

# City of Port Augusta

Financial Statements  
for the year ended 30<sup>th</sup> June, 2003

## CITY OF PORT AUGUSTA

### OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE, 2003

	Note	2003 \$	2002 \$
<b>OPERATING REVENUE</b>			
Rates			
General		5,144,869	4,638,209
Other		237,120	217,540
Statutory Charges		158,651	164,825
User Charges		1,904,298	1,750,879
Operating Grants and Subsidies		7,476,305	8,015,315
Investment Income		92,376	89,825
Reimbursements		202,286	266,367
Other		1,033,920	677,334
		<hr/>	<hr/>
<b>TOTAL OPERATING REVENUE</b>		<b>16,249,824</b>	<b>15,820,294</b>
<b>OPERATING EXPENSES</b>			
Wages and Salaries	3	7,677,025	7,075,921
Contractual Services	4	2,862,959	3,604,618
Materials	5	2,304,576	2,728,010
Finance Charges		300,379	285,265
Depreciation	6	2,362,455	2,378,404
Loss on Disposal of Non-Current Assets		104,999	123,308
Other	7	1,945,570	1,782,034
		<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>		<b>17,557,962</b>	<b>17,977,560</b>
<b>Operating (Loss)/Surplus before Capital Revenues</b>		<b>(1,308,138)</b>	<b>(2,157,266)</b>
<b>CAPITAL REVENUES</b>			
Capital Grants, Subsidies and Monetary Contributions		524,318	3,004
		<hr/>	<hr/>
<b>Operating Surplus after Capital revenues and before Extraordinary items</b>		<b>(783,820)</b>	<b>(2,154,262)</b>
		<hr/>	<hr/>
<b>CHANGE IN COMMUNITY WEALTH RESULTING FROM OPERATIONS</b>		<b>(783,820)</b>	<b>(2,154,262)</b>

*The above operating statement should be read in conjunction with the accompanying notes.*

## CITY OF PORT AUGUSTA

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>CURRENT ASSETS</b>			
Cash	8	751,611	924,298
Receivables	9	1,683,617	1,219,386
Prepayments	9	50,477	76,084
Inventories	10	140,929	146,730
<b>TOTAL CURRENT ASSETS</b>		<u>2,626,634</u>	<u>2,366,498</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	8	292,967	
Creditors and Provisions	11&12	1,422,711	1,266,244
Loans	13	1,446,811	1,239,500
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,162,489</u>	<u>2,505,744</u>
<b>NET CURRENT ASSETS</b>		<u>(535,855)</u>	<u>(139,246)</u>
<b>NON-CURRENT ASSETS</b>			
Land	14	5,684,365	5,684,365
Buildings, Structures & Reserve Infrastructure	14	19,443,948	19,811,526
Infrastructure	14	17,241,524	18,370,856
Equipment	14	1,531,628	1,362,750
Furniture and Fittings	14	1,083,924	890,221
Receivables	14		10,242
Capital Works in Progress	14	1,149,014	121,436
<b>TOTAL NON-CURRENT ASSETS</b>		<u>46,134,403</u>	<u>46,251,396</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors and Provisions	12	760,165	701,476
Loans	13	3,593,756	3,382,228
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,353,921</u>	<u>4,083,704</u>
<b>NET ASSETS</b>		<u>41,244,627</u>	<u>42,028,446</u>
<b>EQUITY</b>			
Accumulated Surplus		3,945,218	4,729,037
Reserves		37,299,409	37,299,409
<b>TOTAL EQUITY</b>		<u>41,244,627</u>	<u>42,028,446</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

## CITY OF PORT AUGUSTA

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### STATEMENT OF CHANGE IN EQUITY FOR THE 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>ACCUMULATED SURPLUS</b>			
Balance at beginning of period		4,729,037	6,883,300
Change in financial position resulting from operations (Deficit)/Surplus		(783,820)	(2,154,262)
<b>Balance at end of period</b>		<u>3,945,218</u>	<u>4,729,037</u>
<b>ASSET REVALUATION RESERVE</b>			
Balance at beginning of period		37,299,409	37,299,409
-Revaluation increment			
-Revaluation decrement			
<b>Balance at end of period</b>		<u>37,299,409</u>	<u>37,299,409</u>
<b>TOTAL EQUITY</b>		<u>41,244,627</u>	<u>42,028,446</u>

