Development	3,667,206	2,923,939	647,811	518,117	3,019,395	2,405,821	3,666,781	2,922,648
Human Resource Management	263,629	384,985	89,333	201,217	174,296	183,767		
Records Management			257,184		(257,184)			
Financial & Customer Services	11,658,691	11,018,857	806,606	380,380	10,852,085	10,638,477		
Information Technology			599,994	643,354	(599,994)	(643,354)		
Public Order & Safety								
General Inspection	101,042	137,766	262,900	261,632	(161,858)	(123,866)		
Other General Services	16,242	64,957	60,293	32,984	(44,050)	31,972	3,500	43,000
Health Services								
Substance Misuse Service	421,747	505,067	454,514	401,981	(32,767)	103,086	421,747	505,067
Sobering Up Unit	598,939	543,789	601,262	603,392	(2,322)	(59,604)	598,418	543,200
Nerrilda Nursing Home	3,629,014	3,269,084	4,250,072	4,270,015	(621,058)	(1,000,931)	2,661,730	2,488,588
A.M. Ramsay Village	3,248,610	2,916,777	3,602,448	3,473,144	(353,838)	(556,367)	1,879,736	1,738,109
OPAL Program	56,364	47,276	65,477	92,132	(9,113)	(44,856)	56,000	45,007
Immunisation Program	7,765	7,961	12,178	10,160	(4,413)	(2,200)	7,489	7,825
Environmental Health	821	1,062	134,061	145,876	(133,240)	(144,814)		
Social Security & Welfare								
Health Focus	236,466	222,135	258,109	239,128	(21,644)	(16,993)	215,749	203,843
Childcare Service	645,221	647,286	1,019,069	1,063,210	(373,848)	(415,924)	236,173	222,218
Special Needs Program	441,234	419,361	496,665	622,436	(55,431)	(203,075)	399,678	392,810
DVA Shed Program	53,527	54,002	54,558	67,172	(1,031)	(13,170)	38,800	39,480
Youth Activities Service	3,000	12,165	61,015	63,795	(58,015)	(51,630)	3,000	3,000
Ageing/Disability Planning			40,022	45,986	(40,022)	(45,986)		
Senior Citizens Centre			30,227	30,428	(30,227)	(30,428)		
Housing & Community Amenities								
City Planning	92,360	72,960	295,631	242,662	(203,271)	(169,702)		
Projects & Events	1,645	1,900	235,562	196,345	(233,917)	(194,445)		
Community Harmony Program	55	180,335	114,659	14,702	(114,605)	165,633		102,335
Community Donations			25,140	35,323	(25,140)	(35,323)		
Community Safety Program	21,000	71,000	257,003	274,535	(236,003)	(203,535)	21,000	71,000
Community Bus Service	20,450	14,592	39,674	65,222	(19,224)	(50,629)		
Halls	15,760	5,779	114,359	250,997	(98,598)	(245,218)		
Civic Centre			396,854	401,348	(396,854)	(401,348)		
Housing	52,487	45,033	96,666	80,422	(44,179)	(35,389)		
Cemeteries	186,524	202,513	343,126	254,460	(156,602)	(51,947)		
Sanitation & Garbage	1,231,330	1,150,042	1,507,138	1,546,780	(275,807)	(396,739)		
Foreshores	12,380	13,407	313,734	297,211	(301,354)	(283,803)		
Public Conveniences			95,490	83,203	(95,490)	(83,203)		
Street Lighting			314,217	310,896	(314,217)	(310,896)		
Lakes Management			39,775	33,184	(39,775)	(33,184)		
Other Property & Services	113,680	227,497	274,927	285,649	(161,246)	(58,152)	30,000	83,150
Stormwater Drainage			261,044	186,451	(261,044)	(186,451)		
Central Oval Reclaimed Water Plant			131,604	135,943	(131,604)	(135,943)		
Effluent Drainage	609,485	559,910	581,004	342,309	28,481	217,601		
Protection of the Environment								

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2 FUNCTIONS & ACTIVITIES CONTINUED

