CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

Mayor L Breuer	Cr T Antonio
Cr C Carter	Cr T Breuer
Mr J Hayward	Mr S Coates

NOTICE OF INFORMAL GATHERING

NOTICE is hereby given pursuant to Section 90(8a) of the Local Government Act 1999, than an **INFORMAL GATHERING** will be held in the Council Chamber, Darling Terrace, Whyalla on **THURSDAY 15 SEPTEMBER 2016** commencing at 11.00 am.

Items for discussion:

- Action Report
- Draft: General Purpose Financial Report – Year Ended 30 June 2016

Reports and Annexures contained under separate cover within the Audit Committee Agenda.

MIGELLE HISCOCK
ACTING CHIEF EXECUTIVE OFFICER

8 September 2016

CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

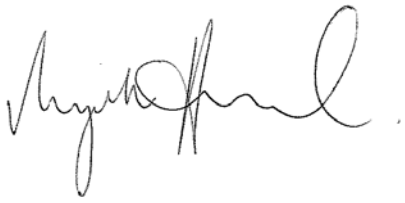
Mayor L Breuer
Cr T Breuer
Mr S Coates
Cr C Carter
Mr J Hayward

NOTICE OF AUDIT COMMITTEE MEETING

TO HER WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 126 of the Local Government Act that the Audit Committee Meeting will be held in the Council Chamber, Darling Terrace, Whyalla on **THURSDAY 15 SEPTEMBER 2016** at 2.00 pm.

A copy of the Agenda for the above meeting is supplied as required.



MIGELLE HISCOCK
ACTING CHIEF EXECUTIVE OFFICER

Dated: 8 September 2016

AGENDA

1. ATTENDANCE RECORD

Apologies – Mayor L Breuer
Leave of Absence – Nil

2. DECLARATION OF MEMBERS' CONFLICT OF INTERESTS

3. MINUTES OF PREVIOUS MEETING – For Information *Page 4*

Resolved by Council at a Council Meeting held on Monday 18 July 2016

4. REPORTS – COUNCIL OFFICERS

4.1 Acting Group Manager Finance and Corporate – Ordinary Reports

4.1.1 Action Report *Page 7*

Recommendation

That the September 2016 Action Report, as submitted by the Acting Group Manager Finance and Corporate, be received and noted.

Annexures A-B

4.1.2 Draft: General Purpose Financial Report – Year Ended 30 June 2016 *Page 13*

Recommendation

That, pursuant to Section 126(4) of the Local Government Act 1999, the Audit Committee advises that subject to the finalisation of matters raised at the Audit Committee Workshop, including late accrual adjustments, it has reviewed the Annual Financial Statements and confirms that they:

- **give a fair view of the city's financial position;**
- **comply with Accounting Standards and Pronouncements; and**
- **comply with the Local Government Act and Financial Regulations.**

Annexure A

5. INFORMATION REPORTS – Nil

6. OTHER URGENT BUSINESS

7. CONSIDERATION OF CONFIDENTIAL ITEMS – Nil

8. CLOSURE

9. DATE OF NEXT MEETING – to be advised

MINUTES OF THE AUDIT COMMITTEE MEETING

HELD ON MONDAY 27 JUNE 2016 AT 3.00 PM IN THE COUNCIL CHAMBER

PRESENT: Mr S Coates (Chair), Acting Mayor T Antonio, Crs C Carter, T Breuer and Mr J Hayward

OBSERVERS:

Acting Chief Executive Officer *(Mrs M Hiscock)*
Group Manager Finance and Corporate *(Mrs M Tucker)*
Senior Finance Officer *(Mrs S Vigar)*

1. Attendance Record

Apologies – Nil
Leave of Absence – Nil

2. Declaration of Members' Conflict of Interests – Nil

3. Minutes of Previous Meeting – 17 May 2016

3.1 Confirmation of the Minutes of the previous Audit Committee Meeting held on Tuesday 17 May 2016

(Recommendations by the Audit Committee adopted at the Council Meeting held on Monday 23 May 2016)

Moved Cr Carter, seconded Acting Mayor Antonio

AC173-2016

That the Minutes of the previous Audit Committee Meeting held on Tuesday 17 May 2016, as circulated, be confirmed.

