



Port Augusta City Council

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2007**

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CEO Statement

Audit Report

PORT AUGUSTA CITY COUNCIL

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		2007	2006
	Notes	\$	\$
REVENUES			
Rates	3	7,584,191	6,897,663
Statutory charges	3	285,262	227,512
User charges	3	2,749,182	2,817,437
Grants, Subsidies & Contributions	3	8,453,040	8,438,119
Investment Income	3	224,083	176,888
Reimbursements	3	564,219	545,243
Other Revenues	3	<u>1,290,709</u>	<u>1,144,837</u>
TOTAL REVENUES		<u>21,150,685</u>	<u>20,247,698</u>
EXPENSES			
Employee Costs	4	10,485,824	9,794,524
Materials, Contracts & Other Expenses	4	9,165,579	8,454,465
Finance Costs	4	435,258	336,739
Depreciation, Amortisation & Impairment	4	<u>2,485,735</u>	<u>2,443,205</u>
TOTAL EXPENSES		<u>22,572,396</u>	<u>21,028,933</u>
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS		<u>(1,421,710)</u>	<u>(781,235)</u>
Net gain on disposal or revaluation of assets	5	201,702	239,601
Amounts specifically for new or upgraded assets	3	1,614,808	255,620
Physical resources received free of charge	3	<u> </u>	<u> </u>
NET SURPLUS (DEFICIT)		<u>394,800</u>	<u>(286,014)</u>

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

PORT AUGUSTA CITY COUNCIL

BALANCE SHEET FOR YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,743,752	3,849,857
Trade & other receivables	6	1,561,470	849,202
Inventories	6	<u>131,723</u>	<u>135,540</u>
Total Current Assets		<u>3,436,945</u>	<u>4,834,599</u>
Non-current Assets			
Financial Assets	7	24,810	32,838
Infrastructure, Property, Plant & Equipment	8	61,438,991	59,184,685
Other Non-current Assets	7	<u>2,578,814</u>	<u>2,066,826</u>
Total Non-current Assets		<u>64,042,615</u>	<u>61,284,349</u>
TOTAL ASSETS		<u>67,479,560</u>	<u>66,118,948</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	2,725,680	2,764,388
Borrowings	9	2,225,580	1,685,241
Short-term Provisions	9	<u>200,000</u>	<u>60,000</u>
Total Current Liabilities		<u>5,151,261</u>	<u>4,509,629</u>
Non-current Liabilities			
Long-term Borrowings	10	5,316,707	5,177,733
Long-term Provisions	10	<u>1,096,909</u>	<u>911,703</u>
Total Non-current Liabilities		<u>6,413,616</u>	<u>6,089,436</u>
TOTAL LIABILITIES		<u>11,564,877</u>	<u>10,599,065</u>
NET ASSETS		<u>55,914,683</u>	<u>55,519,883</u>
EQUITY			
Accumulated Surplus		4,204,165	3,809,365
Asset Revaluation Reserve	11	<u>51,710,518</u>	<u>51,710,518</u>
TOTAL EQUITY		<u>55,914,683</u>	<u>55,519,883</u>

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

PORT AUGUSTA CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	3,809,365	4,095,379
Net Result for Year	394,800	(286,014)
Transfers to Other Reserves		
Transfers from Other Reserves		
Balance at end of period	<u>4,204,165</u>	<u>3,809,365</u>
ASSET REVALUATION RESERVE	11	
Balance at end of previous reporting period	51,710,518	52,778,518
Gain(reduction) on revaluation of property, plant & equipment	-	(1,068,000)
Transfer to Accumulated Surplus on sale of property, plant & equipment		
Balance at end of period	<u>51,710,518</u>	<u>51,710,518</u>
Total of all revenues recognised directly in Equity	22,967,196	20,742,919
Total of all expenses recognised directly in Equity	<u>22,572,396</u>	<u>21,028,933</u>
NET CHANGE IN EQUITY	<u>394,800</u>	<u>(286,014)</u>

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

PORT AUGUSTA CITY COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		21,989,017	21,328,664
Investment Receipts		224,083	176,888
<u>Payments</u>			
Operating Payments to suppliers & employees		(21,405,376)	(19,034,350)
Finance Payments		<u>(417,522)</u>	<u>(324,000)</u>
Net Cash provided by (or used in) Operating Activities		<u>390,203</u>	<u>2,147,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Grants specifically for new or upgraded assets		1,614,808	255,620
Sale of replaced assets		334,798	440,229
Sale of surplus assets		277,702	310,167
Repayments of loans by community groups		7,651	5,779
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(643,509)	(1,053,996)
Expenditure on new/upgraded assets		<u>(5,051,335)</u>	<u>(2,348,725)</u>
Net Cash provided by (or used in) Investing Activities		<u>(3,459,885)</u>	<u>(2,390,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		1,924,500	2,930,000
Proceeds from Aged Care Facility deposits		610,626	478,148
<u>Payments</u>			
Repayments of Borrowings		(1,685,241)	(1,561,584)
Repayment of Aged Care Facility deposits		<u>(326,364)</u>	<u>(245,286)</u>
Net Cash provided by (or used in) Financing Activities		<u>523,521</u>	<u>1,601,278</u>
Net Increase (Decrease) in cash held		<u>(2,546,161)</u>	<u>1,357,554</u>
Cash & cash equivalents at beginning of period		<u>3,849,858</u>	<u>2,492,304</u>
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>1,303,697</u>	<u>3,849,858</u>

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 2007

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 equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999 dated 26th November, 2006).