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS &							
	INCOME		EXPENSES		SURPLUS/(DEFICIT)		GRANTS INCLUDED IN INCOME	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Recreation & Culture								
Library & Information Service	71,490	66,954	569,804	568,540	(498,314)	(501,586)	59,033	55,429
Fountain Gallery	17,523	1,993	37,039	39,835	(19,516)	(37,843)		
Cultural Centre	120,128	80,466	683,468	513,194	(563,340)	(432,728)	1,440	4,200
Active Field Officer & Aquatic Centre Program	152,994	113,133	257,245	269,629	(104,251)	(156,496)	25,000	62,900
Ryan Mitchell Swimming Centre	172,534	162,336	500,311	567,725	(327,777)	(405,389)		
Be Active Community Centre	41,816	15,094	70,580	51,644	(28,764)	(36,550)		
Junior Sports Foundation	1,440	1,595	11,744	22,907	(10,304)	(21,312)		
Sporting Clubs			9,634	7,372	(9,634)	(7,372)		
Parks & Gardens & Playgrounds	4,406	93,160	929,279	869,837	(924,873)	(776,677)		91,450
Ovals	5,048	3,013	629,707	571,802	(624,659)	(568,789)		
ETSA Oval Complex			91,151	107,760	(91,151)	(107,760)		
Mining Manufacturing & Construction								
Building Act	35,476	37,819	326,982	215,463	(291,506)	(177,644)		
Transport & Communication								
Aerodromes	221,143	163,817	399,613	354,615	(178,470)	(190,798)		
Maintenance of Roads, Bridges etc	684,780	793,360	4,398,941	4,038,141	(3,714,161)	(3,244,781)	602,210	574,932
Street Sweeping			84,659	91,451	(84,659)	(91,451)		
Footpaths			217,424	202,120	(217,424)	(202,120)		
Parking			12,922	9,171	(12,922)	(9,171)		
Economic Affairs								
Regional & Economic Development Related Projects	145,066	79,610	646,961	738,642	(501,895)	(659,032)	60,000	
Wadlata Interpretive Centre	161,972	154,750	525,120	535,280	(363,148)	(380,530)		
Wadlata Retail Centre	250,527	266,514	217,991	399,111	32,537	(132,597)		
Wadlata Visitor Information Centre	61,213	14,052	216,234	19,798	(155,021)	(5,747)	10,000	
Wadlata Outback Tucker Box	235,729	214,271	254,332	212,962	(18,604)	1,308		1,833
Arid Lands Garden Interpretive Centre	494,127	449,490	812,069	581,454	(317,942)	(131,964)		2,000
Arid Lands Garden Operation	25,064	3,421	437,053	336,278	(411,989)	(332,857)		
Arid Lands Nursery Operation	157,024	118,541	178,925	210,198	(21,901)	(91,658)		
Information Bays			2,929	2,483	(2,929)	(2,483)		
Public Debt Transactions								
Treasury - Debt Servicing	93,299	2,052	951,321	678,841	(858,022)	(676,789)		
Other Purposes NEC								
Machinery Operating	438,958	541,668	569,919	617,734	(130,961)	(76,066)	17,095	19,459
Depot & Nursery			1,545,108	1,377,528	(1,545,108)	(1,377,528)		
Engineering Services			677,707	800,171	(677,707)	(800,171)		
Other NEC								
TOTALS	30,998,430	29,098,544	35,507,577	33,215,872	(4,509,147)	(4,117,328)	11,014,579	10,223,482

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 3 INCOME**

RATES REVENUES	Notes	2012 \$	2011 \$
GENERAL RATES			
General Rates		12,382,798	12,139,009
Less Mandatory Rebates		36,052	41,114
Less Discretionary Rebates, remissions & write offs		<u>1,224,066</u>	<u>1,555,936</u>
		<u>11,122,679</u>	<u>10,541,958</u>
OTHER RATES (INCLUDING SERVICE CHARGES)			
Natural Resource Management Levy		264,600	262,980
Community Waste Water Management Systems		609,485	559,910
Waste Management Levy		<u>1,231,330</u>	<u>1,150,042</u>
		<u>2,105,415</u>	<u>1,972,932</u>
OTHER CHARGES			
Penalties for late payment		95,305	86,351
Legal & other costs recovered		<u>76,542</u>	<u>75,707</u>
		<u>171,846</u>	<u>162,058</u>
		<u>13,399,941</u>	<u>12,676,948</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 3 INCOME (Continued)**

