

# The Corporation of the City of Whyalla

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*Whyalla will be a vibrant, attractive city offering the  
community a diverse range of sustainable economic, social,  
environmental and cultural opportunities*



General Purpose Financial Statements

for the year ended 30 June 2022

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## General Purpose Financial Statements

for the year ended 30 June 2022


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### Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



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Justin Commons  
Chief Executive Officer

04 October 2022



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Clare McLaughlin  
Mayor

04 October 2022

## Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Income</b>			
Rates	2a	22,386	21,390
Statutory Charges	2b	422	378
User Charges	2c	3,245	2,643
Grants, Subsidies and Contributions	2g	9,010	6,099
Investment Income	2d	12	11
Reimbursements	2e	22	67
Other income	2f	1,390	1,088
<b>Total Income</b>		<b>36,487</b>	<b>31,676</b>
<b>Expenses</b>			
Employee costs	3a	12,393	11,846
Materials, Contracts and Other Expenses	3b	15,740	14,584
Depreciation, Amortisation and Impairment	3c	7,257	8,727
Finance Costs	3d	205	184
<b>Total Expenses</b>		<b>35,595</b>	<b>35,341</b>
<b>Operating Surplus / (Deficit)</b>		<b>892</b>	<b>(3,665)</b>
Physical Resources Received Free of Charge		186	–
Asset Disposal & Fair Value Adjustments	4	(1,582)	(767)
Amounts Received Specifically for New or Upgraded Assets	2g	5,198	4,201
<b>Net Surplus / (Deficit)</b>		<b>4,694</b>	<b>(231)</b>
<b>Other Comprehensive Income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in Revaluation Surplus - I,PP&E	9a	18,743	3,361
<b>Total Other Comprehensive Income</b>		<b>18,743</b>	<b>3,361</b>
<b>Total Comprehensive Income</b>		<b>23,437</b>	<b>3,130</b>

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

## Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & Cash Equivalent Assets	5a	350	580
Trade & Other Receivables	5b	6,485	3,939
Inventories	5c	2,861	2,802
<b>Total current assets</b>		<b>9,696</b>	<b>7,321</b>
<b>Non-current assets</b>			
Other Non-Current Assets	6	4,910	4,576
Infrastructure, Property, Plant & Equipment	7a(i)	308,477	281,083
<b>Total non-current assets</b>		<b>313,387</b>	<b>285,659</b>
<b>TOTAL ASSETS</b>		<b>323,083</b>	<b>292,980</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	3,731	6,423
Provisions	8c	2,719	2,595
<b>Total Current Liabilities</b>		<b>6,450</b>	<b>9,018</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	16,250	7,000
Provisions	8c	1,074	1,090
<b>Total Non-Current Liabilities</b>		<b>17,324</b>	<b>8,090</b>
<b>TOTAL LIABILITIES</b>		<b>23,774</b>	<b>17,108</b>
<b>Net Assets</b>		<b>299,309</b>	<b>275,872</b>
<b>EQUITY</b>			
Accumulated surplus		48,044	43,047
Asset revaluation reserves	9a	250,590	231,847
Other reserves	9b	675	978
<b>Total Council Equity</b>		<b>299,309</b>	<b>275,872</b>
<b>Total Equity</b>		<b>299,309</b>	<b>275,872</b>

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

## Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2022</b>					
Balance at the end of previous reporting period		43,047	231,847	978	275,872
Net Surplus / (Deficit) for Year		4,694	–	–	4,694
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	18,743	–	18,743
- Other Movements (Closure of Revaluation Reserve)		–	–	–	–
<b>Other comprehensive income</b>		<b>–</b>	<b>18,743</b>	<b>–</b>	<b>18,743</b>
<b>Total comprehensive income</b>		<b>4,694</b>	<b>18,743</b>	<b>–</b>	<b>23,437</b>
Transfers between Reserves		303	–	(303)	–
<b>Balance at the end of period</b>		<b>48,044</b>	<b>250,590</b>	<b>675</b>	<b>299,309</b>
<b>2021</b>					
Balance at the end of previous reporting period		41,655	229,654	1,952	273,261
Adjustments (Correction of Prior Period Errors)		(519)	–	–	(519)
Net Surplus / (Deficit) for Year		(231)	–	–	(231)
<b>Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	3,361	–	3,361
- Other Movements (Closure of Revaluation Reserve)		1,168	(1,168)	–	–
<b>Other comprehensive income</b>		<b>1,168</b>	<b>2,193</b>	<b>–</b>	<b>3,361</b>
<b>Total comprehensive income</b>		<b>937</b>	<b>2,193</b>	<b>–</b>	<b>3,130</b>
Transfers between Reserves		974	–	(974)	–
<b>Balance at the end of period</b>		<b>43,047</b>	<b>231,847</b>	<b>978</b>	<b>275,872</b>

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

## Statement of Cash Flows

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates Receipts		22,561	20,983
Statutory Charges		429	383
User Charges		3,431	2,790
Grants, Subsidies and Contributions (operating purpose)		9,020	6,115
Investment Receipts		12	11
Reimbursements		24	72
Other Receipts		1,353	3,599
<u>Payments</u>			
Payments to Employees		(12,104)	(11,543)
Payments for Materials, Contracts & Other Expenses		(21,520)	(15,431)
Finance Payments		(198)	(191)
<b>Net cash provided by (or used in) Operating Activities</b>	11b	<u>3,008</u>	<u>6,788</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		5,198	4,201
Sale of Replaced Assets		192	115
Sale of Surplus Assets		–	375
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(5,898)	(4,620)
Expenditure on New/Upgraded Assets		(11,963)	(6,548)
<b>Net cash provided (or used in) investing activities</b>		<u>(12,471)</u>	<u>(6,477)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		24,150	23,400
<u>Payments</u>			
Repayment of Bonds & Deposits		(17)	(5)
Repayments of Borrowings		(14,900)	(23,400)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>9,233</u>	<u>(5)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(230)</u>	<u>306</u>
plus: Cash & Cash Equivalents at beginning of period		580	274
<b>Cash and cash equivalents held at end of period</b>	11a	<u>350</u>	<u>580</u>

Additional Information:

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

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

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# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies

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

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

#### (1) Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 04 October 2022

##### 1.2 Critical Accounting Estimates

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

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

##### 1.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

##### 1.4 Estimates and assumptions

The COVID-19 pandemic had an impact on the 2020/21 financial statements and may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes.