1.1.2 Compliance with International Financial Reporting Standards

AIFRS include certain specific provisions relating to not-for-profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 *Financial Reporting by Local Governments* also applies. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

The principal areas of non-compliance relate to the recognition of non-reciprocal revenues, the definition of value in use for the purposes of AASB 116 Impairments and the offsetting of revaluation increments and decrements within classes of assets, and are detailed more particularly below.

1.1.3 Historical Cost Convention

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

1.1.5 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS 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 2007

1.2 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.

1.3 Revenue recognition

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

Where grants, contributions and donations recognised as revenues 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.

1.4 Cash Assets 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.

1.5 Inventories

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1.6 Property, Plant & Equipment

1.6.1 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045.

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".

1.6.2 Initial Recognition

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

1.6.3 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

1.6.4 Subsequent Recognition

Certain 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.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1.6.5 Depreciation of Non-Current Assets

Other than land, all 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

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1.7 Payables

1.7.1 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.

1.7.2 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.

1.8 Borrowings

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

1.9 Employee Benefits

1.9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 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 Councils 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.

1.9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2006/2007; 9% in 2005/2006). 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.

Defined Benefit Members

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. 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 Fund's Defined Benefit 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 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.

1.10 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".

1.11 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.

1.12 GST Implications

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

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

1.13 Comparative Information & Transition to AIFRS

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

1.14 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2007 reporting period.

- 1.14.1 AASB 7 Financial Instruments Disclosures and AASB 2005-10 Amendments to AASB 132, AASB101, AASB 114, AASB117, AASB133, AASB 139, AASB1, ASASB4, AASB1023, & AASB 1038.

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

- 1.14.2 Amendments to AASB 121
- 1.14.3 Amendments to AASB 1045
- 1.14.4 Amendments to AASB 134
- 1.14.5 Amendemnts to AASB 2 arising from AASB Interpretation11
- 1.14.6 AAS B 2007-2 Amendments to AASB 1, AASB 117, AASB 118, AASB 120, AASB 127, AASB 131, & AASB139 arising from AASB Interpretation 12.
- 1.14.7 AASB 8 Operating Segments and AASB 2007-3 Amendments to AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 arising from AASB 8.
- 1.14.8 AASB 2007-4 Amendments to AASB 1,,2,3,4,5,6,7,102,107,108,110,112,114,116,117,118,119,120,121,127,128,129,130,131,132,133,134,136,137,138,139,141,1023 & 1038 arising from ED 151 and Other Amendments.
- 1.14.9 Interpretation 10 Intermin Financial Reporting and Impairment.
- 1.14.10 AASB 2 – Group ande Treasury Share Transactions.
- 1.14.11 Service Concession Arrangements
- 1.14.12 Disclosure – Service Concesssion Arrangements

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

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 FUNCTIONS/ACTIVITIES OF COUNCIL

a) Expenses, revenues and assets have been attributed to the following functions/activities. These descriptions are set out in Note 2 (b).

b) The activities of the Council are categorised into the following broad functions:-

Administration: Operation and maintenance of the Civic Centre including Council Chamber, Mayor's Parlour and plant and equipment. Operation of resources for the efficient administration of Council's functions.

Public Order & Safety: Supervision of various By-laws, fire prevention, dog control, crime prevention and state emergency services.

Health: Health Inspection, Nerrilda, Substance Mis-Use Service, Sobering Up Centre, Immunisation Services.

Social Security & Welfare: Contributions for aged care and children's services. Operation of A.M. Ramsay Village, the Childcare Centre, Special Needs Program and maintenance of the L.G. Riches Centre.

Housing; & Community Amenities: Maintenance of housing rented to tenants, including Council Houses, Poinsettia Village and Julia Lodge. Provision of rubbish collection services and operation of the rubbish dump. Administration of town planning services. Maintenance of sewage services, stormwater drainage, protection of environment, cemeteries, public conveniences and other community development amenities.

Recreation & Culture: Maintenance of the Town Hall and Institute Building. Maintenance of parks and gardens, recreation reserves, foreshores, ovals, playgrounds. Operation of the Public Library and Community Information Service.

Agricultural Services: Contribution to Animal & Plant Control activities.

Mining, Manufacturing & Construction: Administration of Building Act and the Development Act.

Transport: Construction and maintenance of roads, drainage works, footpaths, parking facilities and signs. Maintenance of the Community Bus Service and cleaning of streets. Management of the aerodrome and boat ramps.

Economic Affairs:
Wadlata, Arid Lands, other tourism.