		2012	2011
	Notes	\$	\$
STATUTORY CHARGES			
Development Act Fees		34,208	37,592
Town Planning Fees		93,049	69,896
Animal Registration Fees & Fines		58,257	96,457
Parking Fines/expiation fees		26,063	9,275
Other Fines & Penalties		-	-
Sundry		<u>8,020</u>	<u>12,254</u>
		<u>219,597</u>	<u>225,473</u>
USER CHARGES			
Cemetery Fees		144,684	167,225
Halls Hire		33,295	26,060
Sales - General		798,589	671,977
Rentals		52,487	41,033
Nursing Home Fees		1,925,984	1,781,898
Childcare Fees		400,017	414,727
Swimming Pool & Aquatic Centre Fees		166,476	162,308
Wadlata Interpretive Centre Fees		172,603	166,452
Other Fees		476,027	463,425
Sundry		<u>72,485</u>	<u>15,261</u>
		<u>4,242,647</u>	<u>3,910,366</u>
INVESTMENT INCOME			
Interest on Investments			
Local Government Finance Authority		149,523	61,999
Loans to community groups		<u>1,564</u>	<u>53</u>
		<u>151,087</u>	<u>62,052</u>
REIMBURSEMENTS			
For Roadworks		77,582	207,379
For Private Works		4,988	11,048
Other		<u>245,842</u>	<u>258,739</u>
		<u>328,412</u>	<u>477,166</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure		680,223	878,885
Sundry		<u>961,943</u>	<u>644,173</u>
		<u>1,642,167</u>	<u>1,523,057</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 3 INCOME (Continued)**

	Notes	2012 \$	2011 \$
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		5,828,050	204,000
Other grants, subsidies and contributions		<u>11,014,579</u>	<u>10,223,482</u>
		<u>16,842,629</u>	<u>10,427,482</u>

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

Sources of grants

Commonwealth government		7,143,126	5,842,688
State government		9,672,764	4,584,794
Other		<u>26,739</u>	<u>0</u>
		<u>16,842,629</u>	<u>10,427,482</u>

INDIVIDUALLY SIGNIFICANT ITEMS

In June, 2009, Council received payment of the first instalment of the 2009/2010 Grants Commission (FAG) grant. Similarly, on 28 June, 2012 Council received the first two instalments of the 2012/2013 grant. These grants will be returned to a normal schedule in 2012/2013 and this will materially affect Council's operating result as these amounts are recognised on receipt.

817,100

On 26 June, 2012, Council received a grant from the State Government of South Australia for the Central Oval Redevelopment Project. It is expected that monies from this grant will be expended during the 2012/2013 and 2013/2014 financial years

5,000,000

Conditions over grants & contributions

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

<i>Unexpended at the close of the previous reporting period</i>		58,529	43,819
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		58,529	43,819
<i>Subtotal</i>		0	0
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		4,729,102	58,529
<i>Subtotal</i>		4,729,102	58,529
<i>Unexpended at the close of this reporting period and held as restricted assets</i>		4,729,102	58,529

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 4 EXPENSES**

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		11,797,415	11,361,103
Employee Leave Expenses		1,365,296	1,269,538
Superannuation - Defined Contribution Plan Contributions	17	759,740	614,240
Superannuation - Defined Benefit Plan Contributions	17	285,224	278,251
Superannuation - Other	17	146,249	234,101
Workers Compensation Insurance		456,321	489,030
Less: Capitalised and distributed costs		(292,193)	(532,486)
Total Operating Employee Costs		14,518,051	13,713,776
Total Number of Employees			
<i>(Full time equivalent at end of reporting period)</i>		221.8	216.0
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		15,000	15,000
- Other Services		-	-
- Other Auditors		-	-
Bad and Doubtful Debts		-	-
Elected members' expenses		212,644	201,050
Election Expenses		525	38,509
Operating Lease Rentals - cancellable leases		-	-
Operating Lease Rentals - non cancellable leases	16		
- minimum lease payments		272,870	274,693
- contingent rentals		-	-
Sub Total Prescribed Expenses		501,039	529,252
Other Materials, Contracts & Expenses			
Contractors		6,035,762	5,423,526
Energy		1,969,675	1,482,829
Legal Expenses		69,114	74,054
Levies paid to government - NRM Levy		233,316	244,959
Other levies		35,607	66,338
Parts, Accessories & Consumables		1,993,350	1,989,463
Professional Services		80,276	39,461
Communications		155,735	195,987
Contributions & Donations		28,345	51,084
Insurances		435,542	406,815
Rates & Taxes		81,889	74,741
Travel & Accommodation		74,837	63,512
Affiliations		-	364
Advertising		154,038	155,011
Subscriptions		70,576	86,131
Training		134,380	121,562
Postage Printing Stationery		120,612	97,734
Plant Hire		334,255	398,160
Bank Charges		58,774	52,241
Sundry		934,329	940,585
Sub Total Other Materials, Contracts & Expenses		13,000,414	11,964,556
TOTAL MATERIALS, CONTRACTS & EXPENSES		13,501,453	12,493,808