*The above statement should be read in conjunction with the accompanying notes.*

## CITY OF PORT AUGUSTA

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			Inflows (Outflows)
<b>Payments</b>			
Interest Received		(14,691,595)	(15,024,062)
GST Paid		(269,003)	(251,300)
GST Remitted		(353,411)	(814,582)
		(869,751)	(345,197)
<b>Receipts</b>			
Interested Receivd		16,117,164	15,385,773
GST Collected		92,376	89,825
GST Received		845,085	392,402
		329,350	739,151
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	8	1,200,215	172,010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Loans Received		1,680,000	1,600,000
Loan Repayments from Community Groups		9,339	34,324
Accommodation Bonds		90,732	159,837
<b>Payments</b>			
Principal on Loans		(1,234,300)	(1,104,666)
Accommodation Bonds		(79,269)	(192,669)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		466,502	314,745
<b>CASH FLOWS FROM OTHER ACTIVITIES</b>			
<b>Receipts</b>			
Capital Grants, Subsidies		94,318	3,004
Sale of Equipment		451,157	361,691
<b>Payments</b>			
Purchase of Land			-
Purchase of Buildings		(351,221)	-
Purchase of Infrastructure		(221,640)	(293,359)
Purchase of Equipment		(840,620)	(769,910)
Purchase of Furniture and Fittings		(229,067)	(97,752)
Purchase of Capital Works in Progress		(1,035,298)	(121,436)
<b>NET CASH USED IN OTHER ACTIVITIES</b>		(2,132,371)	(917,762)
<b>NET INCREASE(DECREASE) IN CASH HELD</b>		(465,654)	(248,926)
<b>CASH AT BEGINNING OF REPORTING PERIOD</b>		924,298	1,173,224
<b>CASH AT END OF REPORTING PERIOD</b>	8	458,644	924,298

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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### **NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

(a) **The Local Government Reporting Entity**

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. All entities controlled by the Council have been consolidated.

In the process of reporting on the Council as a single unit, all transaction and balances between those funds (for example, loans and transfers between funds) have been eliminated.

**Trust Funds**

Amounts received as tender deposits and retention amounts controlled by Council are included in the amount disclosed as "other creditors" within current Liabilities until they are refunded or forfeited..

Amounts received and paid by the Council, where the Council has merely acted as a collection agent, have been eliminated.

(b) **Basis of Accounting**

This financial report has been prepared to comply with Statements of Accounting Concepts and applicable Australian Accounting Standards. It has been prepared on the accrual basis under the convention of historical cost accounting, with the exception that non-current assets which are included at Council or independent valuation, or were re-valued to their current cost less accumulated depreciation as at 30 June 1997 and will be subsequently re-valued on that basis at least every 5 years.

(c) **Recognition of Assets**

All items of property, plant and equipment with a value greater than \$1,000 are recognised as assets.

Assets acquired are initially recorded at cost. Cost includes all costs incidental to the acquisition and incurred in getting the asset ready for use. Where assets are constructed by the Council, costs includes an appropriate share of variable and fixed overheads including interest on borrowed funds.

Buildings, Structures & Reserve Infrastructure Assets not controlled by Council have been excluded from the assets previously brought in as part of the revaluation.

(d) **Depreciation of Non-Current Assets**

Non-current assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects consumption of the service potential embodied in those assets. Land is not an asset to be depreciated.

Depreciation is recognised on a straight line basis using rates which are reviewed each reporting period.

## CITY OF PORT AUGUSTA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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### Major depreciation periods are:

Bridges:	
timber	30 to 40 years
steel and concrete	50 to 80 years
Buildings	30 to 50 years
Stormwater Drains	75 to 85 years
Plant and equipment	5 to 15 years
Sealed roads and streets:	
construction	20 to 40 years
original surfacing & major resurfacing	
- bituminous seals	7 to 10 years
Unsealed Roads	5 to 10 years
Improvements to parks & gardens	15 to 20 years
Trees	10 to 25 years
Motor Vehicles	5 to 10 years
Library Books	10 to 25 years

(e) **Expenses**

Expenses are disclosed in the accounts after deducting any amounts capitalised and included in the cost of assets constructed by the Council.

(f) **Employee Entitlements**

Long Service Leave is accrued on the following basis:

#### **Administration-Parks and Gardens-Works Depot**

For full-time and part-time employees the Long Service Leave accrual is calculated from the commencement of employment.

#### **Nerrilda**

For full time and part-time employees long service leave is accrued for employees with more than four years service. This is consistent with Department of Health policy.

#### **A.M. Ramsay Village**

For full time and part-time employees long service leave is accrued for employees with more than four years service.

#### **Child-care Centre**

For full time and part-time employees long service leave is accrued for employees with more than four years service.

**This basis of calculation provides an estimate of liability for long service leave in excess of that determined by using the present value basis of measurement.**

**An amount equal to 80% of the total liability for long service leave is held in cash.**

Annual Leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to the reporting date. Such accruals are assessed as at each reporting

## **CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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date, having regard to current rates of pay and other factors including experience of employee departures and their periods of service.

The Superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the Superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 17.

(g) **Investments**

Investments are valued at cost. Interest revenues are recognised as they accrue.

(h) **Rates, Grants, Donation and Other Contributions**

Rates, grants, donation and contributions are recognised as revenues when the Council obtains control over the assets comprising these contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured.

Contributions not received over which Council has control are recognised as receivables. In respect of uncollected rates provision is made for amounts considered not able to be collected.

Where contributions recognised as revenues during the year 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 nature of and amounts pertaining to those undischarged conditions are disclosed in Note 15.

(i) **Allocation Between Current and Non-Current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid.

(j) **Cash**

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdraft.