The financial impacts mainly affected during 2020/21 were rate rebates and airport income, a direct result of either Councils response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The ongoing reduction in airport passenger numbers has continued to financially impact airport income in the 2021/22 financial year.

#### (2) The Local Government Reporting Entity

The Corporation of the City of Whyalla is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at Darling Terrace, Whyalla. These financial statements include the Council's operations.

#### (3) Income Recognition

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

Where grants, contributions and donations recognised as incomes 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 incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

\$'000	Cash Payment Received	Annual Allocation	Difference
2019/20	\$4,582	\$4,498	+ \$84
2020/21	\$4,515	\$4,538	- \$23
2021/22	\$6,401	\$4,682	+\$1,647

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

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

#### Construction Contracts

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

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### (4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### (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.

##### 5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

#### 5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

#### (6) Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

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

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

##### 6.2 Materiality

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

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

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$5,000
Buildings - New Construction/Extensions	\$10,000
Open Space Structures	\$10,000
Street Furniture & Playground Equipment	\$5,000
Road Construction & Reconstruction	\$10,000
Paving & Footpaths, Kerbs & Gutters	\$5,000
Drains & Culverts	\$5,000
Reticulation Extensions	\$5,000
Sidelines & Household Connections	\$5,000
Irrigation	\$5,000
Artworks	\$5,000

##### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

##### 6.4 Depreciation of Non-Current Assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 1. Summary of Significant Accounting Policies (continued)

Major depreciation periods for each class of asset are listed 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 Equipment	5 to 8 years
Other Plant & Equipment	5 to 15 years
Street Furniture	10 to 20 years

**Building & Other Structures**

Buildings – Masonry	50 to 100 years
Buildings – Other Construction	20 to 40 years
Buildings – Roofing	40 to 60 years
Buildings – Services	10 to 100 years
Buildings – Interior	20 to 40 years
Buildings – Sub-Structure	50 to 120 years
Buildings – Super Structure	50 to 100 years
Park Structures – Masonry	50 to 100 years
Park Structures – Other Construction	20 to 40 years
Playground Equipment	5 to 20 years

**Infrastructure**

Sealed Roads – Spray Seal Surface	15 to 30 years
Sealed Roads – Spray Seal Sub-Surface	45 to 60 years
Sealed Roads – Bitumen Top Layer	25 to 35 years
Sealed Roads – Bitumen Single/Sub Layer	75 to 100 years
Sealed Roads – Carparks	30 to 40 years
Sealed Roads – Pavement	65 to 100 years
Sealed Roads – Pavement Sub-Base	100 to 400 years
Unsealed Roads	10 to 20 years
Paving & Footpaths, Kerbs & Gutters - Surface	25 to 75 years
Paving & Footpaths, Kerbs & Gutters - Sub-Surface	50 to 150 years
Stormwater - Drains	70 to 100 years
Stormwater - Culverts	70 to 100 years
Stormwater - Flood Control Structures	70 to 100 years
Stormwater - Dams and Reservoirs	70 to 100 years
Stormwater - Bores	20 to 40 years
Stormwater - Reticulation Pipes – PVC	70 to 80 years
Stormwater - Reticulation Pipes – Other	25 to 75 years
Stormwater - Pumps & Telemetry	15 to 25 years
Irrigation - Primary Supply Lines	80 years
Irrigation - Secondary Supply Lines	50 years
Irrigation - Sub-Surface Supply Lines (Tertiary)	25 years
Irrigation - Pump Stations & Controls	15 to 20 years
Irrigation - Sprinklers, Drippers and Valves	15 to 20 years
Irrigation - Miscellaneous	25 to 50 years

**Other Assets**

Artworks	indefinite
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# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

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#### 6.5 Impairment

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

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

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

#### 6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

### (7) Payables

#### 7.1 Goods & Services

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

#### 7.2 Payments Received in Advance & Deposits

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

### (8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

### (9) Employee Benefits

#### 9.1 Salaries, Wages & Compensated Absences

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

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

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

#### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme and other superannuation funds. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

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#### **(10) Provisions for Reinstatement, Restoration and Rehabilitation**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change.

Given there is no air space remaining in the Landfill, all adjustments made to the provision for the capping of landfill cell obligations in future years are recognised through the Statement of Profit and Loss and Other Comprehensive Income for the life of the Provision.

As the future cash outflows are estimates that can materially impact the value of the provision, they will be externally verified once every 5 years. In the intervening years the costs are indexed. The last external review was undertaken by Value Add Ventures as at 30 June 2020.

#### **(11) Leases**

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **11.1 Council as a lessee**

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right-of-Use-Assets**

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### **ii) Lease Liabilities**

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

##### **iii) Short-term leases and leases of low-value assets**

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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

Note 1. Summary of Significant Accounting Policies (continued)

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**(12) GST Implications**

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

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

**(13) New accounting standards and UIG interpretations**

New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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**(14) Comparative Figures**

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

**(15) Disclaimer**

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



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

### Note 2. Income

	2022 \$ '000	2021 \$ '000
<b>(a) Rates</b>		
<b>General Rates</b>		
General Rates	17,845	17,085
Less: Mandatory Rebates	(187)	(183)
Less: Discretionary Rebates, Remissions & Write Offs	(44)	(201)
<b>Total General Rates</b>	<b>17,614</b>	<b>16,701</b>
<b>Other Rates (Including Service Charges)</b>		
Landscape Levy	924	919
Waste Collection	3,968	3,907
<b>Total Other Rates (Including Service Charges)</b>	<b>4,892</b>	<b>4,826</b>
<b>Other Charges</b>		
Penalties for Late Payment	148	118
<b>Total Other Charges</b>	<b>148</b>	<b>118</b>
Less: Discretionary Rebates, Remissions & Write Offs	(268)	(255)
<b>Total Rates</b>	<b>22,386</b>	<b>21,390</b>
<b>(b) Statutory Charges</b>		
Development Act Fees	74	78
Town Planning Fees	51	27
Health & Septic Tank Inspection Fees	6	3
Animal Registration Fees & Fines	228	231
Parking Fines / Expiation Fees	12	5
Other Licences, Fees & Fines	51	34
<b>Total Statutory Charges</b>	<b>422</b>	<b>378</b>
<b>(c) User Charges</b>		
Cemetery/Crematoria Fees	373	306
Hall & Equipment Hire	20	15
Property Lease	344	221
Sales - General	46	56
Subsidies Received on Behalf of Users	731	629
Sundry	215	220
Airport Charges	829	578
Marina Fees	63	51
Child Care Centre	501	398
Waste Fees	123	169
<b>Total User Charges</b>	<b>3,245</b>	<b>2,643</b>