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4 EXPENSES (cont)

	Notes	2012 \$	2011 \$
FINANCE COSTS			
Interest on overdraft & short-term borrowings		18,779	22,401
Interest on Loans		<u>1,016,581</u>	<u>606,675</u>
		<u>1,035,360</u>	<u>629,076</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		2,031,018	2,058,688
Infrastructure		3,515,326	3,349,589
Plant & Equipment		464,023	445,808
Furniture & Equipment		<u>442,346</u>	<u>525,126</u>
		<u>6,452,712</u>	<u>6,379,211</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5 ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Notes	2012 \$	2011 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		291,589	834,415
Less: Carrying amount of assets sold		<u>359,257</u>	<u>510,049</u>
Gain (Loss) on disposal		<u>(67,668)</u>	<u>324,366</u>
NET GAIN(LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(67,668)</u>	<u>324,366</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 6 CURRENT ASSETS**

	Notes	2012 \$	2011 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		356,553	116,902
Deposits at Call		<u>7,842,550</u>	<u>2,508,055</u>
		<u>8,199,103</u>	<u>2,624,957</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		767,844	813,028
Council Rates Postponement Scheme			
Accrued Revenues		286,456	191,896
Debtors - General		273,422	24,822
Other levels of Government		121,942	489,801
GST Recoupment			172,707
Prepayments			
Loans to community organisations		<u>12,145</u>	<u></u>
		<u>1,461,810</u>	<u>1,692,255</u>
Less: Allowance for Doubtful Debts		<u>106,465</u>	<u>151,790</u>
		<u>1,355,345</u>	<u>1,540,465</u>
INVENTORIES			
Stores & Materials		93,680	25,034
Trading Stock		<u>158,705</u>	<u>128,307</u>
		<u>252,385</u>	<u>153,342</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7 NON-CURRENT ASSETS

	Notes	2012 \$	2011 \$
FINANCIAL ASSETS			
Receivables			
Rates & General			
Council Rates Postponement Scheme			
Prepayments			
Loans to community organisations			
Aged Care Facility Deposits			
Other			
		118,382	(0)
		<u>118,382</u>	<u>(0)</u>
Less: Allowance for Doubtful Debts			
		-	-
TOTAL FINANCIAL ASSETS			
		<u>118,382</u>	<u>(0)</u>
Capital Works-in-Progress			
Nursing Home Bed Places			
		316,211	
		<u>2,100,000</u>	<u>2,100,000</u>
TOTAL OTHER NON-CURRENT ASSETS			
		<u>2,416,211</u>	<u>2,100,000</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8 (Cont) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

At July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1,19 to retain previously established deemed cost under GAAP as it deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Plant, Furniture & Equipment

Plant & Furniture & Equipment assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Land & Land Improvements

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

Land assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June, 2010 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 119.16(c) are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Building & Other Structure assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure

Transportation assets were valued by Tonkins Consulting at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Community waste water management system infrastructure was valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June, 2005 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