(k) **Goods and Services Tax**

In accordance with the requirements of UIG Abstract 31 "Accounting for the Goods and Services Tax(GST)", revenues, expenses and assets are recognised net of the amount of GST except that:

- The amount of GST incurred by Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of an asset or part of an item of expense; and receivables and payables are stated with the amount of GST included.

The net GST receivable from the Australian Taxation Office has been recognised as receivable in the Statement in change of Equity.



## **CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from or payable to the Australian Taxation Office have however been classified as operating cash flows.

**(k) Full Cost Attribution**

The philosophy of Full Cost Attribution has been adopted in these financial statements in accordance with the requirements of the Local Government Act 1999 and the associated Regulations.

Note 2(b) reflects Full Cost Attribution figures. It should be noted that the methodology adopted this year has spread Administration costs across the various other functions and activities of Council. No allocation has been made to Capital Expenditure. Comparative figures do not include Full Cost Attribution.

## CITY OF PORT AUGUSTA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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### 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, Mobile Assistance Patrol, 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:** Pest control services, tourism, agriculture.

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

**CITY OF PORT AUGUSTA**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2003 (Cont'd)

Full Cost Attributed Revenues and Expenses by function or activity

	EXPENSES								REVENUES						Change in Community Wealth (operations)	
	Salaries & Wages	Contractual Services	Materials	Finance Charges	Depreciation	Other	Full Cost Attribution	Total	Grants Operating	Grants Capital	User Charges	Contributions & Donations	Reimb	Statutory Charges & Other		Total
Administration	829,927	165,967	64,150		101,252	477,522	-965,089	673,729	2,552,530		1,220		25,524	5,429,007	8,008,281	-7,334,552
Public Order & Safety																
Fire Protection																
Other	56,085	16,952	6,589		4,368	17,349	7,023	108,367						32,143	32,143	76,224
Health																
Health Inspection	59,973		487			13,998	7,510	81,967	18,000				500		18,500	63,467
Other	2,322,623	292,362	202,936		106,260	201,608	290,843	3,416,632	2,630,314		438,161		5,850	22,265	3,096,590	320,042
Social Security & Welfare																
Aged & Disabled Services	866,825	218,862	156,568		82,170	82,212	108,546	1,515,183	844,163		548,302		5,973	22,451	1,420,890	94,293
Families & Children	617,183	44,283	63,883		23,245	62,133	77,285	888,011	404,478	4,000	191,353		92	126,049	725,972	162,039
Other	42,769	21,076	23,186			22,282	5,356	114,668	71,565				-91	17,990	89,464	25,204
Housing & Community Amenities																
Housing	5,073	28,867	11,274		20,862	1,264	635	67,975			40,302				40,302	27,673
Town Planning	57,219	13,834	374			6,722	7,165	85,315						30,860	30,860	54,455
Other Community Development	87,827	39,878	16,640		11,498	52,730	10,998	219,571	2,100		296			7,164	9,560	210,011
Sanitation & Garbage	2,626	440,888	3,867			24,183	329	471,894			19,394				19,394	452,500
Sewerage	5,018	19,020	131,061		50,395	993	628	207,114								207,114
Urban Stormwater Drainage	10,189	12,333	7,799		71,313	1,799	1,276	104,710								104,710
Other Community Amenities	286,752	205,665	270,935			220,049	35,908	1,019,309	58,026		134,471		46,656	100,452	339,605	679,705
Protection of the Environment	2,616	10,209	13,808			122,240	328	149,201	16,600					60,613	77,213	71,988
Recreation & Culture																
Libraries	261,850	4,587	30,765		149,074	56,447	32,789	535,513	54,765		7,477			7,349	69,591	465,922
Other Cultural Services	17,305	154,070	78,665			44,927	2,167	297,134			17,250			2,508	19,758	277,377
Sport & Recreation	406,197	264,879	362,379		218,831	123,121	50,865	1,426,272	10,350		152,443		3,000		165,793	1,260,479
Fuel & Energy																
Agricultural Services																
Mining Manufacturing Construction																
Building Act	113,057	11,940	136			30,064	14,157	169,354					205	21,684	21,888	147,466
Other	427	2,234	342			1,212	53	4,268								4,268
Transport & Communication																
Road Construction and Maintenance																
Sealed Roads	160,439	117,208	135,455		1,229,263	34,597	20,091	1,697,053	383,155						383,155	1,313,898
Formed and Surfaced Roads																
Natural Surface Formed Roads	70,860	8,039	51,293			67,538	8,873	206,602								206,602
Natural Surface Unformed Roads																
Bridges	2,546		282			16,759	319	19,906								19,906
Footpaths	35,658	84,527	8,128			11,029	4,465	143,807								143,807
Aerodromes	16,684	27,852	5,618		10,034	7,146	2,089	69,423			46,626			1,000	47,626	21,797
Parking	706	3,398	4,299		9,200	543	88	18,234						1,333	1,333	16,901
Bus	29,022	279,452	1,849			1,725	3,634	315,681	156,725		6,284			54,808	217,817	97,864
Other Transport																
Economic Affairs NEC	602,344	302,413	384,769		117,358	385,143	183,109	1,975,136	112,856		300,719		77,158	636,884	1,127,616	847,520
Other Purposes NEC																
Public Debt Transactions				300,379				300,379						92,376	92,376	208,002
Other Purposes NEC	707,224	72,165	267,040		157,332	-36,767	88,560	1,255,555	160,678	520,318			37,419	718,415	537,139	
<b>TOTALS</b>	<b>7,677,025</b>	<b>2,862,959</b>	<b>2,304,576</b>	<b>300,379</b>	<b>2,362,455</b>	<b>2,050,569</b>		<b>17,557,962</b>	<b>7,476,305</b>	<b>524,318</b>	<b>1,904,298</b>		<b>202,286</b>	<b>6,666,935</b>	<b>16,774,142</b>	<b>783,820</b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 3</b>	<b>EMPLOYEE COSTS</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	Salaries and Wages	6,280,246	5,811,245
	Superannuation Expenses	702,755	571,122
	Leave Entitlements	849,876	742,538
	Training	29,989	25,417
		<u>7,862,866</u>	<u>7,150,322</u>
	Less		
	Amounts Capitalised		
	Non-Current Assets Constructed		
	By Council	<u>185,841</u>	<u>74,401</u>
		<b><u>7,677,025</u></b>	<b><u>7,075,921</u></b>
<b>NOTE 4</b>	<b>CONTRACTUAL SERVICES</b>		
	Contractual services involve payments or liabilities for the external provision of services. They include:		
	Consultants	41,934	81,961
	Contractors	<u>2,821,025</u>	<u>3,522,657</u>
		<b><u>2,862,959</u></b>	<b><u>3,604,618</u></b>
<b>NOTE 5</b>	<b>MATERIALS</b>		
	Materials are payment or liabilities for physical goods including energy. They include:		
	Electricity	430,552	413,333
	Water	456,889	374,137
	Fuel/lubricants	176,943	152,373
	Other	<u>1,240,192</u>	<u>1,788,167</u>
		<b><u>2,304,576</u></b>	<b><u>2,728,010</u></b>
<b>NOTE 6</b>	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
	Depreciation and amortisation expenses for the year were charged in respect of:		
	Buildings	609,094	609,094
	Structures	32,159	32,159
	Reserves Infrastructure	165,230	165,230
	Infrastructure	1,350,971	1,350,971
	Furniture and Equipment	89,022	88,051
	Plant and Machinery	<u>115,979</u>	<u>132,899</u>
		<b><u>2,362,455</u></b>	<b><u>2,378,404</u></b>