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

### Note 2. Income (continued)

	2022 \$ '000	2021 \$ '000
<b>(d) Investment Income</b>		
Interest on Investments		
- Local Government Finance Authority	12	11
<b><u>Total Investment Income</u></b>	<b>12</b>	<b>11</b>
<b>(e) Reimbursements</b>		
Roadworks	11	61
Private Works	6	1
Other	5	5
<b><u>Total Reimbursements</u></b>	<b>22</b>	<b>67</b>
<b>(f) Other income</b>		
Rebates Received	798	728
Sundry	412	220
Management Other Income	-	27
Finance Debt Collection	91	52
Quarry Income	89	61
<b><u>Total Other income</u></b>	<b>1,390</b>	<b>1,088</b>
<b>(g) Grants, Subsidies, Contributions</b>		
Amounts Received Specifically for New or Upgraded Assets	5,198	4,201
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>	<b>5,198</b>	<b>4,201</b>
Untied - Financial Assistance Grant	5,575	4,155
Roads to Recovery	386	386
Library and Communications	149	154
Sundry	2,900	1,404
<b>Total Other Grants, Subsidies and Contributions</b>	<b>9,010</b>	<b>6,099</b>
<b><u>Total Grants, Subsidies, Contributions</u></b>	<b>14,208</b>	<b>10,300</b>
The functions to which these grants relate are shown in Note 12.		
<b>(i) Sources of grants</b>		
Commonwealth Government	7,090	5,069
State Government	6,935	4,719
Other	183	512
<b>Total</b>	<b>14,208</b>	<b>10,300</b>
<b>(ii) Individually Significant Items</b>		
Other	5,704	3,822
Airport Security and Runway Grants		

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 2. Income (continued)

	2022 \$ '000	2021 \$ '000
<b>(h) Conditions over Grants &amp; Contributions</b>		
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:		
<b>Unexpended at the close of the previous reporting period</b>	978	1,952
<b>Less:</b>		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	(471)	(1,758)
Heritage & Cultural Services	(86)	(15)
Other	(1)	–
<b>Subtotal</b>	<b>(558)</b>	<b>(1,773)</b>
<b>Plus:</b>		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	–	300
Heritage & Cultural Services	35	498
Other	220	1
<b>Subtotal</b>	<b>255</b>	<b>799</b>
<b>Unexpended at the close of this reporting period</b>	<b>675</b>	<b>978</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>	<b>(303)</b>	<b>(974)</b>

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

### Note 3. Expenses

	Notes	2022 \$ '000	2021 \$ '000
<b>(a) Employee costs</b>			
Salaries and Wages		9,770	9,242
Employee Leave Expense		1,585	1,545
Superannuation - Defined Contribution Plan Contributions	18	920	771
Superannuation - Defined Benefit Plan Contributions	18	188	186
Workers' Compensation Insurance		253	257
Less: Capitalised and Distributed Costs		(323)	(155)
<b>Total Operating Employee Costs</b>		<b>12,393</b>	<b>11,846</b>
Total Number of Employees (full time equivalent at end of reporting period)		135	127
<b>(b) Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		21	15
Bad and Doubtful Debts		-	67
Elected Members' Expenses		282	319
Election Expenses		7	7
<b>Subtotal - Prescribed Expenses</b>		<b>310</b>	<b>408</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		6,546	5,111
Energy		1,184	1,161
Insurance		413	377
Maintenance		520	711
Legal Expenses		255	139
Levies Paid to Government - Landscape Levy		924	921
Levies - Other		22	152
Parts, Accessories & Consumables		1,058	959
Professional Services		1,009	1,053
Sundry		3,499	3,592
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>15,430</b>	<b>14,176</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>15,740</b>	<b>14,584</b>

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

Note 3. Expenses (continued)

	2022 \$ '000	2021 \$ '000
<b>(c) Depreciation, Amortisation and Impairment</b>		
<b>(i) Depreciation and Amortisation</b>		
Land Improvements	671	632
Buildings & Other Structures	1,314	1,422
Infrastructure		
- Stormwater Drainage	401	390
- Irrigation Systems	265	246
- Playgrounds	116	116
- Roads & Footpaths	3,295	3,224
- Runway Assets	163	158
Plant & Equipment	509	608
Furniture & Fittings	220	269
Street Furniture	90	78
Landfill Assets	-	117
Other Assets	213	289
<b>Subtotal</b>	<b>7,257</b>	<b>7,549</b>
<b>(ii) Impairment</b>		
- Irrigation Systems	-	1,178
<b>Subtotal</b>	<b>-</b>	<b>1,178</b>
<b>Total Depreciation, Amortisation and Impairment</b>	<b>7,257</b>	<b>8,727</b>
<b>(d) Finance Costs</b>		
Interest on Overdraft and Short-Term Drawdown	205	184
<b>Total Finance Costs</b>	<b>205</b>	<b>184</b>

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

Note 4. Asset Disposal & Fair Value Adjustments

	2022 \$ '000	2021 \$ '000
<b>Infrastructure, Property, Plant &amp; Equipment</b>		
<b>(i) Assets Renewed or Directly Replaced</b>		
Proceeds from Disposal	192	115
Less: Carrying Amount of Assets Sold	(1,626)	(619)
<b>Gain (Loss) on Disposal</b>	<b>(1,434)</b>	<b>(504)</b>
<b>(ii) Assets Surplus to Requirements</b>		
Proceeds from Disposal	–	375
Less: Carrying Amount of Assets Sold	(148)	(638)
<b>Gain (Loss) on Disposal</b>	<b>(148)</b>	<b>(263)</b>
<b>Net Gain (Loss) on Disposal</b>	<b>(1,582)</b>	<b>(767)</b>