All other assets

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$				2012 \$			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	10,098,523	84,025	-	10,182,548	10,174,993	-	-	10,174,993
Buildings & Other Structures	107,862,611	1,248,553	(39,174,151)	69,937,012	109,111,163	574,415	(41,205,169)	68,480,410
Infrastructure	147,829,375	3,685,570	(44,949,865)	106,565,081	151,514,946	3,733,558	(48,465,191)	106,783,313
Plant & Equipment	6,493,853	859,218	(3,359,335)	3,993,736	6,986,470	614,112	(3,823,358)	3,777,224
Furniture & Fittings	4,895,656	220,243	(3,275,684)	1,840,215	5,115,899	95,185	(3,718,030)	1,493,055
TOTAL PROPERTY, PLANT & EQUIPMENT	277,180,018	6,097,608	(90,759,035)	192,518,591	282,903,470	5,017,271	(97,211,747)	190,708,994
2011 Totals	157,071,171	11,653,670	(50,132,129)	118,592,712	277,180,018	6,097,608	(90,759,035)	192,518,591

	2011 \$						2012 \$
	CARRYING AMOUNT	ADDITIONS		DISPOSALS	DEPRECIATION	NET REVALUATION	CARRYING AMOUNT
		NEW/UPRADE	RENEWALS				
Land	10,182,548	-	-	(7,555)	-	-	10,174,993
Buildings & Other Structures	69,937,012	-	574,415	-	(2,031,018)	-	68,480,409
Infrastructure	106,565,080	1,837,058	1,896,000	-	(3,515,326)	-	106,782,813
Plant & Equipment	3,993,736	-	614,112	(245,699)	(464,023)	(120,902)	3,777,225
Furniture & Fittings	1,840,215	-	95,185	-	(442,346)	-	1,493,055
TOTAL PROPERTY, PLANT & EQUIPMENT	192,518,592	1,837,058	3,179,712	(253,254)	(6,452,712)	(120,902)	190,708,495
2011 Totals	118,592,712	2,334,431	3,763,178	(510,049)	(6,379,211)	74,717,531	192,518,591

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 9 LIABILITIES**

	Notes	2012 Current \$	2012 Non-Current \$	2011 Current \$	2011 Non-Current \$
TRADE & OTHER PAYABLES					
Goods & Services		1,639,171		1,678,201	
Payments received in advance		40,907		82,422	
Accrued expenses - employee entitlements		1,101,840		1,057,454	
Accrued expenses - other		530,585		705,072	
Aged Care Facility Deposits					
Aged Care Facility Deposits		2,457,969		1,764,777	
Other					
		<u>5,770,473</u>	<u>-</u>	<u>5,287,927</u>	<u>-</u>
Amounts included in provisions that are not expected to be settled within 12 months of the reporting date.		2,305,000		800,000	
BORROWINGS					
Bank Overdraft		0		0	
Local Government Finance Authority		-			
Loans - LGFA		4,057,107	13,883,584	2,723,003	12,629,049
Finance Leases	15				
Other					
		<u>4,057,107</u>	<u>13,883,584</u>	<u>2,723,003</u>	<u>12,629,049</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee Entitlements (including oncosts)		<u>1,157,783</u>	<u>297,363</u>	<u>1,312,931</u>	<u>230,668</u>
Insurance Losses					
Future Reinstatement / restoration, etc					
Other					
		<u>1,157,783</u>	<u>297,363</u>	<u>1,312,931</u>	<u>230,668</u>
Amounts included in provisions that are not expected to be settled within 12 months of the reporting date.		812,783		1,162,931	

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10 RESERVES

ASSET REVALUATION RESERVE	30/06/2011	Net Increments (Decrements)	Transfers on Sale	30/06/2012
Notes	\$	\$	\$	\$
Land	10,571,565			10,571,565
Land Improvements				
Buildings & Other Structures	59,971,279	-		59,971,279
Infrastructure	81,384,755			81,384,755
Roads, Bridges, Footpaths	19,199,242			19,199,242
Plant & Equipment	2,138,369	(120,902)		2,017,467
Furniture & Fittings	926,413			926,413
Nursing Home Bed Places	2,100,000	-		2,100,000
Total Infrastructure, Property, Plant & Equipment	176,291,623	(120,902)		176,170,721