Other Services NEC: Operation of Works Depot, maintenance of Plant and Machinery

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES							
	REVENUES		EXPENDITURES		OPERATING RESULT		GRANTS INCLUDED IN REVENUES	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Administration	10,644,120	9,837,412	1,543,052	1,024,479	9,101,067	8,812,934	2,921,246	2,823,391
Public Order & Safety								
Fire Protection								
Other	193,367	150,294	246,187	224,857	(52,820)	(74,563)		
Health								
Health Inspection	2,465		131,292	107,912	(128,828)	(107,912)		
Nursing Homes	4,320,151	4,073,423	4,821,021	4,627,414	(500,871)	(553,991)	4,183,330	2,809,872
Other	1,046,385	999,776	1,120,228	1,137,056	(73,843)	(137,280)	1,024,147	982,212
Social Security & Welfare								
Aged & Disabled Services			14,225	10,069	(14,225)	(10,069)		
Families & Children	901,272	976,423	1,259,106	1,338,557	(357,834)	(362,134)	579,723	655,363
Other	123,304	106,554	179,400	148,815	(56,096)	(42,261)	105,937	97,582
Housing & Community Amenities								
Housing	55,613	43,008	84,306	31,197	(28,693)	11,810		
Town Planning	90,114	65,400	160,484	108,774	(70,370)	(43,374)		
Other Community Development								
Sanitation & Garbage	3,900		681,347	562,881	(677,447)	(562,881)		
Sewerage			236,052	212,278	(236,052)	(212,278)		
Urban Stormwater Drainage			161,316	185,169	(161,316)	(185,169)		
Other Community Amenities	672,424	655,341	1,574,179	1,673,709	(901,755)	(1,018,368)	89,787	133,190
Protection of the Environment			72,166	69,063	(72,166)	(69,063)		
Recreation & Culture								
Libraries	54,901	71,407	505,899	437,674	(450,999)	(366,267)	48,736	60,056
Other Cultural Services	79,526	44,321	517,792	467,255	(438,267)	(422,934)	17,624	3,000
Sport & Recreation	263,421	240,508	1,556,373	1,475,832	(1,292,952)	(1,235,324)	55,420	70,395
Fuel & Energy								
Agricultural Services			1,355	11,310	(1,355)	(11,310)		
Mining Manufacturing Construction								
Building Act	52,628	49,991	195,084	209,204	(142,456)	(159,213)		
Other								
Transport & Communication								
Road Construction and Maintenance								
Sealed Roads	748,214	830,889	1,992,424	1,701,192	(1,244,210)	(870,303)	511,160	387,157
Formed and Surfaced Roads								
Natural Surface Formed Roads			305,006	313,657	(305,006)	(313,657)		
Natural Surface Unformed Roads								
Bridges			32,425	38,151	(32,425)	(38,151)		
Footpaths			273,235	190,143	(273,235)	(190,143)		
Aerodromes	45,554	243,293	89,510	79,990	(43,956)	163,303	434,308	200,000
Parking			22,962	21,103	(22,962)	(21,103)		
Bus	12,266	73,210	44,696	146,487	(32,430)	(73,277)		50,413
Other Transport								
Economic Affairs NEC	908,691	973,016	2,724,506	2,488,759	(1,815,814)	(1,515,743)	16,448	361,055
Other Purposes NEC								
Public Debt Transactions	224,083	176,888	435,258	336,739	(211,174)	(159,851)		
Other Purposes NEC	708,288	636,545	1,591,510	1,649,209	(883,222)	(1,012,664)	79,983	60,053
TOTALS	21,150,685	20,247,698	22,572,396	21,028,934	(1,421,710)	(781,235)	10,067,848	8,693,739

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 3 REVENUES**

RATES REVENUES	Notes	2007 \$	2006 \$
GENERAL RATES			
General Rates		7,394,299	6,797,593
Less Discretionary Rebates, remissions & write offs		<u>273,999</u>	<u>300,583</u>
		<u>7,120,300</u>	<u>6,497,009</u>
OTHER RATES			
Natural Resource Management Levy		41,340	-
Common Effluent Drainage		<u>332,932</u>	<u>313,110</u>
		<u>374,272</u>	<u>313,110</u>
OTHER CHARGES			
Penalties for late payment		61,929	55,990
Legal & other costs recovered		<u>27,690</u>	<u>31,553</u>
		<u>89,619</u>	<u>87,544</u>
		<u>7,584,191</u>	<u>6,897,663</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 3 REVENUES (Continued)**

		2007	2006
STATUTORY CHARGES	Notes	\$	\$
Development Act Fees		52,628	49,991
Town Planning Fees		89,727	65,096
Animal Registration Fees		73,615	76,339
Parking Fines/expiation fees		54,540	23,376
Other Fines & Penalties		221	247
Sundry		<u>14,532</u>	<u>12,463</u>
		<u>285,262</u>	<u>227,512</u>
USER CHARGES			
Cemetery Fees		133,789	152,639
Halls Hire		22,292	20,907
Sales - General		374,533	373,999
Rentals		75,861	67,101
Fees		2,121,453	2,168,470
Sundry		<u>21,253</u>	<u>34,320</u>
		<u>2,749,182</u>	<u>2,817,437</u>
INVESTMENT INCOME			
Interest on Investments			
Local Government Finance Authority		221,734	174,267
Loans to community groups		<u>2,349</u>	<u>2,621</u>
		<u>224,083</u>	<u>176,888</u>
REIMBURSEMENTS			
Roadworks		220,569	164,960
Private Works		13,537	7,728
Other		<u>330,113</u>	<u>372,555</u>
		<u>564,219</u>	<u>545,243</u>
OTHER REVENUES			
Contributions from developers	21		
Insurance & other recoupments - property, plant & equipment		782,459	534,120
Rebates received			
Sundry		<u>508,249</u>	<u>610,717</u>
		<u>1,290,709</u>	<u>1,144,837</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 3 REVENUES (Continued)

	2007	2006
Notes	\$	\$
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts specifically for new or upgraded assets	1,614,808	255,620
Other grants, subsidies and contributions	<u>8,453,040</u>	<u>8,438,119</u>
	<u>10,067,848</u>	<u>8,438,119</u>