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**CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

<b>NOTE 7</b>	<b>OTHER EXPENDITURE</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	Other Expenses includes:		
	Insurances	467,667	308,518
	Plant and Machinery Hire (Internal)	253,712	231,878
	Plant and Machinery Hire (External)	31,572	73,844
	Elected Member Expenses	137,232	82,649
	Communications	146,820	130,618
	Subscriptions	61,767	64,500
	Contributions	98,686	175,273
	Travel and Accommodation	62,949	65,396
<b>NOTE 8</b>	<b>CASH</b>		
	Cash on Hand	4,571	4,571
	Deposits at Call	747,040	919,727
	For the purposes of the statement of cash flows, cash includes, cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. 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		
	Balance Cash at Bank and in hand as above	751,611	924,298
	less: Bank Overdraft	292,967	-
		<hr/>	<hr/>
	<b>Balance per Statement of Cash Flows</b>	<b>458,644</b>	<b>924,298</b>
	Reconciliation of net cash provided by operating activities to change in financial position from operating activities for the year.		
	Change in Community Wealth resulting from Operations	(783,820)	(2,154,262)
	Depreciation	2,362,455	2,378,404
	Increase (Decrease) Employee Entitlement	111,588	(4,622)
	Loss (Gain) on disposal of Assets	104,999	123,308
	Provision for Doubtful Debts	182,820	-
	Accommodation Bonds recognised as income	(38,324)	-
	Decrease (Increase) Debtors	(216,148)	(403,507)
	Decrease (Increase) in Prepayments	25,607	(9,011)
	Capital Grants treated as Capital Revenues	(524,318)	(3,004)
	Increase (Decrease) in Creditors and Accruals	(30,445)	215,029
	(Increase) Decrease in Inventory	5,801	29,675
		<hr/>	<hr/>
	<b>Net Cash used in Operating Activities</b>	<b>1,200,215</b>	<b>172,010</b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 9</b>	<b>RECEIVABLES</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Rates Receivable	940,788	672,187
	Less Provision for Doubtful Debts	<u>457,502</u>	<u>274,682</u>
		<u>483,286</u>	<u>397,505</u>
	Loans and Advances to Community Groups	10,242	9,339
	GST Debtor	134,314	94,586
	Other Debtors	<u>1,055,775</u>	<u>717,956</u>
		<u>1,200,331</u>	<u>821,881</u>
	<b>Total Current Receivables</b>	<b><u>1,683,617</u></b>	<b><u>1,219,386</u></b>
	<b>Non Current</b>		
	Loans and Advances to Community Groups	-	<b>10,242</b>
	Loans to Community Groups include all loans and advances to sporting organisations and community based bodies.		
<b>NOTE 10</b>	<b>INVENTORIES</b>		
	Stores	33,810	31,876
	Souvenir Stock Wadlata and Arid Lands	<u>107,119</u>	<u>114,854</u>
		<b><u>140,929</u></b>	<b><u>146,730</u></b>
<b>NOTE 11</b>	<b>CREDITORS</b>		
	<b>Current</b>		
	Creditors	580,385	547,002
	Interest Accruals	106,679	90,613
	Other Accruals	<u>220,558</u>	<u>166,439</u>
		<b><u>907,622</u></b>	<b><u>804,054</u></b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 12</b>	<b>PROVISIONS</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Annual Leave	475,089	422,190
	Long Service Leave	<u>40,000</u>	<u>40,000</u>
		<b><u>515,089</u></b>	<b><u>462,190</u></b>
	<b>Non-Current</b>		
	Annual Leave	40,000	40,000
	Long Service Leave	<u>720,165</u>	<u>661,476</u>
		<b><u>760,165</u></b>	<b><u>701,476</u></b>
<b>NOTE 13</b>	<b>BORROWINGS</b>		
	<b>Current</b>		
	Bank Overdraft	<b>292,967</b>	-
	Loans Secured	1,441,611	1,234,300
	Nursing Home Accommodation Bonds	<u>5,200</u>	<u>5,200</u>
		<b><u>1,446,811</u></b>	<b><u>1,239,500</u></b>
	<b>Non-Current</b>		
	Loans Secured	3,292,358	3,053,969
	Nursing Home Accommodation Bonds	<u>301,398</u>	<u>328,259</u>
		<b><u>3,593,756</u></b>	<b><u>3,382,228</u></b>
	<b>Total Borrowings</b>	<b><u>5,333,534</u></b>	<b><u>4,621,728</u></b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 14</b>	<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Land</b>		
	at Independent Valuation as at 30 June 1997 *	5,498,380	5,498,380
	at Cost	<u>185,985</u>	<u>185,985</u>
	<b>Total Land</b>	<b><u>5,684,365</u></b>	<b><u>5,684,365</u></b>
	<b>Buildings</b>		
	at Independent Valuation as at 30 June 1997 *	18,018,105	18,018,105
	at cost	<u>788,542</u>	<u>349,636</u>
		<u>18,806,647</u>	<u>18,367,741</u>
	less accumulated Depreciation	<u>3,649,489</u>	<u>3,040,395</u>
	<b>Total Buildings</b>	<b><u>15,157,158</u></b>	<b><u>15,327,346</u></b>
	<b>Structures</b>		
	at Independent Valuation as at 30 June 1997 *	521,100	521,100
	at cost	<u>2,299,276</u>	<u>2,299,276</u>
		<u>2,820,376</u>	<u>2,820,376</u>
	less accumulated Depreciation	<u>192,954</u>	<u>160,795</u>
	<b>Total Structures</b>	<b><u>2,627,422</u></b>	<b><u>2,659,581</u></b>
	<b>Reserves / Infrastructure</b>		
	at Independent Valuation as at 30 June 1997 *	2,389,745	2,389,745
	at cost	<u>255,795</u>	<u>255,795</u>
		<u>2,645,540</u>	<u>2,645,540</u>
	less accumulated Depreciation	<u>986,171</u>	<u>820,941</u>
	<b>Total Reserves / Infrastructure</b>	<b><u>1,659,368</u></b>	<b><u>1,824,598</u></b>
	<b>Total Buildings Structures &amp; Reserve Infrastructure</b>	<b><u>19,443,948</u></b>	<b><u>19,811,526</u></b>