PURPOSES OF RESERVES**Asset Revaluation Reserve**

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

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**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	2012 \$	2011 \$
Total Cash & Equivalent Assets	6	8,199,103	2,624,957
Less: Short-term borrowings	BS	<u>0</u>	<u>0</u>
Balances per Statement of Cash Flows		<u>8,199,103</u>	<u>2,624,956</u>
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		1,251,236	(3,588,962)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		6,452,712	6,379,211
Change in allowances for under-recovery		(45,325)	(9,349)
Grants for capital acquisitions treated as investing activity		(5,828,050)	(204,000)
Nursing Home Deposits treated as financing revenue		(693,192)	(488,029)
Net increase (decrease) in unpaid employee benefits		(44,066)	203,497
Net (Gain) Loss on Disposals		<u>67,668</u>	<u>(324,366)</u>
		<u>1,160,983</u>	<u>1,968,002</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		242,589	18,417
Net (increase) decrease in inventories		(99,043)	(3,250)
Net increase (decrease) in trade & other payables		<u>102,455</u>	<u>1,496,936</u>
Net Cash provided by (or used in) operations		<u>1,406,984</u>	<u>3,480,105</u>

(c) Financing Arrangements

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

Bank Overdrafts	700,000	700,000
Local Government Finance Authority Overdraft		1,500,000
Corporate Credit Cards	12,000	12,000
LGFA Cash Advance Debenture Facility	5,000,000	

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12 FINANCIAL INSTRUMENTS

Recognised Financial Instruments

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

Terms & conditions: Deposits are returning fixed interest rates between 3.5% and 5.1% (2011: 4.5% and 4.75%). Short term deposits have an average maturity of 30 days and an average interest rates of 4.3% (2011: 30 days, 3.7%).

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

Receivables - Rates & Associated Charges (including legals & penalties for late payment) **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: Secured over the subject land, arrears attract interest of 9.0% (2010:7.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

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

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

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

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

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

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

Carrying amount: approximates fair value.

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

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

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

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

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

Carrying amount: approximates fair value.

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

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

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

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

Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.35% and 7.48% (2011: 4.35% and 7.48%)

Carrying amount: approximates fair value.

Liabilities - Finance Leases **Accounting Policy:** accounted for in accordance with AASB 117.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

2012	Due	Due	Due	Total Contractual Cash Flows	Carrying Values
	≤ 1 year	> 1 year ≥ 5 years	> 5 years		
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	8,199,103			8,199,103	8,199,103
Receivables	1,355,345			1,355,345	1,355,345
Other Financial Assets				-	-
Total	9,554,448	-	-	9,554,448	9,554,448
<u>Financial Liabilities</u>					
Payables	1,608,934			1,608,934	1,608,934
Short-term Borrowings	0			0	0
NHA Bonds	2,457,969			2,457,969	2,457,969
Borrowings	4,057,107	13,883,584	-	17,940,691	17,940,691
Total	8,124,010	13,883,584	-	22,007,594	22,007,594
2011					
2011	Due	Due	Due	Total Contractual Cash Flows	Carrying Values
	≤ 1 year	> 1 year ≥ 5 years	> 5 years		
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	2,624,957			2,624,957	2,624,957
Receivables	1,540,465			1,540,465	1,540,465
Other Financial Assets				-	-
Total	4,165,421	-	-	4,165,421	4,165,421
<u>Financial Liabilities</u>					
Payables	1,678,201			1,678,201	1,678,201
Short-term Borrowings	0			0	0
NHA Bonds	1,764,777			1,764,777	1,764,777
Borrowings	2,723,003	12,629,049	-	15,352,052	15,352,052
Total	6,165,982	12,629,049	-	18,795,031	18,795,031

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%		%	
Overdraft	10.15	0	10.55	0
Other Variable Rates	5.50	6,676,000	6.25	7,350,000
Fixed Interest Rates	5.97	11,264,691	5.93	8,002,052
		<u>17,940,691</u>		<u>15,352,052</u>
NET FAIR VALUE				

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

RISK EXPOSURES

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

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

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

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

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**Note 13 COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2012 \$	2011 \$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings & Structures Central Oval Redevelopemnt		<u>839,000</u>	<u> </u>
		<u>839,000</u>	<u> -</u>
These expenditures are payable:			
Less than 1 year		550,000	
Later than one year and not later than 5 years		289,000	
Later than 5 years		<u> </u>	<u> </u>
		<u>839,000</u>	<u> -</u>
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		60,000	75,000
Waste Collection Contract		3,772,773	3,858,365
Refuse Reserve Contract		3,429,484	2,956,452
Parks & Gardens Contract		1,951,258	1,781,512
Cemetery Contract		-	302,969
Cleaning Services		562,018	503,339
Catering Services		2,163,871	2,870,323
Security Services		<u>517,766</u>	<u> </u>
		<u>12,457,170</u>	<u>12,347,960</u>
These expenditures are payable:			
Less than one year		3,184,124	2,801,976
Not later than 5 years		<u>9,273,046</u>	<u>9,545,984</u>
		<u>12,457,170</u>	<u>12,347,960</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 14 FINANCIAL PERFORMANCE INDICATORS