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

Sources of grants

Commonwealth government	8,252,472	6,467,629
State government	<u>1,815,376</u>	<u>1,970,490</u>
	<u>10,067,848</u>	<u>8,438,119</u>

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>	173,711	142,540
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	173,711	142,540
<i>Subtotal</i>	173,711	142,540
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>	71,219	173,711
<i>Subtotal</i>	71,219	173,711
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	71,219	173,711
<i>Net increase (decrease) in restricted assets in the current reporting period</i>	(102,492)	31,171

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 4 EXPENSES**

	Notes	2007 \$	2006 \$
EMPLOYEE COSTS			
Salaries and Wages		9,567,925	8,962,748
Superannuation - defined contribution plan contributions	20	859,294	760,161
Workers' Compensation Insurance		348,756	353,155
Less: Capitalised and distributed costs		<u>(290,151)</u>	<u>(281,539)</u>
Total Operating Employee Costs		<u>10,485,824</u>	<u>9,794,524</u>
Total Number of Employees			
<i>(Full time equivalent at end of reporting period)</i>		202.2	192.5
MATERIALS, CONTRACTS & EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		5,800	8,800
- Other Services		-	2,820
Elected members' expenses		181,107	205,342
Election Expenses		32,083	2,844
Operating Lease Rentals - non cancellable leases	18		
- minimum lease payments		<u>149,056</u>	<u>75,964</u>
Total Prescribed Expenses		<u>368,046</u>	<u>295,771</u>
Other Materials, Contracts & Expenses			
Contractors		3,598,723	3,155,398
Energy		1,141,880	1,206,330
Legal Expenses		17,951	33,776
Levies paid to government - NRM Levy		38,874	-
Other levies		71,884	44,564
Parts, Accessories & Consumables		1,479,803	1,332,349
Professional Services		3,759	93,845
Sundry		<u>2,444,658</u>	<u>2,292,431</u>
Total Other Materials, Contracts & Expenses		<u>8,797,533</u>	<u>8,158,694</u>
TOTAL MATERIALS, CONTRACTS & EXPENSES		<u>9,165,579</u>	<u>8,454,465</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 4 EXPENSES (cont)**

	Notes	2007 \$	2006 \$
FINANCE COSTS			
Interest on short-term borrowings		11,105	11,302
Interest on Loans		<u>424,153</u>	<u>325,436</u>
		<u>435,258</u>	<u>336,739</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		860,041	860,041
Infrastructure		1,302,213	1,302,213
Plant & Equipment		204,400	161,870
Furniture & Equipment		<u>119,081</u>	<u>119,081</u>
		<u>2,485,735</u>	<u>2,443,205</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5 GAIN OR LOSS ON DISPOSAL OF ASSETS

	2007	2006
	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	612,500	804,044
Less: Carrying amount of assets sold	<u>410,798</u>	<u>564,443</u>
Gain (Loss) on disposal	<u>201,702</u>	<u>239,601</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 6 CURRENT ASSETS**

	Notes	2007 \$	2006 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		113,567	272,888
Deposits at Call		<u>1,630,185</u>	<u>3,576,969</u>
		<u>1,743,752</u>	<u>3,849,857</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		552,724	495,629
Accrued Revenues		323,353	53,016
Debtors - General		673,330	340,480
GST Recoupment		100,823	80,624
Prepayments		24,300	
Loans to community organisations		<u>6,428</u>	<u>6,051</u>
		<u>1,680,958</u>	<u>975,800</u>
Less: Allowance for Doubtful Debts		<u>119,487</u>	<u>126,598</u>
		<u>1,561,470</u>	<u>849,202</u>
INVENTORIES			
Stores & Materials		21,000	21,111
Trading Stock		<u>110,723</u>	<u>114,429</u>
		<u>131,723</u>	<u>135,540</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 7 NON-CURRENT ASSETS**

	Notes	2007 \$	2006 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		24,810	32,838
		<u>24,810</u>	<u>32,838</u>
Less: Allowance for Doubtful Debts		<u> </u>	<u> </u>
TOTAL FINANCIAL ASSETS		<u>24,810</u>	<u>32,838</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		886,814	374,826
Nursing Home Bed Places		1,692,000	1,692,000
		<u>2,578,814</u>	<u>2,066,826</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 8 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2006				2007			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	5,578,500	-	-	5,578,500	5,503,500	46,720	-	5,550,220
Buildings & Other Structures	21,599,973	1,547,088	(860,041)	22,287,020	21,599,973	4,838,260	(1,720,082)	24,718,151
Infrastructure	27,806,606	1,433,891	(1,302,213)	27,938,284	27,806,606	2,603,329	(2,604,426)	27,805,509
Plant & Equipment	1,778,864	323,343	(161,871)	1,940,336	1,778,864	474,491	(303,170)	1,950,184
Furniture & Fittings	1,196,082	363,544	(119,081)	1,440,545	1,196,082	457,007	(238,162)	1,414,927
				-				
TOTAL PROPERTY, PLANT & EQUIPMENT	57,960,025	3,667,866	(2,443,206)	59,184,685	57,885,025	8,419,807	(4,865,840)	61,438,991
<i>2006 Totals</i>					<i>57,960,025</i>	<i>3,667,866</i>	<i>(2,443,206)</i>	<i>59,184,685</i>