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**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 14</b>	<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Plant and Equipment</b>		
	at cost	2,129,817	1,849,654
	less accumulated Depreciation	<u>686,577</u>	<u>579,897</u>
	<b>Total Plant and Equipment</b>	<b><u>1,443,240</u></b>	<b><u>1,269,757</u></b>
	<b>Minor Plant</b>		
	at Council Valuation as at 30 June 1994	47,018	47,018
	at cost	<u>92,265</u>	<u>87,572</u>
		<u>139,283</u>	<u>134,590</u>
	less accumulated Depreciation	<u>50,896</u>	<u>41,597</u>
	<b>Total Minor Plant</b>	<b><u>88,387</u></b>	<b><u>92,993</u></b>
	<b>Total Plant, Equipment and Minor Plant</b>	<b><u>1,531,627</u></b>	<b><u>1,362,750</u></b>
	<b>Office Furniture and Equipment</b>		
	at Councils Valuation as at 30 June 1994	409,719	409,719
	at cost	<u>1,409,950</u>	<u>1,127,226</u>
		<u>1,819,669</u>	<u>1,536,945</u>
	less accumulated Depreciation	<u>735,745</u>	<u>646,723</u>
	<b>Total Office Furniture and Equipment</b>	<b><u>1,083,924</u></b>	<b><u>890,222</u></b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 14</b>	<b>INFRASTRUCTURE ASSETS</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Roads Bridges and Footpaths</b>		
	at Independent valuation as at 30 June 1997 *	18,515,817	18,515,817
	at cost	<u>2,302,734</u>	<u>2,081,095</u>
		<u>20,818,551</u>	<u>20,596,912</u>
	less accumulated Depreciation	<u>7,401,406</u>	<u>6,172,143</u>
	<b>Total Roads Bridges and Footpaths</b>	<b><u>13,417,145</u></b>	<b><u>14,424,769</u></b>
	<b>Stormwater Drainage</b>		
	at Independent valuation as at 30 June 1997 *	2,900,055	2,900,055
	at cost		
	less accumulated Depreciation	<u>427,878</u>	<u>356,565</u>
		<b><u>2,472,177</u></b>	<b><u>2,543,490</u></b>
	<b>Effluent Drainage</b>		
	at Independent valuation as at 30 June 1997	1,654,572	1,654,572
	less accumulated Depreciation	<u>302,370</u>	<u>251,975</u>
		<b><u>1,352,202</u></b>	<b><u>1,402,597</u></b>
	<b>Total Infrastructure Assets</b>	<b><u>17,241,524</u></b>	<b><u>18,370,856</u></b>

\* All valuations for Land, Buildings and Infrastructure have been undertaken by Andrea J Carolan B App Sc PRM, AVLE(Val) and Michael H Rouvray Bach Bus (Property), GVLE(Val) of Maloney Field Services, Licenced Valuers.

<b>NOTE 14</b>	<b>CAPITAL WORKS IN PROGRESS</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	<b>Infrastructure Works</b>		
	at cost	1,149,014	121,436
		<u>1,149,014</u>	<u>121,436</u>
	<b>Total Capital Works in Progress</b>	<b><u>1,149,014</u></b>	<b><u>121,436</u></b>

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 15</b>	<b>AMOUNTS HELD IN CASH OR OUTSTANDING AT BALANCE DAY</b>	<b>2003</b>	<b>2002</b>
		<b>\$</b>	<b>\$</b>
	The following amounts have been advanced subject to certain conditions. They are to be expended in future years but are currently held in cash.		
	Substance Misuse Services - Subsidy	-	51,867
	Crime Prevention Program	-	65,100
	Sobering Up Unit	82,934	6,672
	Infrastructure Funding	100,000	
	The following amount is subject to grant or debenture loan funding arrangements in 2002/2003		
	Foreshore Project	304,472	
<b>NOTE 16</b>	<b>COMMITMENTS FOR EXPENDITURE</b>		
	<b>Operating Leases</b>		
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
	Not later than one year	44,594	30,056
	Later than one year but less than five years	58,777	6,857
	<b>Capital Commitments</b>		
	Not later than one year – Purchase of Land	292,500	

## **CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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### **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 2002, 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 2002 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 \$702,755.  
(2001/2002 \$571,122)

**CITY OF PORT AUGUSTA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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<b>NOTE 18</b>	<b>PERFORMANCE INDICATORS</b>	<b>2003</b>	<b>2002</b>
	<b>Debt Servicing Ratio</b> <i>Ratio of debt servicing costs to total revenue</i>	9.35%	8.65%
	This is the ratio of the cost of servicing all debenture loans against total operating revenue		
	<b>Debt Commitment Ratio</b> <i>Ratio of debt servicing to total rate revenue</i>	28.23%	28.18%
	This ratio provides an indication of how much of Council's rate revenue is used to service it's debt.		
	<b>Revenue Ratio</b> <i>Ratio of total rate revenue to total revenue</i>	33.12%	30.69%
	This ratio is used to give an indication of what percentage of total revenue is comprised of rates		
	<b>Working Capital Ratio</b> <i>Ratio of Current Assets to Current Liabilities</i>	.831 to 1	.944 to 1
	This ratio provides an indication of Council's current position. A figure less 1 to 1 means that Council's current assets are less than it's current liabilities		