2012 2011

These Financial Indicators have been calculated in accordance with *Information Paper* LGA Financial Sustainability Program for the Local Government Association of South Australia Model Statements.

Operating Surplus Ratio	(34.3%)	(33.2%)
Adjusted Operating Surplus Rates - general & other less NRM levy		

This ratio expressed the operating surplus as a percentage of general rates and other

Adjusted Operating Surplus Ratio	(40.5%)	
---	---------	--

In each of June 2009, June 2010, and June 2011 the Commonwealth Government made Assistance Grant. In June 2012, an advance of two quarterly payments was made (see Note 12 and 2011, and five payments in 2012). The Adjusted Surplus Ratio adjusts for this distortion.

Net Financial Liabilities	15,493,479	18,018,157
----------------------------------	------------	------------

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity) expressed as a percentage of total operating revenue (excluding NRM Levy)

Net Financial Liabilities Ratio	50.4%	62.5%
<u>Net Financial Liabilities</u> Total Operating Revenue Less NRM Levy		

Asset Sustainability Ratio		
<u>Net Asset Renewals</u> Depreciation Expense	46.0%	61.0%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and expenditure on the acquisition of additional assets.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a uniform and consistent basis. All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis. The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2012 \$	2011 \$
Income	30,998,430	29,098,544
<i>less</i> Expenses	<u>(35,507,577)</u>	<u>(33,215,872)</u>
	<u>(4,509,147)</u>	<u>(4,117,328)</u>
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	3,234,329	4,265,903
<i>less</i> Depreciation, Amortisation and Impairment	(6,452,712)	(6,379,211)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(267,223)</u>	<u>(375,197)</u>
	<u>(3,485,606)</u>	<u>(2,488,505)</u>
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	1,877,007	1,880,765
<i>less</i> Amounts specifically for New and Upgraded Assets	(5,828,050)	(204,000)
<i>less</i> Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>(31,921)</u>	<u>(459,218)</u>
	<u>(3,982,964)</u>	<u>1,217,547</u>
Net Lending / (Borrowing) for Financial Year	<u>2,959,424</u>	<u>(2,846,369)</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16 OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 3.

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items of computer equipment. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows: No contingent rentals were paid during the current or previous reporting periods.

	2012	2011
	\$	\$
Not later than one year	199,637	234,456
Later than one year and not later than 5 years	<u>412,520</u>	<u>390,637</u>
	<u>612,157</u>	<u>625,093</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17 SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/2012 ; 9% in 2010/2011). No further liability accrues to the employer 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 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 2010/2011) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue. The Salarylink Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent full actuarial investigation conducted by the Scheme's actuary, A.C. Miller, FIAA, of Russel Employee Benefits as at 30 June 2011, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other schemes