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

### Note 5. Current Assets

	2022 \$ '000	2021 \$ '000
<b>(a) Cash &amp; Cash Equivalent Assets</b>		
Cash on Hand at Bank	280	580
Short Term Deposits & Bills, etc.	70	–
<b><u>Total Cash &amp; Cash Equivalent Assets</u></b>	<b><u>350</u></b>	<b><u>580</u></b>
<b>(b) Trade &amp; Other Receivables</b>		
Rates - General & Other	2,240	2,416
Council Rates Postponement Scheme	23	22
Accrued Revenues	2,933	108
Debtors - General	874	958
GST Recoupment	378	491
Prepayments	176	77
Sundry	16	22
<b><u>Subtotal</u></b>	<b><u>6,640</u></b>	<b><u>4,094</u></b>
Less: Allowance for Doubtful Debts	(155)	(155)
<b><u>Total Trade &amp; Other Receivables</u></b>	<b><u>6,485</u></b>	<b><u>3,939</u></b>
<b>(c) Inventories</b>		
Stores & Materials	124	74
Trading Stock	32	23
Real Estate Developments	2,705	2,705
<b><u>Total Inventories</u></b>	<b><u>2,861</u></b>	<b><u>2,802</u></b>

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

Note 6. Non-Current Assets

	2022 \$ '000	2021 \$ '000
<b>Other Non-Current Assets</b>		
<b>Other</b>		
Capital Works-in-Progress	4,910	4,576
<b>Total Other Non-Current Assets</b>	<b>4,910</b>	<b>4,576</b>
<b>Other disclosures</b>		
<b>Real Estate Developments - Current &amp; Non-Current</b>		
(Valued at the lower of cost and net realisable value)		
Industrial & Commercial	2,705	2,705
<b>Total Real Estate for Resale</b>	<b>2,705</b>	<b>2,705</b>
<b>Represented by:</b>		
Acquisition Costs	481	481
Development Costs	2,071	2,071
Finance Costs	153	153
<b>Subtotal</b>	<b>2,705</b>	<b>2,705</b>
<b>Total Real Estate of Resale</b>	<b>2,705</b>	<b>2,705</b>
<b>Apportionment of Real Estate Developments</b>		
Current Assets	2,705	2,705



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

Note 7. Infrastructure, Property, Plant & Equipment

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

	Fair Value Level	as at 30/06/21				Asset movements during the reporting period								as at 30/06/22			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	WIP Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Land	2	6,249	–	–	6,249	–	–	–	–	–	–	–	475	6,724	–	–	6,724
Land	3	25,398	–	–	25,398	190	–	–	–	–	–	–	1,945	27,533	–	–	27,533
Land Improvements	3	27,282	1,952	(9,550)	19,684	1,470	187	(247)	(671)	–	(236)	(1,373)	2,247	31,817	–	(10,755)	21,062
Buildings & Other Structures	2	12,477	–	(8,471)	4,006	–	328	(74)	(193)	–	5	(1,150)	950	13,448	–	(9,575)	3,873
Buildings & Other Structures	3	62,931	620	(37,742)	25,809	3,656	539	(383)	(1,121)	–	3,074	(2,382)	5,306	75,117	–	(40,621)	34,496
Infrastructure																	
- Stormwater Drainage	3	36,549	–	(16,954)	19,595	622	–	–	(401)	–	(106)	(1,327)	2,488	39,553	–	(18,682)	20,871
- Irrigation Systems	3	9,924	–	(2,806)	7,118	27	–	–	(265)	–	–	(246)	796	10,747	–	(3,317)	7,430
- Playgrounds	3	2,325	–	(1,159)	1,166	–	288	(52)	(116)	–	–	(77)	175	2,478	–	(1,093)	1,385
- Roads & Footpaths	3	240,072	–	(80,936)	159,136	482	3,487	(497)	(3,295)	–	(1)	(6,305)	18,184	259,540	–	(88,349)	171,191
- Runway Assets	3	10,380	–	(5,699)	4,681	5,365	322	(297)	(163)	–	(2,979)	(963)	–	11,962	–	(5,996)	5,966
Plant & Equipment		–	5,765	(3,532)	2,233	15	733	(76)	(509)	–	(118)	–	–	–	5,919	(3,642)	2,277
Furniture & Fittings		–	3,375	(2,255)	1,120	41	7	–	(220)	–	3	–	–	–	2,663	(1,712)	951
Street Furniture		–	2,345	(966)	1,379	–	–	–	(90)	–	–	–	–	–	2,272	(983)	1,289
Other Assets		–	7,277	(3,768)	3,509	281	7	(148)	(213)	–	(7)	–	–	–	4,793	(1,364)	3,429
Landfill Assets		–	5,757	(5,757)	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>433,587</b>	<b>27,091</b>	<b>(179,595)</b>	<b>281,083</b>	<b>12,149</b>	<b>5,898</b>	<b>(1,774)</b>	<b>(7,257)</b>	<b>–</b>	<b>(365)</b>	<b>(13,823)</b>	<b>32,566</b>	<b>478,919</b>	<b>15,647</b>	<b>(186,089)</b>	<b>308,477</b>
Comparatives		408,795	42,939	(171,921)	279,813	6,548	4,690	(1,256)	(7,549)	(1,178)	(3,345)	(5,250)	8,611	433,587	27,091	(179,595)	281,083

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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

##### Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

##### Information on Valuations

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

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

**Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets** - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

##### Other Information

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

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

##### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

#### Land, Land Improvements & Playgrounds

- Basis of valuation: Fair Value / Cost
- Date of full valuation: 30 June 2020
- Date of desktop valuation: 30 June 2022
- Valuer: Opteon Pty Ltd and Tonkin Consulting Pty Ltd

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

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

Level 3 classified land and land improvements assets relate to properties where there is an inability or restriction on Council to sell this asset in the open market.

All acquisitions made after the respective dates of valuation are recorded at cost.

#### Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value
- Date of full valuation: 30 June 2020
- Date of desktop valuation: 30 June 2022
- Valuer: Opteon Pty Ltd and Tonkin Consulting Pty Ltd

Buildings have been disclosed as either Fair Value Hierarchy Level 2 valuations or as Fair Value Hierarchy Level 3 valuations, in accordance with AASB 13 Fair Value Measurement.

Building valuations, disclosed as Level 2, are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Building valuations, disclosed as Level 3 have been determined to have no known market for these assets and they are valued at depreciated current replacement cost. This method involves the determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate. This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

All acquisitions made after the respective dates of valuation are recorded at cost.

#### Infrastructure

##### *Roads, Footpaths and Runway Assets*

- Written down current replacement cost
- Date of full valuation: 1 July 2018
- Date of desktop valuation: 30 June 2022
- Valuer: Tonkin Consulting Pty Ltd

All acquisitions made after the respective dates of valuation are recorded at cost.

##### *Stormwater Drainage*

- Written down current replacement cost
- Date of full valuation: 1 July 2018
- Date of desktop valuation: 30 June 2022
- Valuer: Tonkin Consulting Pty Ltd

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

Note 7. Infrastructure, Property, Plant & Equipment (continued)

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*Irrigation*

- Written down current replacement cost
- Date of full valuation: 30 June 2021
- Date of desktop valuation: 30 June 2022
- Valuer: Tonkin Consulting Pty Ltd

All acquisitions made after the respective dates of valuation are recorded at cost.

**Landfill Assets**

All Landfill Assets reached end of life as at 30 June 2021 and are fully depreciated.

**Plant & Equipment**

These assets are recognised on the cost basis.

**All other Assets**

These assets are recognised on the cost basis.

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

Note 8. Liabilities

	2022 Current \$ '000	2022 Non Current \$ '000	2021 Current \$ '000	2021 Non Current \$ '000
<b>(a) Trade and Other Payables</b>				
Goods & Services	1,702	–	4,273	–
Payments Received in Advance	1,379	–	1,660	–
Accrued Expenses - Employee Entitlements	445	–	301	–
Accrued Expenses - Other	155	–	117	–
Deposits, Retentions & Bonds	49	–	66	–
Other	1	–	6	–
<b><u>Total Trade and Other Payables</u></b>	<b><u>3,731</u></b>	<b><u>–</u></b>	<b><u>6,423</u></b>	<b><u>–</u></b>

**(b) Borrowings**

Loans	–	16,250	–	7,000
<b><u>Total Borrowings</u></b>	<b><u>–</u></b>	<b><u>16,250</u></b>	<b><u>–</u></b>	<b><u>7,000</u></b>

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

**(c) Provisions**

Employee Entitlements (including oncosts)	2,719	118	2,595	97
Landfill Capping and Closure	–	946	–	983
Child Care Fundraising	–	10	–	10
<b><u>Total Provisions</u></b>	<b><u>2,719</u></b>	<b><u>1,074</u></b>	<b><u>2,595</u></b>	<b><u>1,090</u></b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 9. Reserves

	as at 30/06/21				as at 30/06/22
	Opening Balance \$ '000	Increments (Decrements) \$ '000	Transfers \$ '000	Impairments \$ '000	Closing Balance \$ '000
<b>(a) Asset Revaluation Reserve</b>					
Land	17,229	2,420	–	–	19,649
Land Improvements	1,982	874	–	–	2,856
Buildings & Other Structures	19,693	2,724	–	–	22,417
Infrastructure					
- Stormwater Drainage	16,972	1,161	–	–	18,133
- Irrigation Systems	–	550	–	–	550
- Playgrounds	1,243	98	–	–	1,341
- Roads & Footpaths	164,691	11,879	–	–	176,570
- Runway Assets	10,037	(963)	–	–	9,074
<b>Total Asset Revaluation Reserve</b>	<b>231,847</b>	<b>18,743</b>	<b>–</b>	<b>–</b>	<b>250,590</b>
Comparatives	229,654	3,361	(1,168)	–	231,847

	as at 30/06/21				as at 30/06/22
	Opening Balance \$ '000	Tfrs to Reserve \$ '000	Tfrs from Reserve \$ '000	Other Movements \$ '000	Closing Balance \$ '000
<b>(b) Other Reserves</b>					
Committed Funds Reserve	978	255	(558)	–	675
<b>Total Other Reserves</b>	<b>978</b>	<b>255</b>	<b>(558)</b>	<b>–</b>	<b>675</b>
Comparatives	1,952	799	(1,773)	–	978

## Purposes of Reserves

## Asset Revaluation Reserves

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

## Committed Funds Reserve

The committed funds reserve is used to record amounts committed for brought forward projects, unexpended grant funds and developer contributions.

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

Note 10. Assets Subject to Restrictions

	2022	2021
	\$ '000	\$ '000
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>		
<b>Cash &amp; Financial Assets</b>		
Other Contributions	12	9
Federal Government	215	471
State Government	448	498
<b>Total Cash &amp; Financial Assets</b>	<b>675</b>	<b>978</b>
<b><u>Total Assets Subject to Externally Imposed Restrictions</u></b>	<b><u>675</u></b>	<b><u>978</u></b>

# The Corporation of the City of Whyalla

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

### Note 11. Reconciliation to Statement of Cash Flows

	Notes	2022 \$ '000	2021 \$ '000
<b>(a) Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total Cash & Equivalent Assets	5	350	580
<b>Balances per Statement of Cash Flows</b>		<b>350</b>	<b>580</b>

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

<b>Net Surplus/(Deficit)</b>		4,694	(231)
<b>Non-Cash Items in Income Statements</b>			
Depreciation, Amortisation & Impairment		7,257	8,727
Non-Cash Asset Acquisitions		(186)	–
Grants for capital acquisitions treated as Investing Activity		(5,198)	(4,201)
Net (Gain) Loss on Disposals		1,582	767
		<b>8,149</b>	<b>5,062</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(2,546)	315
Change in Allowances for Under-Recovery of Receivables		–	66
Net (Increase)/Decrease in Inventories		(59)	17
Net (Increase)/Decrease in Other Assets		–	(132)
Net Increase/(Decrease) in Trade & Other Payables		(2,644)	1,374
Net Increase/(Decrease) in Unpaid Employee Benefits		145	256
Net Increase/(Decrease) in Other Provisions		(37)	(170)
<b>Net Cash provided by (or used in) operations</b>		<b>3,008</b>	<b>6,788</b>

### (c) Financing Arrangements

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

Bank Overdrafts	250	250
Corporate Credit Cards	37	37
LGFA Cash Advance Debenture Facility	26,000	26,000

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

Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.