Carried Unanimously

4. Management Reports

4.1 Group Manager Finance and Corporate – Ordinary Report

4.1.1 Action Report

Moved Cr Carter, seconded Acting Mayor Antonio

AC174-2016

That:

- the June 2016 Action Report, as submitted by the Group Manager Finance and Corporate, be received and noted; and
- the Audit Committee Work Program, as finalised during the Informal Gathering, be adopted.

Carried Unanimously

4.2 Senior Finance Officer – Ordinary Reports

4.2.1 Activity Based Costing

Moved Mr Hayward, seconded Cr Breuer

AC175-2016

That the report be received and noted.

Carried Unanimously

4.2.2 Draft Accounting Policy and Supporting Procedures for Assets, Liabilities, Cash and General Treatments

Moved Mr Hayward, seconded Cr Carter

AC176-2016

That the Audit Committee release the Draft Accounting Policy for public consultation in accordance with Council's Public Consultation Policy, and after which time, if no substantive submissions have been received from the public, the policy be adopted.

Carried Unanimously

4.2.3 Internal Controls

Moved Cr Breuer, seconded Mr Hayward

AC177-2016

That the report be received and noted.

Carried Unanimously

5. Information Reports – Nil

6. Other Urgent Business

6.1 Audit Committee – Terms of Reference

Moved Cr Breuer, seconded Cr Carter

AC178-2016

That the Audit Committee recommend the following minor amendments to Page 1 of its Terms of Reference, as follows:

- dot point 1.2 – remove *"may"*; and
- the *"Membership"* be listed by position and not name.

Carried Unanimously

7. Consideration of Confidential Items – Nil

8. Closure

The Chair declared the meeting closed at 3.05 pm

9. Date of Next Meeting – Thursday 15 September 2016

REPORT FOR	**AUDIT COMMITTEE MEETING**
MEETING DATE	**15/09/2016**
FILE NO.	**0-209, 0-159, 5-4**
RESPONSIBLE GROUP MANAGER	**ACTING GROUP MANAGER FINANCE AND CORPORATE**
SMP GOAL	**CIVIC LEADERSHIP AND ORGANISATIONAL DEVELOPMENT**
SMP KEY ISSUE	**4.7**
ITEM 4.1.1	**ACTION REPORT**

SUMMARY

This report details the specific actions taken in respect to all motions of the Audit Committee, the Audit Committee Work Program and the Auditors Correspondence Action list.

RECOMMENDATION

That the September 2016 Action Report, as submitted by the Acting Group Manager Finance and Corporate, be received and noted.

GOVERNANCE

- **Strategic Management Plan**

  Goal 4 Civic Leadership and Organisational Development

  Desired Outcome 4.7 – The Whyalla Community will have confidence in Council's governance

- **Legislation** – Nil

- **Sustainability**

  ☐ Economic

  ☐ Social

  ☐ Environmental

  ☒ Governance

- **Budget** – Nil

- **Executive Management Report Review**
  (The following Group Managers have reviewed the report under reference)

ACEO	*AGMFC*	*GMCDD*	*AGMC*	*AGMEI*

BACKGROUND

A summary of actions undertaken relating to the three key action areas for the Audit Committee is provided to assist the Committee in their monitoring of activities within their responsibility.

DISCUSSION

Work Program

The Work Program for 2016/17 is attached at **Annexure "A"**. The internal audit program will be reviewed in consultation with the external auditors following the end of year audit.

Resolution Action List

Information on the actions taken in relation to each resolution of the Audit Committee are summarised in **Annexure "B"**.

Auditors Correspondence Action List

No correspondence has been received since the previous Audit Committee meeting. A new Action List will be presented after receipt of the Balance Date Audit letter.