	2006						2007
	CARRYING AMOUNT	ADDITIONS	DISPOSALS	DEPRECIATION		NET REVALUATION	CARRYING AMOUNT
Land	5,578,500	46,720	(75,000)			-	5,550,220
Buildings & Other Structures	22,287,020	3,291,172	-	(860,041)		-	24,718,151
Infrastructure	27,938,284	1,169,438	-	(1,302,213)		-	27,805,509
Plant & Equipment	1,940,336	550,046	(335,798)	(204,400)		-	1,950,184
Furniture & Fittings	1,440,545	93,463	-	(119,081)		-	1,414,927
TOTAL PROPERTY, PLANT & EQUIPMENT	59,184,685	5,150,839	(410,798)	(2,485,735)	-	-	61,438,992
<i>2006 Totals</i>	<i>58,656,093</i>	<i>3,482,591</i>	<i>(510,793)</i>	<i>(2,443,206)</i>			<i>59,184,685</i>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 9 LIABILITIES**

	Notes	2007 Current \$	2007 Non-Current \$	2006 Current \$	2006 Non-Current \$
TRADE & OTHER PAYABLES					
Goods & Services		789,112		702,759	
Payments received in advance		57,664		40,198	
Accrued expenses - employee entitlements		757,735		813,947	
Accrued expenses - other		213,977		489,411	
Aged Care Facility Deposits		907,193		718,073	
		<u>2,725,680</u>	<u>-</u>	<u>2,764,388</u>	
BORROWINGS					
Bank Overdraft		440,055		-	
Loans - LGFA		<u>1,785,526</u>	<u>5,316,707</u>	<u>1,685,241</u>	<u>5,177,733</u>
		<u>2,225,580</u>	<u>5,316,707</u>	<u>1,685,241</u>	<u>5,177,733</u>
PROVISIONS					
Employee Entitlements (including oncosts)		<u>200,000</u>	<u>1,096,909</u>	<u>60,000</u>	<u>911,703</u>
		<u>200,000</u>	<u>1,096,909</u>	<u>60,000</u>	<u>911,703</u>

During 2006/2007 Council changed it's accounting policy in accordance with AASB119 for long service leave provisions. Previously the benchmark for the measurement was seven years, it is now based on five years service. The increase for 2007 was \$325,206

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**NOTE 10 RESERVES**

ASSET REVALUATION RESERVE	1/07/2006	Net Increments (Decrements)	Transfers on Sale	30/06/2007
Notes	\$	\$	\$	\$
Land	5,716,285			5,716,285
Land Improvements				
Buildings & Other Structures	18,298,807			18,298,807
Infrastructure	5,988,304			5,988,304
Roads, Bridges, Footpaths	19,199,242			19,199,242
Plant & Equipment	815,880			815,880
Nursing Home Bed Places	1,692,000			1,692,000
Total Infrastructure, Property, Plant & Equipment	51,710,518			51,710,518

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 2007**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	2007 \$	2006 \$
Total Cash Assets	6	1,743,752	3,849,858
Less: Short-term borrowings	BS	<u>2,225,580</u>	<u>3,849,858</u>
Balances per Statement of Cash Flows		<u>(481,828)</u>	<u>3,849,858</u>

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

Net Surplus (Deficit)		394,800	(286,014)
Depreciation, amortisation & impairment		2,485,735	2,443,205
(Gain) Loss on Disposals		<u>(201,702)</u>	<u>(239,601)</u>
		<u>2,678,833</u>	<u>1,917,591</u>
Add (Less): Changes in Net Current Assets			
Grants specifically for new or upgraded assets		(1,614,808)	(255,620)
Net (increase) decrease in receivables		(711,891)	84,225
Net (increase) decrease in inventories		3,817	902
Net increase (decrease) in trade & other payables		(290,954)	257,187
Net increase (decrease) in other provisions		<u>325,206</u>	<u>142,917</u>
Net Cash provided by (or used in) operations		<u>390,203</u>	<u>2,147,202</u>

(e) Financing Arrangements

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

Bank Overdrafts	500,000	500,000
Corporate Credit Cards	12,000	12,000

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 2007

NOTE 12 FINANCIAL INSTRUMENTS

Recognised Financial Instruments

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

Terms & conditions: Deposits are returning fixed interest rates between 5% and 6% (2006: 5% and 6%). Short term deposits have an average maturity of 30 days and an average interest rates of 5.75% (2006: 30 days, 5.5%).

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

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

Terms & conditions: Secured over the subject land, arrears attract interest of 9.75% (2006:9.5%) 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 Accounting Policy: Carried at nominal value.
 government

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

Carrying amount: approximates fair value.

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

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

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

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

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

Carrying amount: approximates fair value.

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

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

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

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

Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 5.45% and 6.85% (2006: 5.45% and 6.5%)

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 2007

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Liquidity Analysis

2007	Floating Interest Rate	≤ 1 year	Fixed interest maturing in		Non-interest bearing	Total
			> 1 year ≥ 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$
Financial Assets						
Fair Value through P&L						
Cash Assets	1,737,931				5,821	1,743,752
Loans & Receivables						
Receivables		6,428	24,810		1,207,389	1,238,627
Total	1,737,931	6,428	24,810	-	1,213,210	2,982,379
<i>Weighted Average Interest Rate</i>	5.63%	6.50%	6.50%			
Financial Liabilities						
Loans & Receivables						
Payables					789,112	789,112
Short-term Borrowings	440,055					440,055
NHA Bonds					907,193	907,193
Borrowings		1,785,526	5,316,707			7,102,232
Total	440,055	1,785,526	5,316,707	-	1,696,304	9,238,591
<i>Weighted Average Interest Rate</i>	10.50%	6.51%	6.51%			
NET FINANCIAL ASSETS (LIABILITIES)	1,297,876	(1,779,098)	(5,291,896)	-	(483,094)	(6,256,212)