## CITY OF PORT AUGUSTA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2003

### NOTE 19 COMPARISON OF BUDGET AND ACTUAL RESULTS (OPERATING)

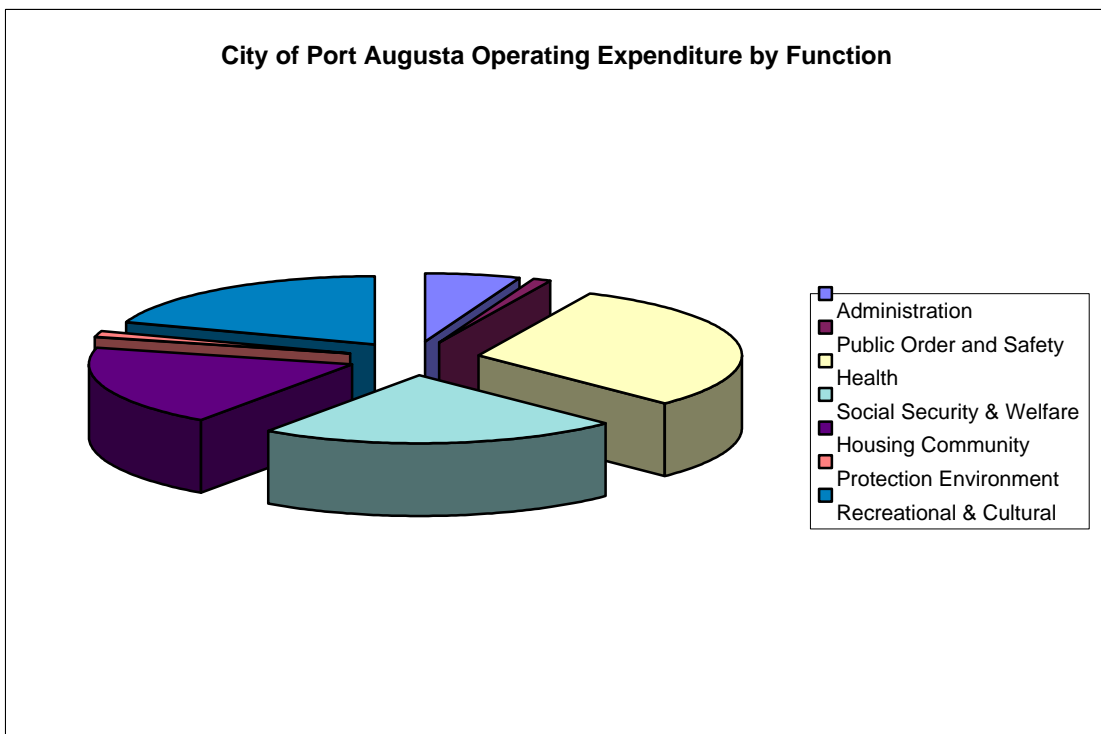
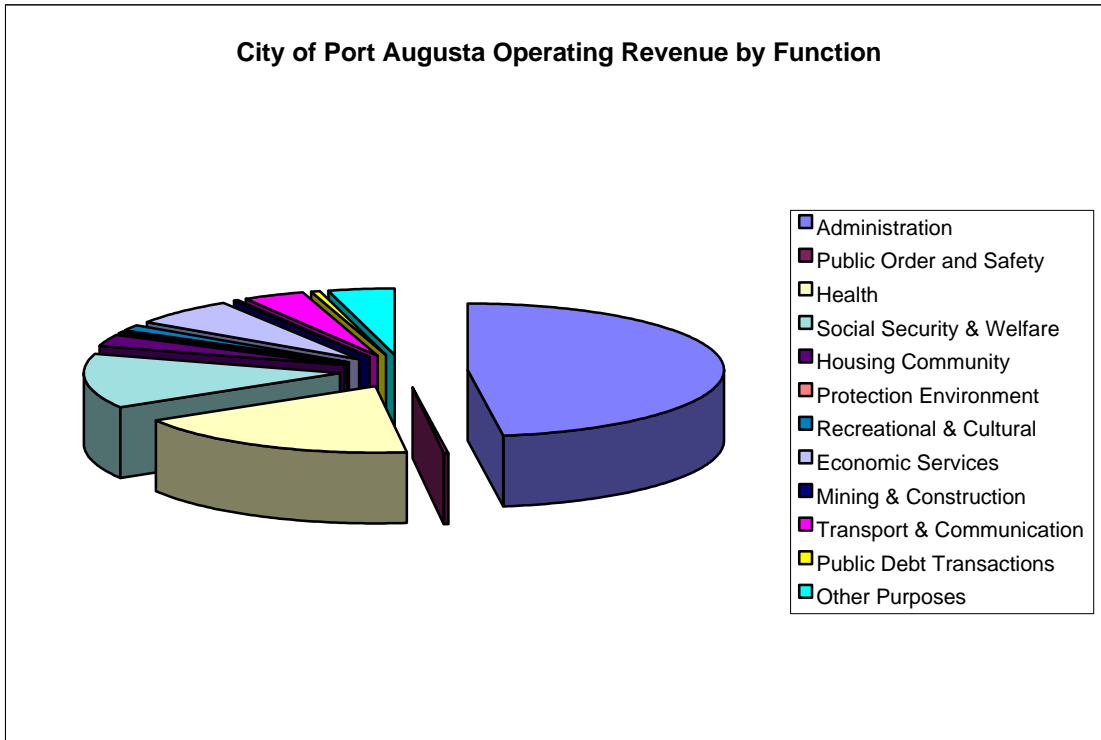
	2003 Operating		2002 Operating	
	BUDGET \$	ACTUAL \$	BUDGET \$	ACTUAL \$
<b>Revenue</b>				
Administration	7,751,000	8,008,281	7,107,000	7,265,365
Public Order and Safety	34,300	32,143	34,600	33,804
Health	2,578,900	3,115,090	2,324,000	2,855,489
Social Security & Welfare	1,870,900	2,236,326	1,776,500	1,990,306
Housing Community	1,147,300	439,721	919,200	461,670
Protection Environment		77,213		
Recreational & Cultural	439,800	255,141	420,600	304,966
Economic Services	631,800	1,127,616	565,000	1,728,007
Mining & Construction	26,500	21,888	30,300	23,806
Transport & Communication	700,000	649,931	718,000	736,590
Public Debt Transactions	81,600	92,376	54,200	89,825
Other Purposes	852,000	718,415	597,000	333,469
<b>Total Revenue</b>	<u>16,114,100</u>	<u>16,774,142</u>	<u>14,546,400</u>	<u>15,823,298</u>
<b>Expenses</b>				
Administration	1,383,800	673,729	1,275,800	1,455,302
Public Order and Safety	97,800	108,367	86,700	76,219
Health	2,540,000	3,498,600	2,340,100	3,039,766
Social Security & Welfare	1,977,600	2,517,862	1,869,100	2,126,628
Housing Community	2,454,100	2,175,887	1,954,400	1,837,710
Protection Environment		149,201		351,464
Recreational & Cultural	1,450,700	2,258,919	1,564,000	2,025,594
Agricultural Services				
Fuel and Energy				
Economic Services	1,254,200	1,975,136	1,187,600	2,947,701
Mining & Construction	135,300	173,622	127,400	147,206
Transport & Communication	1,900,500	2,470,706	1,915,800	2,486,814
Public Debt Transactions	319,500	300,379	305,700	285,265
Other Purposes	1,521,800	1,255,555	1,535,500	1,197,891
<b>Total Expenses</b>	<u>15,035,300</u>	<u>17,557,962</u>	<u>14,162,100</u>	<u>17,977,560</u>
less unfunded Depreciation		2,362,455		2,378,404
<b>Surplus</b>	<u>1,078,800</u>	<u>1,578,600</u>	<u>384,300</u>	<u>224,100</u>