ANNEXURES

Annexure A – Audit Committee Work Program (2016/17)
Annexure B – Audit Committee Action List

REPORT AUTHOR

Sandra Vigar
Acting Group Manager Finance and Corporate

CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

Terms of Reference	Proposed Activity	Audit Committee Next Review Date	Follow up Actions	Date Reviewed/ Completed	Responsible Council Officer
Financial Reporting	• Review annual financial statements as required by Section 126(4)(a) of Local Government Act prior to its presentation to Council for adoption.	September 2016			GMF&C

Financial Reporting	• Monitor integrity of Financial reports of the Council including:
	  • Budget Review
	  • LTFP
	  • Infrastructure Asset Management Plans
		April 2017			SFO

Financial Reporting	• Consider and review where necessary the consistency of improvement to and /or any changes to, accounting policies.	April 2017			SFO
Financial Reporting	• Review and report to Council likely impact on ongoing financial sustainability due to changes in Strategic Management Plans.	April 2017			GMF&C
Annual Business Plan	• Ensure Annual Business Plan conforms to LGA template.	April 2017			CEO, EMT, GMF&C
Annual Business Plan	• Comment on draft Business Plan prior to its formal consideration for adoption by Council.	April 2017			CEO
Annual Business Plan	• Recommend appropriate targets for Key Performance Indicators to Council.	April 2017			GMF&C

DRAFT

CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

Terms of Reference	Proposed Activity	Audit Committee Next Review Date	Follow up Actions	Date Reviewed/ Completed	Responsible Council Officer
Annual Business Plan	• Review budget papers before their presentation to Council.	April 2017			CEO
Internal Audit	• Review internal audit program for 2015-16 to assess extent and relevance to current requirements. • Review annual internal audit plan along with timing and scope.	~~Sept~~ Nov 2016 ~~Sept~~ Nov 2016	Review date has been change to incorporate comments received by the external Auditor at the Balance Date Audit		GMF&C EMT
Internal Audit	• Monitor and review actions arising out of internal audit findings.	As required			GMF&C
Internal Audit	• Keep under review the effectiveness of the Council's internal controls and risk management and governance systems.	As required			GMF&C
Internal Audit	• Review and recommend the approval, where appropriate of statements to be included in the annual report concerning internal controls, governance and risk management.	Sept 2016			SFO
External Audit	• Ensure appointment arrangement for external auditor conforms with legislative provisions.	Next Due 2020			

DRAFT

CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

Terms of Reference	Proposed Activity	Audit Committee Next Review Date	Follow up Actions	Date Reviewed/ Completed	Responsible Council Officer
External Audit	• Meet with Council's external auditor.	Sept 2016	External Auditor in attendance at Audit committee meeting	Completed	GMF&C
External Audit	• Review correspondence with auditors regarding audit findings.	As required			SFO
External Audit	• Monitor actions proposed in the correspondence with auditors.	As required			CEO
Internal Controls	• Review outcomes of Governance Audit.	December 2016			EMT
Risk Management	• Review Business Continuity Plan and Disaster Management Action Plans.	December 2016			EMT
Risk Management	• Council Risk Plan for 2015-18 • Strategic Risk Plan for 2015-18	December 2016			GMF&C
Whistle-blowing	• Survey and report to Committee the adequacy and awareness of the current whistle-blowing arrangements.	September 2016			EMT

DRAFT

Audit Committee Resolutions – Action Report

Motion No.	Resolution	Actioned By	Completed/Ongoing Actions	Expected Completion Date	Comments
AC117-2013 26/03/2014	**Operational Efficiency Audit** That a cross-functional team be set up to undertake a project scoping exercise aimed at identifying those activities to be included in the process and the resources needed to undertake the review and to ultimately design the scope of the internal audit process.	GMF&C	Set up team Identify processes to be subject to audit Develop audit schedule First audits to Committee	Dec 2016	
AC124-2014	**Asset Disposal** That a report be prepared recommending to Council those assets that will not be replaced and subsequently recognised at disposal value.	GMF&C GME&I		Nov ~~Oct~~ 2016	AC124-2014
AC176-2016	**Accounting Policy** That the Audit Committee release the Draft Accounting Policy for public consultation in accordance with Council's Public Consultation Policy, and after which time, if no substantive submissions have been received from the public, the policy be adopted.	SFO	Completed and Adopted by Council	July 2016	
AC178-2016	**Terms of Reference** That the Audit Committee recommend the following minor amendments to Page 1 of its Terms of Reference, as follows: dot point 1.2 – remove *"may"*; and the *"Membership"* be listed by position and not name.	SFO	TOR Updated	June 2016	

**** Items marked in red are completed.***

ANNEXURE "B" Page 12

REPORT FOR	**AUDIT COMMITTEE MEETING**
MEETING DATE	**15/09/2016**
FILE No.	**0-209, 0-159**
RESPONSIBLE MANAGER	**ACTING GROUP MANAGER FINANCE AND CORPORATE**
SMP GOAL	**SOUND FINANCIAL AND ASSET MANAGEMENT**
SMP KEY ISSUE	**5.2**
ITEM 4.1.2	**DRAFT: GENERAL PURPOSE FINANCIAL REPORT – YEAR ENDED 30 JUNE 2016**

SUMMARY

To provide the Audit Committee with the opportunity to review the Audited Financial Statements prior to their finalisation and submission to Council.