2006	Floating Interest Rate	≤ 1 year	Fixed interest maturing in		Non-interest bearing	Total
			> 1 year ≥ 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$
Financial Assets						
Fair Value through P&L						
Cash Assets	3,844,336				5,521	3,849,857
Loans & Receivables						
Receivables		6,051	32,838		790,135	829,024
Total	3,844,336	6,051	32,838	-	795,656	4,678,881
<i>Weighted Average Interest Rate</i>	5.50%	6.50%	6.50%			
Financial Liabilities						
Loans & Receivables						
Payables					702,759	702,759
Short-term Borrowings	-					-
NHA Bonds					718,073	718,073
Borrowings		1,685,241	5,177,733			6,862,974
Total	-	1,685,241	5,177,733	-	1,420,832	8,283,807
<i>Weighted Average Interest Rate</i>		6.29%	6.29%			
NET FINANCIAL ASSETS (LIABILITIES)	3,844,336	(1,679,190)	(5,144,895)	-	(625,177)	(3,604,926)

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 12 FINANCIAL INSTRUMENTS (Continued)

Credit 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 provision for doubtful debts. Except as detailed in Notes 6 & 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Reconciliation of Financial Assets & Liabilities

	2007	2006
	\$	\$
Net financial assets from above		
Financial Assets	2,982,379	4,678,881
Financial Liabilities	<u>(9,238,591)</u>	<u>(8,283,807)</u>
	<u>(6,256,212)</u>	<u>(3,604,926)</u>
Non-financial assets and (liabilities)		
Accrued Revenues	323,352	53,017
Prepayments	24,300	
Inventories	131,723	135,540
Property, Plant & Equipment	61,438,991	59,184,685
Other Assets	2,578,814	2,066,826
Accrued Expenses	(213,977)	(489,411)
Provisions	(2,054,644)	(1,785,650)
Other liabilities	<u>(57,664)</u>	<u>(40,198)</u>
Net Assets per Balance Sheet	<u>55,914,683</u>	<u>55,519,883</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.

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**Note 13 COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2007	2006
		\$	\$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		<u>1,731,000</u>	<u>2,300,054</u>
		<u>1,731,000</u>	<u>2,300,054</u>
These expenditures are payable:			
Not later than one year		1,731,000	2,300,054
Later than one year and not later than 5 years			
Later than 5 years			
		<u>1,731,000</u>	<u>2,300,054</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		11,600	17,400
Waste Collection Contract		86,160	430,785
Refuse Reserve Contract		550,044	733,392
Parks & Gardens Contract		649,000	973,500
Cleaning Services		52,929	123,501
Catering Services		<u>1,071,000</u>	<u>1,430,000</u>
		<u>2,420,733</u>	<u>3,708,578</u>
These expenditures are payable:			
Later than one year and not later than 5 years		998,975	1,250,360
		<u>1,421,758</u>	<u>2,458,218</u>
		<u>2,420,733</u>	<u>3,708,578</u>

PORT AUGUSTA CITY COUNCILNOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**Note 14 FINANCIAL PERFORMANCE INDICATORS**

	2007	2006
Operating Surplus (Deficit)		
The operating surplus (deficit) before capital amounts.	(1,421,710)	(781,235)
Operating Surplus Ratio		
Adjusted Operating Surplus Rates - general & other		
This ratio expresses the operating surplus as a percentage of general rates and other rates, net of NRM levy.	(18.8%)	(11.3%)
Net Financial Liabilities	8,234,845	5,867,168
Net Financial Liabilities are defined as total liabilities less financial assets(excluding equity accounted investments in Council businesses)		
Net Financial Liabilities Ratio		
<u>Net Financial Liabilities</u> Total Operating Revenue	39.0%	29.0%
Interest Cover Ratio		
<u>Net Interest Expense</u> Total Operating Revenue less NRM levy less Investment Income	1.0%	1.2%
Asset Sustainability Ratio		
<u>Net Asset Renewals</u> Depreciation Expense	12.4%	25.1%
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.		
Asset Consumption Ratio		
<u>Carrying value of depreciable assets</u> Gross value of depreciable assets	92%	96%
Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.		

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15 UNIFORM PRESENTATION OF FINANCES

The Local Government Association's General Meeting in March 2006 resolved that a high level summary of both operating and capital investment activities of each council be prepared on a uniform and consistent basis, thereby enabling more meaningful comparisons between councils. (This basis varies in some details from amounts shown elsewhere in these reports.)

It also is intended that annual budgets and long-term financial plans be summarised on the same basis.

A feature of the arrangement is that it facilitates the reporting of a standard set of key financial indicators of the Council's financial sustainability – all of which are shown in Note 16 above.