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

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 12(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Functions/Activities</b>										
Business Undertakings	15	30	10	21	5	9	-	-	34,353	31,601
Community Services	1,716	1,443	3,819	3,644	(2,103)	(2,201)	69	87	16,060	14,505
Culture	199	220	1,468	1,466	(1,269)	(1,246)	174	204	904	904
Economic Affairs	203	192	1,998	1,649	(1,795)	(1,457)	4	-	1,508	1,091
Environment	4,910	4,835	7,832	8,025	(2,922)	(3,190)	117	36	2,444	1,202
Sport & Recreation	343	204	5,483	6,667	(5,140)	(6,463)	40	-	35,227	33,336
Regulatory Services	378	373	2,298	2,743	(1,920)	(2,370)	5	-	168	168
Transport & Communication	3,867	2,245	9,713	8,277	(5,846)	(6,032)	3,025	1,606	213,389	193,074
Council Administration	24,856	22,134	2,974	2,849	21,882	19,285	5,576	4,166	19,030	17,099
<b>Total Functions/Activities</b>	<b>36,487</b>	<b>31,676</b>	<b>35,595</b>	<b>35,341</b>	<b>892</b>	<b>(3,665)</b>	<b>9,010</b>	<b>6,099</b>	<b>323,083</b>	<b>292,980</b>

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

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

#### **Business Undertakings**

Property Portfolio, Private Works, Tourism, and Other Economic Development.

#### **Community Services**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control - Health, Immunisation, Preventative Health Services, Other Health Services, Community Support, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centre, Children and Youth Services, Community Assistance, Family and Neighbourhood Support and Other Community Support. Community Amenities, Bus Shelters, Cemeteries/Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunication Networks and Other Community Amenities.

#### **Culture**

Library Services, Mobile Libraries and Housebound Services, Other Library Services, Cultural Services and Venues, Heritage, Museums and Art Galleries, Other Cultural Services.

#### **ECONOMIC AFFAIRS**

Employment Creation Programs, Regional Development, Support to Local Businesses, Other Economic Development.

#### **Environment**

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Pest Control, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy and Other Environment.

#### **SPORT & RECREATION**

Jetties, Marine Facilities, Parks and Gardens, Marinas & Boat Harbours, Sports Facilities – Indoor, Sports Facilities - Outdoor, Swimming Centres - Indoors, Other Recreation and Sporting Facilities.

#### **Regulatory Services**

Dog and Cat Control, Building Control, Town Planning, Litter Control, Health Inspection, Parking Control and Other Regulatory Services.

#### **TRANSPORT & COMMUNICATION**

Aerodrome, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – Roads (formula funded) and Other Transport.

#### **Council Administration**

Governance, Administration, N.E.C., Elected Members, Organisational, Support Services, Accounting / Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 13. Financial Instruments

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#### Recognised Financial Instruments

##### Bank, Deposits at Call, Short Term Deposits

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between 0.10% and 1.05% (2021: 0.00% and 0.30%). Short term deposits have an average maturity of 1 day and an average interest rate of 1.05% (2021: 1 day and 0.35%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

##### Receivables - Rates & Associated Charges

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 5.80% (2021: 5.05%). 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:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

##### Receivables - Other Levels of Government

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value.

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

#### 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 - Interest Bearing Borrowings

##### Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

##### Terms & Conditions:

Secured over future revenues, borrowings are repayable and interest is charged at fixed and variable rates between 1.55% and 2.80% (2021: 1.30% and 2.05%).

##### Carrying Amount:

Approximates fair value.

#### Liabilities - Leases

##### Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

	Due < 1 year \$ '000	Due > 1 year & ≤ 5 years \$ '000	Due > 5 years \$ '000	Total Contractual Cash Flows \$ '000	Carrying Values \$ '000
<b>2022</b>					
<b>Financial Assets</b>					
Cash & Cash Equivalents	350	–	–	350	350
Receivables	6,640	–	–	6,640	6,640
<b>Total Financial Assets</b>	<b>6,990</b>	<b>–</b>	<b>–</b>	<b>6,990</b>	<b>6,990</b>
<b>Financial Liabilities</b>					
Payables	3,130	–	–	3,130	3,130
Non-Current Borrowings	12,750	3,500	–	16,250	16,250
<b>Total Financial Liabilities</b>	<b>15,880</b>	<b>3,500</b>	<b>–</b>	<b>19,380</b>	<b>19,380</b>
<b>2021</b>					
<b>Financial Assets</b>					
Cash & Cash Equivalents	580	–	–	580	580
Receivables	4,094	–	–	4,094	4,094
<b>Total Financial Assets</b>	<b>4,674</b>	<b>–</b>	<b>–</b>	<b>4,674</b>	<b>4,674</b>
<b>Financial Liabilities</b>					
Payables	6,005	–	–	6,005	6,005
Non-Current Borrowings	3,500	3,500	–	7,000	7,000
<b>Total Financial Liabilities</b>	<b>9,505</b>	<b>3,500</b>	<b>–</b>	<b>13,005</b>	<b>13,005</b>

continued on next page ...