RECOMMENDATION

That, pursuant to Section 126(4) of the Local Government Act 1999, the Audit Committee advises that subject to the finalisation of matters raised at the Audit Committee Workshop, including late accrual adjustments, it has reviewed the Annual Financial Statements and confirms that they:

- **give a fair view of the city's financial position;**
- **comply with Accounting Standards and Pronouncements; and**
- **comply with the Local Government Act and Financial Regulations.**

GOVERNANCE

- **Strategic Management Plan**

  Goal 5 – Sound Financial and Asset Management

  Desired Outcome 5.3 – Council is inclusive in its financial governance: maintain a collaborative and interactive relationship with the Audit Committee

- **Legislation** – Nil

Sustainability

- ☐ Economic
- ☐ Social
- ☐ Environmental
- ☐ Governance

- **Budget** – Nil

- **Executive Management Report Review**
  (The following Group Managers have reviewed the report under reference)

ACEO	*AGMFC*	*GMCDD*	*GMC*	*AGMEI*

BACKGROUND

Under the Local Government Act 1999 Section 127, a Council is required to prepare financial statements and be subject to scrutiny by Councils' nominated Auditor. Statements have been prepared, and prior to finalisation, are now presented for the Audit Committees' endorsement (refer **Annexure "A"**).

DISCUSSION

The auditors' report reviews the end of year General Purpose Financial Reports including the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows to ensure they are in accordance with the Local Government Act 1999 and the Local Government Regulations 2011 (Financial Management) including:

- giving a true and fair view of the city's financial position;
- compliance with Australian Accounting Standards and interpretations;
- complying with the Local Government Act 1999 and the Local Government Regulations (Financial Management) 2011; and
- where applicable, are in accordance with provisions for subsidiaries.

Comprehensive Statement of Income

The financial statements indicate that the annual operating deficit is ($1,264,376). When adjusting for the advance payment of the 2015/16 financial assistance and OPAL funds received in June 2014 totaling $2,202,176, the underlying operating result is a surplus of $937,800. This represents a decrease in the March Review deficit of approximately $933,633. The underlying net surplus, taking into account the effects of advance grant payments, results in an underlying surplus of $937,800.

The difference between the March adopted position and the actual result relates to a range of income and expense items that are summarised in the table below.

INCOME STATEMENT				
Description	Balance Date	March Review	Variance	Faourable / Unfavourable
Rates	$ 19,305,427	$ 19,025,308	$ 280,119	Favourable
Statutory Charges	$ 337,425	$ 330,285	$ 7,140	Favourable
User Charges	$ 3,977,266	$ 3,973,236	$ 4,030	Favourable
Grants/Subsidies	$ 2,424,879	$ 2,716,167	$ (291,288)	Unfavourable
Investment Inc	$ 33,612	$ 29,028	$ 4,584	Favourable
Reimbursement	$ 40,499	$ 146,885	$ (106,386)	Unfavourable
Other Revenues	$ 1,265,165	$ 1,360,045	$ (94,880)	Unfavourable
Total Revenue	**$ 27,384,273**	**$ 27,580,954**	**$ (196,681)**	**Favourable**
Wages	$ 9,660,541	$ 10,258,646	$ 598,105	Favourable
Contract/Material/Other	$ 11,975,463	$ 12,478,275	$ 502,812	Favourable
Depreciation	$ 6,749,956	$ 6,751,717	$ 1,761	Favourable
Finance	$ 262,689	$ 290,325	$ 27,636	Favourable
Total Expenses	**$ 28,648,649**	**$ 29,778,963**	**$ 1,130,314**	**Favourable**
Deficit	**$ (1,264,376)**	**$ (2,198,009)**	**$ 933,633**	**Favourable**
Advance Funds Received June 15	**$ 2,202,176**	**$ 2,202,176**	**$ -**	**-**
Underlying Surplus	**$ 937,800**	**$ 4,167**	**$ 933,633**	**Favourable**

All fourth quarter variances will be formally reported to Council in the June Budget Review report and all necessary adjustments for brought forward items will be included in the Capital Works Program Update in the September Budget Review report.