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18 SEGMENT REPORTING

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

BUSINESS SEGMENTS	TOTAL	RACF	OTHER	TOTAL	RACF	OTHER
	COUNCIL			COUNCIL		
	2012	2012	2012	2011	2011	2011
	\$	\$	\$	\$	\$	\$
REVENUE						
Grants & Subsidies	11,014,579	4,541,466	6,473,113	10,223,482	4,226,697	5,996,785
User Charges	4,242,647	1,959,045	2,283,602	3,910,366	1,804,368	2,105,997
Reimbursements	328,412	25,369	303,043	477,166	22,963	454,203
Investment Income	151,087	57,788	93,299	62,052	60,000	2,052
Other Revenue	15,261,705	293,957	14,967,748	14,425,478	71,833	14,353,645
TOTAL REVENUE	30,998,430	6,877,624	24,120,806	29,098,544	6,185,861	22,912,683
EXPENDITURE						
Operating Costs	29,054,865	7,283,810	21,771,054	26,836,661	7,171,206	19,665,455
Depreciation	6,452,712	568,709	5,884,003	6,379,211	571,953	5,807,258
	35,507,577	7,852,519	27,655,057	33,215,872	7,743,159	25,472,713
Operating (Loss)/Surplus before Capital Revenues	(4,509,147)	(974,895)	(3,534,251)	(4,117,327)	(1,557,298)	(2,560,030)
Capital Revenues	5,760,382		5,760,382	528,366		528,366
RESULT						
Operating Result (Loss)/Surplus	1,251,236	(974,895)	2,226,131	(3,588,962)	(1,557,298)	(2,031,664)
ASSETS						
Current Assets	9,806,834	2,568,223	7,238,611	4,318,763	1,911,723	2,407,040
Non-Current Assets	190,827,376	9,217,547	181,609,829	192,518,591	10,103,964	182,414,627
Intangible Assets	2,416,211	2,100,000	316,211	2,100,000	2,100,000	
TOTAL ASSETS	203,050,420	13,885,770	189,164,651	198,937,354	14,115,687	184,821,667
LIABILITIES						
Current Liabilities	10,985,363	3,383,176	7,602,186	9,323,861	2,766,195	6,557,666
Non-Current Liabilities	14,180,947	1,848,559	12,332,387	12,859,717	1,839,220	11,020,497
TOTAL LIABILITIES	25,166,309	5,231,736	19,934,574	22,183,578	4,605,415	17,578,163
NET ASSETS	177,884,111	8,654,034	169,230,077	176,753,776	9,510,272	167,243,504

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**NOTE 18 SEGMENT REPORTING CONTINUED**

REVENUE	\$	EXPENSES	\$
Government Subsidies	4,425,644	Wages & Superannuation - Care	2,525,605
Resident Charges	1,959,045	Wages & Superannuation - Admin	351,783
Capital Grants		Wages & Superannuation - Other	1,843,640
Bond Retentions	115,822	Management Fees	226,870
Interest Income	57,788	Depreciation & Amortisation	568,709
Donations & Contributions	237,561	Interest	137,044
Other Operating Revenue	81,766		
TOTAL OPERATING REVENUE	6,877,625	Building Repairs & Maintenance	159,210
		Insurance	265,754
		Motor Vehicles	16,067
		Utilities	194,007
		Other Expenses	1,567,152
		TOTAL EXPENSES	7,855,842
SEGMENT RESULT SURPLUS(DEFICIT)			(978,216)
SEGMENT ASSETS	\$	SEGMENT LIABILITIES	\$
Current Assets		Current Liabilities	
Cash	2,460,219	Borrowings	208,092
Trade Receivables	108,004	Trade Payables	153,838
Other Current Assets		Employee Provisions	465,857
		Accommodation Bonds	2,457,969
		Other Current Liabilities	97,419
TOTAL CURRENT ASSETS	2,568,223	TOTAL CURRENT LIABILITIES	3,383,176
Property, Plant & Equipment	9,217,547	Loans	1,792,371
Intangibles	2,100,000	Employee Provisions	56,188
Other Non-Current Assets		Accommodation Bonds	0
		Other non-current liabilities	
TOTAL NON-CURRENT ASSETS	11,317,547	TOTAL LIABILITIES	1,848,559
SEGMENT TOTAL ASSETS	13,885,770	SEGMENT TOTAL LIABILITIES	5,231,736
SEGMENT NET ASSETS	8,654,034		

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 19 CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 408km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 20 ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally raised.

	2012	2011
CASH & FINANCIAL ASSETS		
Unexpended grant funds Central Oval	Notes 4,683,789	
	<u>4,683,789</u>	<u>0</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS	<u>4,683,789</u>	<u>0</u>

On 26 June, 2012, Council received a grant from the State Government of South Australia for the Central Oval Redevelopment Project. It is expected that monies from this grant will be expended during the 2012/2013 and 2013/2014 financial years

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2012

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 2012, the Council's Auditor, Ian McDonald has maintained his independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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



GREG PERKIN
CITY MANAGER



PETER SOLOMAN
PRESIDING MEMBER
AUDIT COMMITTEE

21/11/2012