	2007 \$	2006 \$
Operating Revenues	21,150,685	20,247,698
less Operating Expenses	<u>(22,572,396)</u>	<u>(21,028,933)</u>
Operating Surplus / (Deficit) before Capital Amounts	<u>(1,421,710)</u>	<u>(781,235)</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	643,509	1,053,996
less Depreciation, Amortisation and Impairment	(2,485,735)	(2,443,205)
less Proceeds from Sale of Replaced Assets	<u>(334,798)</u>	<u>(440,229)</u>
	<u>(2,177,024)</u>	<u>(1,829,438)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (<i>Including investment property & real estate developments</i>)	5,051,335	2,348,725
less Amounts specifically for New and Upgraded Assets	(1,614,808)	(255,620)
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>(277,702)</u>	<u>(310,167)</u>
	<u>3,158,825</u>	<u>1,782,938</u>
Net Lending / (Borrowing) for Financial Year	<u>(2,403,511)</u>	<u>(734,734)</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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.

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:

	2007	2006
	\$	\$
Not later than one year	145,814	140,465
Later than one year and not later than 5 years	<u>255,111</u>	<u>359,424</u>
	<u>400,925</u>	<u>499,889</u>

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17 SUPERANNUATION

The Council contributes to the Local Government Superannuation Scheme (the scheme) in respect of its employees to a defined benefit Superannuation Scheme established in respect of all municipalities in the State. In accordance with statutory requirements, the Council contributes to the scheme amounts determined by the scheme actuary. As such, assets accumulate in the scheme to meet members' benefits as they accrue. If the assets of the scheme were insufficient to satisfy benefits payable to its beneficiaries, the Council would be required to meet its share of the deficiency. The audited general purpose financial report of the scheme as at 30 June 2005, which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability of the Council has been recognised as at the reporting date in respect of Superannuation benefits for its employees. The general purpose financial report of the scheme discloses that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2005 by L.C. Brett, BSc., FIA, FIAA, and that the actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates are sufficient to meet members benefits as they accrue.

The amount of Superannuation contributions paid by the Council during the year was \$859,294 (2005/2006 \$760,160)

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 18 SEGMENT REPORTING

The Port Augusta City Council operates two Nursing Homes in the City being Nerrilda and A.M. Ramsay Village. This segment report has been produced to comply with the requirements of the Commonwealth Government, a major funding source

BUSINESS SEGMENTS	TOTAL COUNCIL 2007 \$	NURSING HOMES 2007 \$	OTHER 2007 \$	TOTAL COUNCIL 2006 \$	NURSING HOMES 2006 \$	OTHER 2006 \$
REVENUE						
Grants & Subsidies	8,248,040	3,013,830	5,234,210	8,438,119	2,809,872	5,628,247
User Charges	2,749,182	1,210,602	1,538,580	2,817,437	1,095,815	1,721,622
Reimbursements	534,219	17,759	516,460	545,243	25,420	509,778
Investment Income	224,083	28,240	195,843	176,888	24,020	152,868
Other Revenue	9,190,161	49,720	9,140,441	8,270,011	118,296	8,029,885
TOTAL REVENUE	20,945,685	4,320,151	16,625,534	20,247,698	4,073,423	16,042,400
EXPENDITURE						
Operating Costs	20,086,661	4,612,498	15,474,163	18,585,728	4,418,891	14,166,837
Depreciation	2,485,735	208,523	2,277,212	2,443,205	208,523	2,234,682
	22,572,396	4,821,021	17,751,375	21,028,933	4,627,414	16,401,519
Operating (Loss)/Surplus before Capital Revenues	(1,626,711)	(500,870)	(1,125,841)	(781,235)	(553,991)	(359,119)
Capital Revenues	1,614,808	1,169,500	445,308	255,620		255,620
RESULT						
Operating Result (Loss)/Surplus	(11,903)	668,630	(680,533)	(286,014)	(526,353)	240,339
ASSETS						
Current Assets	3,436,945	996,492	2,440,453	4,834,599	722,523	4,112,076
Non-Current Assets	62,350,615	7,052,677	55,297,938	59,592,349	4,314,932	55,277,417
Intangible Assets	1,692,000	1,692,000		1,692,000	1,692,000	
TOTAL ASSETS	67,479,560	9,741,169	57,738,391	66,118,948	6,729,455	59,389,493
LIABILITIES						
Current Liabilities	5,151,261	1,254,006	3,897,255	4,509,662	219,938	4,289,724
Non-Current Liabilities	6,413,616	1,574,648	4,838,968	6,089,403	788,421	5,300,982
TOTAL LIABILITIES	11,564,877	2,828,654	8,736,223	10,599,065	1,008,359	9,590,706
NET ASSETS	55,914,683	6,912,515	49,002,168	55,519,883	5,721,096	49,798,787

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2007

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I, John Gelson Stephens, the person for the time being occupying the position of Chief Executive Officer of the Port Augusta City Council, do hereby state the the Financial Statements of the Council for the year ended 30 June, 2007 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the Local Government Act 1999 and the Local Government(Financial Management) Regulations 1999 made under that Act.

JOHN G STEPHENS
CITY MANAGER

Dated this day of 2007

**CHIEF EXECUTIVE OFFICER CERTIFICATE OF COMPLIANCE - AUDITOR
INDEPENDENCE**

I, John Gelson Stephens, the person for the time being occupying the position of Chief Executive Officer of the Port Augusta City Council, do hereby certify(for the purposes of Regulation 16A(2) of the Local Government(Financial Maangement) Regulations 1999, that the Council's auditor, John D Ewen, has not been engaged by the Council to provide services to the Council outside of the scope of the audit functions prescribed by the Local Government Act 1999 – noting that for the 2006/2007 financial year only that the prescribed auditor independence requirements have been in operation and effect only from 25 January, 2007.