Balance Sheet

The result of the activities of the Council for the year ending 30 June 2016 translate into a decrease in equity from $239,983,977 to $232,738,529.

Assets

Assets were last revalued as at 30 June 2014, with a desktop valuation completed as at 30 June 2016. Capital expenditure for the 2015/16 financial year has been added at cost price.

Cash Flow Statement

While other statements present information on an accrual basis, ultimately, liquidity is based on available cash. Therefore, this statement removes the effect of accruals and sets out the cash received and the total cash paid out during the year. Total cash as at 30 June 2016 is $703,375, and includes grant and developer funds kept under legislation or agreement.

Financial Indicators

The above statements and accompanying notes contain significant detail which may be difficult to interpret. The Local Government Association (LGA) has developed a range of financial indicators to assist users to understand the information presented. They are included as Note 15 of the Financial Statements. Comments are made below in regard to the results for these indicators for the period ending 30 June 2016.

This assessment of performance considers actual results adjusted for the effect of the advance payment of financial assistance funding.

Key Performance Indicators	Adopted Budget	Projected March Review	Draft Actual 30 June 2016
Operating Surplus / (Deficit)	$ (2,236,941)	$ (2,198,009)	$ (1,264,376)
Operating Surplus Ratio*	(12%)	(8%)	(5%)
Net Financial Liabilities Ratio	47.4%	45.4%	34%
Asset Sustainability Ratio	23%	21%	61%
Underlying Position	**Adopted Budget**	**Projected**	**Actual**
Operating Surplus / (Deficit)	$ (34,765)	$4,167	$937,800
Operating Surplus Ratio	0%	0%	3%

Operating Surplus / Deficit Ratio

In previous years, this ratio expressed the operating surplus as a percentage of general and other rates, net of the NRM levy. Revised formulas have been introduced for the 2015/16 financial year and the ratio expresses the operating surplus as a percentage of total operating revenue. Previous years ratios have been recalculated using the new formula. Councils' current target range is between 2.5% and 7.5%. This will need to be reviewed giving consideration to the revised formula.

The difference between reported and March Review relates to reductions in income and expenses.

Net Financial Liabilities Ratio

The net financial liabilities ratio has reduced in the current year resulting in a minor reduction in short term borrowings at the end of the year. Council's result of 34% is within the target range for this indicator, currently set to between 0% and 50%.

Asset Sustainability Ratio

This year, Council replaced/renewed 61% of the asset renewal requirements as set out in the Asset Management Plans, compared to 85% and 169% in the previous two years. As Council's Asset Management Plans evolve, it is more appropriate to assess this area of performance against renewal levels/requirements set out within those Plans. This measures "what we did" against "what we needed to do".

During 2015/16, Council's renewal/replacement rate of 61% is below the target of between 90% and 110%.

ANNEXURES

Annexure A – Draft General Purpose Financial Report

REPORT AUTHOR

Sandra Vigar
Acting Group Manager Finance and Corporate

Annexure "A"

Draft

THE CORPORATION OF THE CITY OF WHYALLA

GENERAL PURPOSE FINANCIAL REPORTS

FOR THE YEAR ENDING 30 JUNE 2016

THE CORPORATION OF THE CITY OF WHYALLA

General Purpose Financial Reports
for the year ended 30 June 2016

TABLE OF CONTENTS

	Page
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6 -12
Note 2 - Income	13-15
Note 3 - Expenses	16-17
Note 4 - Asset Disposal & Fair Value Adjustments	18
Note 5 - Current Assets	19
Note 6 - Non-Current Assets	20
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	21-25
Note 8 - Liabilities	26
Note 9 - Reserves	27
Note 10 - Assets Subject to Restrictions	28
Note 11 - Reconciliation of Cash Flow Statement	29
Note 12 - Functions	30-31
Note 13 - Financial Instruments	32-33
Note 14 - Expenditure Commitments	34
Note 15 - Financial Indicators	35
Note 16 - Uniform Presentation of Finances	36
Note 17 - Operating Leases	37
Note 18 - Superannuation	38
Note 19 - Assets & Liabilities not Recognised	39
Note 20 - Events Occurring After Reporting Date	40
Audit Report - Financial Statements	41
Audit Report - Internal Controls	42
Council Certificate of Audit Independence	43
Audit Certificate of Audit Independence	44