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 13. Financial Instruments (continued)

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

	2022		2021	
	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000
Overdraft	6.55%	–	6.47%	–
Other Variable Rates	2.32%	16,250	1.63%	7,000
		<u>16,250</u>		<u>7,000</u>

#### Net Fair Value

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

#### Risk Exposures

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

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

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

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

#### Expected Credit Losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Set out below is the movement in the allowance for expected credit losses:

	2022 \$ '000	2021 \$ '000
As at 1 July	155	221
Provisions	17	61
Write off	–	(123)
Less reversals	(5)	(4)
Other movements	(12)	–
<b>As at 30 June</b>	<u>155</u>	<u>155</u>

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

### Note 14. Capital Expenditure and Investment Property Commitments

	2022 \$ '000	2021 \$ '000
<b>(a) Capital Commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Land Improvements	691	212
Buildings	1,145	785
Infrastructure	1,815	3,561
Plant & Equipment	580	437
Other	–	171
	<u>4,231</u>	<u>5,166</u>
<b>These expenditures are payable:</b>		
Not later than one year	4,231	5,166
	<u>4,231</u>	<u>5,166</u>
<b>(b) Other Expenditure Commitments</b>		
<b>Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:</b>		
Audit Services	60	77
Waste Management Services	8,164	12,287
Other Maintenance Contracts	1,659	341
Other	8,900	1,431
	<u>18,783</u>	<u>14,136</u>
<b>These expenditures are payable:</b>		
Not later than one year	4,829	3,743
Later than one year and not later than 5 years	13,954	9,813
Later than 5 years	–	580
	<u>18,783</u>	<u>14,136</u>

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

Note 15. Financial Indicators

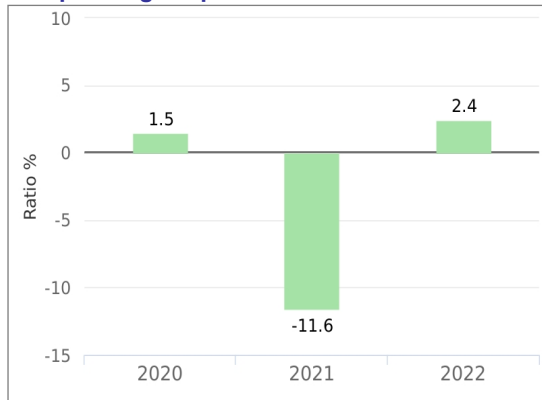
	Indicator 2022	Indicators 2021	Indicators 2020
<p>Financial Indicators overview <i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i></p>			
<b>1. Operating Surplus Ratio</b>			
Operating Surplus	<b>2.4%</b>	(11.6)%	1.5%
Total Operating Income			
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>			
<b>2. Net Financial Liabilities Ratio</b>			
Net Financial Liabilities	<b>46%</b>	40%	33%
Total Operating Income			
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i></p>			
<b>Adjusted Operating Surplus Ratio</b>			
Operating Surplus	<b>(2.1)%</b>	(11.5)%	1.3%
Total Operating Income			
<b>Adjustments to Ratios</b>			
<p><i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i></p>			
<b>Adjusted Net Financial Liabilities Ratio</b>			
Net Financial Liabilities	<b>57%</b>	47%	41%
Total Operating Income			
<b>3. Asset Renewal Funding Ratio</b>			
Asset Renewals	<b>62%</b>	61%	188%
Infrastructure & Asset Management Plan required expenditure			
<p><i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i></p>			

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

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



**Purpose of operating surplus ratio**

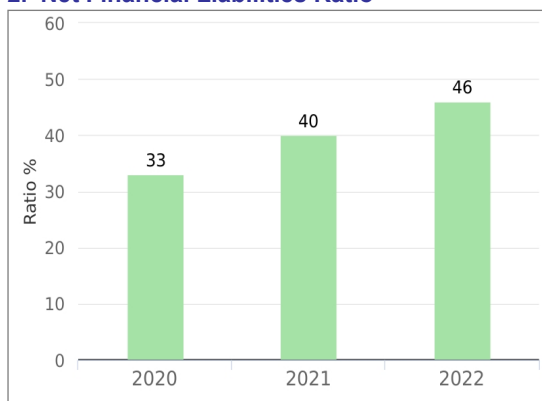
This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2021/22 result**

2021/22 ratio 2.4%

Council are currently in a deficit position, however this result is an improvement on the adopted budget, even after taking into account the additional Financial Assistance Grants received in advance.

2. Net Financial Liabilities Ratio



**Purpose of net financial liabilities ratio**

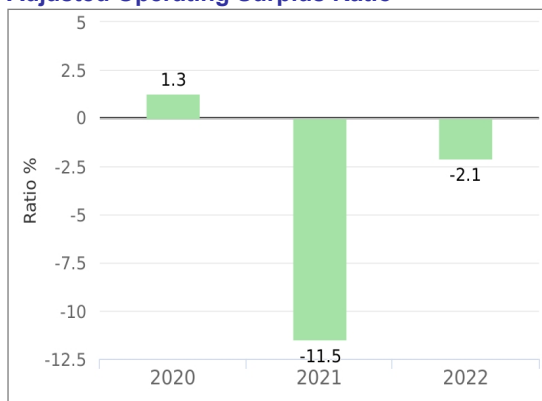
This indicator shows the significance of the net amount owed to others, compared to operating revenue

**Commentary on 2021/22 result**

2021/22 ratio 46%

In accordance with Councils' Treasury Management Policy, funds are borrowed in accordance with the capital expenditure requirements as set out in the Budget and Long Term Financial Plan. Borrowings have increased over the last year and are expected to peak over the next few financial years.

Adjusted Operating Surplus Ratio



**Purpose of adjusted operating surplus ratio**

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

**Commentary on 2021/22 result**

2021/22 ratio (2.1)%

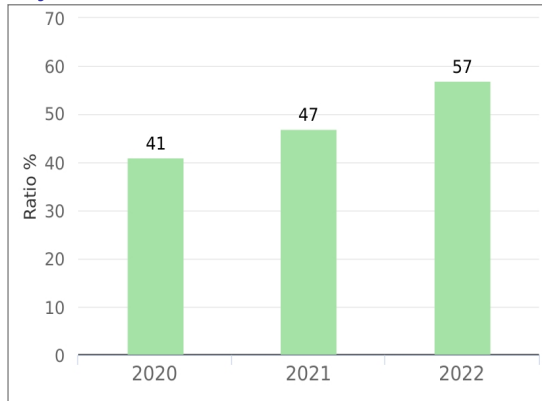
This ratio removes the effects of timing differences in financial assistance grant payments. There was a large impact this year, as the Federal Government moved from paying two quarters in advance to three.