JOHN G STEPHENS
CITY MANAGER

Dated this day of 2007

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Working Paper - RECONCILIATION OF GOVERNMENT GRANTS

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

	Opening Balance 1 July 2006	Movements		Closing Balance 30 June 2007
		Received/ Receivable	Expended	
GRANTS (with discretion use)				
GENERAL PURPOSE (Untied)				
Grants Commission Grant - general purpose		2,921,246	2,921,246	0
Grants Commission Grant - roads funding		306,160	306,160	0
Roads to Recovery		205,000	205,000	0
Subtotal	0	3,432,406	3,432,406	0
SPECIFIC PURPOSE (Recurrent)				
Nerrilda		1,967,860	1,967,860	0
Health Focus		166,401	166,401	0
Ramsay Village		1,045,970	1,045,970	0
Childcare Centre		276,044	276,044	0
HACC Funding		25,800	25,800	0
Substance Mis-Use Service	(4,016)	366,736	364,882	(2,162)
Youth Activities		80,137	80,137	0
Crime Prevention		17,500	17,500	0
Sobering Up Centre	(7,518)	468,900	491,902	(30,520)
Community Harmony		55,000	55,000	0
NRFWRH Health Service	42,353	110,625	104,728	48,250
Special Needs Funding		182,054	182,054	0
Immunisation		22,110	22,110	0
Library Service		48,736	48,736	0
Outdoor Adv Centre		15,420	15,420	0
Misc		4,926	4,926	0
Subtotal	30,819	4,854,219	4,869,470	15,568
SPECIFIC PURPOSE (Non-Recurrent)				
Waste Management		29,343	29,343	0
Australian Technical College		3,248	3,248	0
LGA Study	50,000	(50,000)		0
Dryzone		10,000	10,000	0
Volunteers	92,892	53,000	90,241	55,651
Regional Centre for Culture		17,624	17,624	0
Wadlata		13,200	13,200	0
Foreshore		50,000	50,000	0
Parks & Gardens		40,000	40,000	0
Subtotal	142,892	166,415	253,656	55,651
TOTAL OPERATING GRANTS	173,711	8,453,040	8,555,532	71,219
2006 Totals				173,711
CAPITAL GRANTS				
SPECIFIC PURPOSE (Recurrent)				
Subtotal	0	0	0	0
SPECIFIC PURPOSE (Non-Recurrent)				
Nerrilda		621,500	621,500	0
Ramsay		548,000	548,000	0
Childcare		9,000	9,000	0
Special Needs		2,000	2,000	0
Aerodrome Upgrade		434,308	434,308	0
Subtotal	0	1,614,808	1,614,808	0
TOTAL OPERATING GRANTS	0	1,614,808	1,614,808	0
2006 Totals				0
Recognised as revenue in advance of expenditure		173,711		75,419
Current receivable - Other levels of Government	6			
		173,711		71,219

PORT AUGUSTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

FINANCIAL INDICATORS CALCULATOR	2007	2007	2006	2006
INDICATOR 1 - Operating Surplus				
Operating surplus/deficit before capital grants		(1,421,710)		(781,235)
INDICATOR 2 - Operating Surplus Ratio				
Operating Surplus		(1,421,710)		(781,235)
Divided by:				
Rate Revenues	7,584,191		6,897,663	
Less: NRM Levy	(41,340)	7,542,851	0	6,897,663
		(18.8%)		(11.3%)
INDICATOR 3 - Net Financial Liabilities				
Total Liabilities		11,564,877		10,599,065
Less:				
Current Cash & Equivalents	(1,743,752)		(3,849,857)	
Current Trade & Other Receivables	(1,561,470)		(849,202)	
Current other Financial Assets				
Non current Financial Assets	(24,810)	(3,330,032)	(32,838)	(4,731,897)
		8,234,845		5,867,168
INDICATOR 4 - Net Financial Liabilities Ratio				
Net Financial Liabilities		8,234,845		5,867,168
Divided by:				
Total Operating Revenue	21,150,685		20,247,698	
less: NRM Levy	(41,340)	21,109,345	0	20,247,698
		39.0%		29.0%
INDICATOR 5 - Interest Cover Ratio				
Finance Cost Expense	435,258		336,739	
Less: Investment Income	(224,083)	211,174	(176,888)	159,851
Total Operating Revenues	21,150,685		20,247,698	
Less: NRM Levy	(41,340)		(6,897,663)	
Less Investment Income	(224,083)	20,885,262	(176,888)	13,173,147
		1.01%		1.21%
INDICATOR 6 - Asset Sustainability Ratio				
Expenditure on renewal/replacement of assets	643,509		1,053,996	
Less: Sale of replaced assets	(334,798)	308,711	(440,229)	613,767
Depreciation, amortisation & impairment expense		2,485,735		2,443,205
		12.4%		25.1%
INDICATOR 7 - Asset Consumption Ratio				
Total carrying value of all IPP&E	61,438,991		59,184,685	
less Carrying Value of non-depreciable IPP&E	(5,550,220)	55,888,771	(5,578,500)	53,606,185
Total value of all IPP&E at cost	8,419,807		3,667,866	
Total value of all IPP&E at fair value	57,885,025		57,960,025	
Less: value of non-depreciable assets cost	(46,720)		0	
Less value of non-depreciable assets at fair value	(5,503,500)	60,754,612	(5,578,500)	56,049,391
		91.99%		95.64%