Draft

THE CORPORATION OF THE CITY OF WHYALLA

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

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 Councils' financial position at 30 June 2016 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 Councils' financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Councils' accounting and other records.

Draft

……	……..
Migelle Hiscock	Lynette Breuer
ACTING CHIEF EXECUTIVE OFFICER	**MAYOR**

Date:

THE CORPORATION OF THE CITY OF WHYALLA

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Notes	2016 $	2015 $
INCOME			
Rates	2	**19,305,427**	18,360,514
Statutory charges	2	**337,425**	405,782
User charges	2	**3,977,266**	4,070,419
Grants, subsidies and contributions	2	**2,424,879**	6,979,627
Investment income	2	**33,612**	38,066
Reimbursements	2	**40,499**	115,391
Other income	2	**1,265,165**	1,536,323
Total Income		**27,384,273**	31,506,122
EXPENSES			
Employee costs	3	**9,660,542**	10,332,389
Materials, contracts & other expenses	3	**11,975,463**	12,791,660
Depreciation, amortisation & impairment	3	**6,749,955**	6,312,164
Finance costs	3	**262,689**	389,531
Total Expenses		**28,648,649**	29,825,744
OPERATING SURPLUS / (DEFICIT)		**(1,264,376)**	1,680,378
Asset disposal & fair value adjustments	4	**(114,041)**	(327,652)
Amounts received specifically for new or upgraded assets	2	**892,608**	1,147,691
NET SURPLUS / (DEFICIT) transferred to Equity Statement		**(485,809)**	2,500,417
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(6,759,639)	-
TOTAL COMPREHENSIVE INCOME		(7,245,448)	2,500,417

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

Draft

THE CORPORATION OF THE CITY OF WHYALLA

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	703,375	652,589
Trade & other receivables	5	2,976,996	3,108,517
Inventories	5	298,139	155,898
Total Current Assets		**3,978,510**	3,917,004
Non-current Assets			
Financial assets	6	**10,465**	10,143
Infrastructure, property, plant & equipment	7	**238,120,380**	246,508,129
Other non-current assets	6	**3,544,380**	3,153,747
Total Non-current Assets		**241,675,225**	249,672,019
Total Assets		**245,653,735**	253,589,023
LIABILITIES			
Current Liabilities			
Trade & other payables	8	**1,640,578**	2,011,441
Borrowings	8	**106,985**	106,985
Provisions	8	**2,268,064**	2,253,427
Total Current Liabilities		**4,015,627**	4,371,853
Non-current Liabilities			
Borrowings	8	**7,249,904**	7,456,889
Provisions	8	**1,649,675**	1,776,304
Total Non-current Liabilities		**8,899,579**	9,233,193
Total Liabilities		**12,915,206**	13,605,046
NET ASSETS		**232,738,529**	239,983,977
EQUITY			
Accumulated Surplus		**32,604,012**	32,834,835
Asset Revaluation Reserves	9	**199,123,488**	205,883,127
Other Reserves	9	**1,011,029**	1,266,015
TOTAL EQUITY		**232,738,529**	239,983,977

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

Draft

THE CORPORATION OF THE CITY OF WHYALLA

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

Draft

2016	Notes	Accumulated Surplus $	Asset Revaluation Reserve $	Available for sale Financial Assets $	Other Reserves $	TOTAL EQUITY $
Balance at end of previous reporting period		**32,834,835**	**205,883,127**	**-**	**1,266,015**	**239,983,977**
Restated opening balance		**32,834,835**	**205,883,127**	**-**	**1,266,015**	**239,983,977**
Net Surplus / (Deficit) for Year		**(485,809)**				**(485,809)**
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment			**(6,759,639)**			**(6,759,639)**
Transfers between reserves	9	**254,986**			**(254,986)**	**-**
Balance at end of period		**32,604,012**	**199,123,488**	**-**	**1,011,029**	**232,738,529**