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

Note 15. Financial Indicators (continued)

**Adjusted Net Financial Liabilities Ratio**



**Purpose of adjusted net financial liabilities ratio**

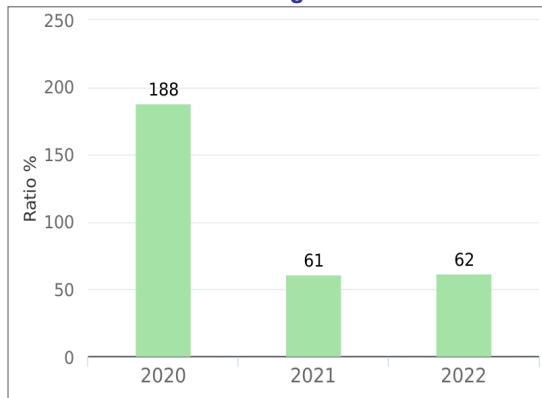
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

**Commentary on 2021/22 result**

**2021/22 ratio 57%**

This ratio removes the effects of timing differences in financial assistance grant payments. It shows that the current payment of three quarters in advance has the effect of reducing Council's Net Financial Liabilities Ratio by approximately 11%.

**3. Asset Renewal Funding Ratio**



**Purpose of asset renewal funding ratio**

This indicator aims to determine if assets are being renewed and replaced in an optimal way

**Commentary on 2021/22 result**

**2021/22 ratio 62%**

This ratio is lower than expected for this year, as a number of renewal projects were retimed for completion in 2022/23, including major plant purchases that could not be delivered due to product backlogs. In addition, a smaller portion of the Airport Runway project was classified as Renewal than previously predicted, with much of it being classified as Upgrade.

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

### Note 16. Uniform Presentation of Finances

	2022 \$ '000	2021 \$ '000
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	36,487	31,676
less Expenses	(35,595)	(35,341)
<b>Operating Surplus / (Deficit)</b>	<b>892</b>	<b>(3,665)</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(5,898)	(4,620)
add back Depreciation, Amortisation and Impairment	7,257	8,727
add back Proceeds from Sale of Replaced Assets	192	115
	<b>1,551</b>	<b>4,222</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(11,963)	(6,548)
add back Amounts Received Specifically for New and Upgraded Assets	5,198	4,201
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	–	375
	<b>(6,765)</b>	<b>(1,972)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(4,322)</b>	<b>(1,415)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 17. Leases

## Council as a lessor

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 2.

**Investment Property**

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

	2022 \$ '000	2021 \$ '000
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	239	230
Later than one year and not later than 5 years	481	437
Later than 5 years	450	397
	1,170	1,064

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 18. Superannuation

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

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.0% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) Members**

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

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 April 2022. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Councils' contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

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

# The Corporation of the City of Whyalla

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 19. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

#### 1. Land under roads

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

At reporting date, Council controlled **353** km of road reserves of average width **20** metres.

#### 2. Potential insurance losses

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

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

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

#### 3. Bank guarantees

Council has no bank guarantees.

#### 4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of any appeals against planning decisions made prior to reporting date.

Council is responsible for the operations of the Mount Laura and, previously, the Newton Street landfill sites. The cost of Councils' obligations in relation to the Mount Laura site has been included in Note 8. The Newton Street site is monitored and costs are expensed on an annual basis. Requirements for future restorations have not been identified as at 30 June 2022. If applicable, once identified, the amount will be included and amortised on an annual basis.

### Note 20. Events after the Balance Sheet Date

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

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

## Note 21. Related Party Transactions

## Key Management Personnel

## Transactions with Key Management Personnel

The key management personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all 31 persons were paid the following total compensation

	2022 \$ '000	2021 \$ '000
<b>The compensation paid to Key Management Personnel comprises:</b>		
Short-Term Employee Benefits	3,037	2,880
Post-Employment Benefits	235	262
Long-Term Benefits	227	247
Termination Benefits	13	76
<b>Total</b>	<b>3,512</b>	<b>3,465</b>

## Receipts from Key Management Personnel comprise:

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

Planning and Building Application Fees	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

Six key management personnel and relatives own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. The total amount purchased from these businesses for the 2021/22 financial year was \$73,776, with aggregate purchases from four of these individual business exceeding \$5,000 during the year.

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

Three key management personnel or close family members (including related parties) lodged a total of three Planning and Building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

Three planning and building approvals, with and without conditions, was granted during the year. Total fees for these applications (all of which are payable on lodgement) amounted to \$1,443.

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## Independent Auditor's Report

### To the members of the Corporation of the City of Whyalla

#### Opinion

We have audited the accompanying financial report of the Corporation of the City of Whyalla (the Council), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

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

#### Basis for Opinion

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

#### Council's Responsibility for the Financial Report

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

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

#### Auditor's Responsibilities for the Audit of the Financial Report

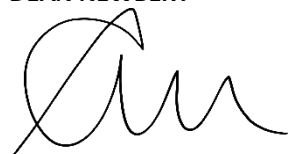
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

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

**DEAN NEWBERY**



**Samantha Creten**  
Partner

Signed on the 7<sup>th</sup> day of October 2022,  
at 214 Melbourne Street, North Adelaide



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## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CORPORATION OF THE CITY OF WHYALLA

### Opinion

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

### Basis for opinion

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

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

### The Council's Responsibility for the Internal Controls

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

### Our Independence and Quality Control

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

### Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

### Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### Limitations of Controls

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

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

**DEAN NEWBERY**



**SAMANTHA CRETEN**  
**PARTNER**

Signed on the 7<sup>th</sup> day of October 2022  
at 214 Melbourne Street, North Adelaide, South Australia, 5006

# The Corporation of the City of Whyalla

## General Purpose Financial Statements

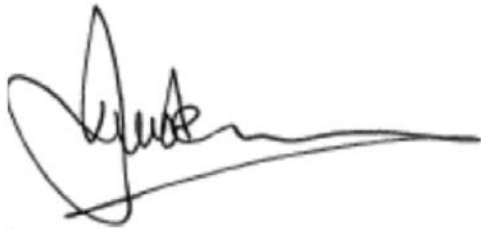
for the year ended 30 June 2022

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### Certification of Auditor Independence

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

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



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**Justin Commons**  
Chief Executive Officer



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**Alan Rushbrook**  
Presiding Member, Audit Committee

**Date: 04 October 2022**

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## Certification of Auditor's Independence

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

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



**SAMANTHA CRETEN**

**Partner**

**DEAN NEWBERY**

**Dated this 7<sup>th</sup> day of October 2022**