# CITY OF PORT AUGUSTA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

## NOTE 19 CONTINUED

### ACTUAL OPERATING REVENUE AND EXPENDITURE BY FUNCTION



**CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

**NOTE 20 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE****(a) Interest Rate Risk Exposure**

The Councils exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities at variable interest rates as Council intends to hold fixed rate assets and liabilities to maturity.

	Weighted Avg Interest Rate	Floating Interest Rate	Fixed Rate 1 year or less	Fixed Rate 1 to 5 years	Non Interest Bearing	Total
<b>2003</b>						
<b>Financial Assets</b>						
Cash & Bank					4,571	4,571
Deposits	4.5%	747,040				747,040
Receivables					1,683,617	1,683,617
		<b>747,040</b>			<b>1,688,188</b>	<b>2,435,228</b>
<b>Financial Liabilities</b>						
Bank Overdraft	9.15%	292,967				292,967
Borrowings	6.25%		1,441,611	3,292,358		4,733,969
Creditors & Accruals					907,622	907,622
NHA Bonds			5,200	301,398		306,598
		<b>292,967</b>	<b>1,446,811</b>	<b>3,593,753</b>	<b>907,622</b>	<b>6,241,153</b>
<b>2002</b>						
<b>Financial Assets</b>						
Cash & Bank					4,571	4,571
Deposits	4.5%	919,727				919,727
Receivables					1,229,628	1,229,628
		<b>919,727</b>			<b>1,234,199</b>	<b>2,153,926</b>
<b>Financial Liabilities</b>						
Borrowings	6.76%		1,234,300	3,053,969		4,288,269
Creditors & Accruals					804,054	804,054
NHA Bonds					333,459	333,459
			<b>1,234,300</b>	<b>3,053,969</b>	<b>1,137,513</b>	<b>5,425,782</b>

**(b) Credit Risk Exposure**

Credit risk represents the loss that would be recognised if other parties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Council which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.



**CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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**NOTE 21      CONTINUED**

The Council does not have significant exposure to any concentration of credit risk. The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

Cash flows are discounted using standard valuation techniques and the applicable market yield having regard to the timing of the cash flows. The carrying amount of term deposits, accounts receivable, accounts payable and bank loans approximate net fair value.

**(c)      Net Fair Value of Financial Assets and Liabilities**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Due to the nature of the financial instruments held by Council, the costs associated with their settlement would not be material and therefore have not been considered.

**CITY OF PORT AUGUSTA**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

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**CHIEF FINANCIAL OFFICERS STATEMENT**

I, Michael John Dunemann the person for the time being occupying the position of Director – Corporate Services of the Corporation of the City of Port Augusta do hereby state that the financial statements for the 2002/2003 financial year are to the best of knowledge presented fairly and in accordance with the 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.

**M.J. DUNEMANN**  
**DIRECTOR**  
**CORPORATE SERVICES**

**ADOPTION STATEMENT**

Laid before the Council of the City of Port Augusta and adopted on 24 November, 2003

**M.J. DUNEMANN**  
**DIRECTOR**  
**CORPORATE SERVICES**

**N.J. BALUCH**  
**MAYOR**