2015	Notes	Accumulated Surplus $	Asset Revaluation Reserve $	Available for sale Financial Assets $	Other Reserves $	TOTAL EQUITY $
Balance at end of previous reporting period		30,219,373	205,883,127	-	1,381,060	237,483,560
Restated opening balance		30,219,373	205,883,127	-	1,381,060	237,483,560
Net Surplus / (Deficit) for Year		2,500,417				2,500,417
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment						-
Transfers between reserves	9	115,045			(115,045)	-
Balance at end of period		32,834,835	205,883,127	-	1,266,015	239,983,977

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

THE CORPORATION OF THE CITY OF WHYALLA

STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Notes	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates - general & other		**18,971,845**	18,280,275
Fees & other charges		**364,232**	438,019
User charges		**4,823,816**	3,860,581
Investment receipts		**71,711**	44,062
Grants utilised for operating purposes		**2,606,745**	7,503,099
Reimbursements		**44,549**	126,930
Other revenues		**3,690,940**	3,541,896
Payments			
Employee costs		**(9,745,212)**	(10,355,118)
Materials, contracts & other expenses		**(15,556,998)**	(15,310,594)
Finance payments		**(294,848)**	(364,047)
Net Cash provided by (or used in) Operating Activities		**4,976,780**	7,765,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		**892,608**	1,147,691
Sale of replaced assets		**74,556**	27,577
Sale of surplus assets		**1,053**	-
Sale of real estate developments		**-**	-
Repayments of loans by community groups		**14,902**	17,364
Payments			
Expenditure on renewal/replacement of assets		**(5,279,528)**	(6,230,361)
Expenditure on new/upgraded assets		**(422,600)**	(3,093,483)
Net Cash provided by (or used in) Investing Activities		**(4,719,009)**	(8,131,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from borrowings		**-**	-
Payments			
Repayments of borrowings		**(206,985)**	(712,060)
Net Cash provided by (or used in) Financing Activities		**(206,985)**	(712,060)
Net Increase (Decrease) in cash held		**50,786**	(1,078,169)
Cash & cash equivalents at beginning of period		**652,589**	1,730,758
Cash & cash equivalents at end of period	11	**703,375**	652,589

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

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 1 July 2013.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Corporation of the City of Whyalla is incorporated under the SA Local Government Act 1999 and has its principal place of business at Darling Terrace Whyalla SA 5600. These financial statements include the Councils' direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3 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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 Councils' operations for the current reporting period.

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

	Cash Payment Received	Annual Allocation	Difference
2013/14	$ 2,204,840	$ 4,489,485	($2,284,645)
2014/15	$ 6,481,925	$ 4,314,749	$ 2,167,176
2015/16	$ 2,119,673	$ 4,286,849	($2,167,176)

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.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

3.1 Construction Contracts

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

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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

All financial instruments are recognised at fair value at the date of recognition. 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.

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 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

6.2 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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 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.

Major depreciation periods for each class of asset are shown in Note 7. 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.

6.6 Impairment

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

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

6.7 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 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

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of “Payables”. Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

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.

Weighted average discount rate	1.7% (2015, 2.3%)
Weighted average settlement period	7 years (2015, 7 years)

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 has recognised amounts accrued in the past as part of an enterprise incentive aimed at reducing work absences.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Councils' involvement with the schemes are reported in Note 18.

10 Leases

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

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

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Councils' interests in cooperative arrangements are not material.

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 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.
(Standards not affecting local government have been excluded from the above list.)

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

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

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Councils' intention to adopt this Standard early.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 2 - INCOME

	Notes	2016 $	2015 $
RATES REVENUES			
General Rates		**15,509,157**	14,766,118
Less: Mandatory rebates		**(64,693)**	(39,735)
Less: Discretionary rebates, remissions & write offs		**(186,705)**	(150,495)
		15,257,759	14,575,888
Other Rates (including service charges)			
Natural Resource Management levy		**734,641**	716,605
Waste collection		**3,509,694**	3,280,488
		4,244,335	3,997,093
Other Charges			
Penalties for late payment		**118,969**	107,954
		118,969	107,954
Less: Discretionary rebates, remissions & write offs		**(315,636)**	(320,421)
		19,305,427	18,360,514
STATUTORY CHARGES			
Development Act fees		**38,906**	82,052
Town planning fees		**48,271**	77,064
Health & septic tank inspection fees		**876**	3,516
Animal registration fees & fines		**196,235**	202,065
Parking fines / expiation fees		**34,536**	25,345
Other licences, fees, & fines		**18,601**	15,740
		337,425	405,782
USER CHARGES			
Cemetery/crematoria fees		**338,925**	338,093
Airport charges		**821,494**	858,816
Marina fees		**109,127**	86,384
Child care centre		**309,624**	417,789
Hall & equipment hire		**248,495**	243,963
Waste fees		**1,517,124**	1,499,261
Sales - general		**273,614**	266,869
Subsidies received on behalf of users		**258,250**	239,199
Sundry		**100,613**	120,045
		3,977,266	4,070,419
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		**15,208**	13,825
Banks & other		**17,068**	21,825
Loans to community groups		**1,336**	2,416
		33,612	38,066

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 2 - INCOME (continued)

	Notes	2016 $	2015 $
REIMBURSEMENTS			
- for roadworks		**6,000**	15,000
- for private works		**7,095**	5,351
- by joint undertakings		**27,404**	95,040
		40,499	115,391
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		**134,083**	120,502
Management other income		**67,125**	87,045
Finance debt collection		**90,119**	95,438
Quarry income		**38,720**	109,064
Rebates received		**702,348**	681,327
Sundry		**232,770**	442,947
		1,265,165	1,536,323

During the 2014/15 financial year, the Council completed a review of all landfill rehabilitation and capping costs which resulted in a reduction of $324,516 to the liability. This reduction in liability is a non-cash transaction reflected in Sundry Income.

GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		**892,608**	1,147,691
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		**2,119,673**	6,481,925
Library & Communications		**142,216**	175,319
Sundry		**162,990**	322,383
		2,424,879	6,979,627
		3,317,487	8,127,318

The functions to which these grants relate are shown in Note 12.

Sources of grants		
Commonwealth government	**8,545**	68,791
State government	**2,381,450**	6,904,928
Other	**927,492**	1,153,599
	3,317,487	8,127,318

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 2 - INCOME (continued)

	Notes	2016 $	2015 $
Conditions over grants & contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		***1,266,016***	*1,381,060*
Less: expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		***(308,808)***	*(283,285)*
Heritage & Cultural Services		***(457,039)***	*(459,799)*
Subtotal		***(765,847)***	*(743,084)*
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Roads Infrastructure		***397,888***	*223,203*
Heritage & Cultural Services		***112,974***	*404,837*
Subtotal		***510,862***	*628,040*
Unexpended at the close of this reporting period		***1,011,031***	*1,266,016*
Net increase (decrease) in assets subject to conditions in the current reporting period		***(254,985)***	*(115,044)*

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 3 - EXPENSES

	Notes	2016 $	2015 $
EMPLOYEE COSTS			
Salaries and Wages		**7,051,615**	7,397,242
Employee leave expense		**1,412,544**	1,725,772
Superannuation - defined contribution plan contributions	18	**446,033**	483,583
Superannuation - defined benefit plan contributions	18	**342,489**	345,556
Workers' Compensation Insurance		**480,463**	460,342
Less: Capitalised and distributed costs		**(72,602)**	(80,106)
Total Operating Employee Costs		**9,660,542**	10,332,389
Total Number of Employees		***120***	*121*
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		**24,500**	16,300
Bad and Doubtful Debts		**20,838**	7,973
Elected members' expenses		**274,497**	258,488
Election expenses		**5,931**	64,026
Subtotal - Prescribed Expenses		**325,766**	346,787
Other Materials, Contracts & Expenses			
Contractors		**2,371,233**	3,121,679
Energy		**884,226**	867,888
Insurance		**358,250**	353,196
Maintenance		**418,558**	349,741
Legal Expenses		**53,674**	275,771
Levies paid to government - NRM levy		**734,198**	710,460
Parts, accessories & consumables		**2,468,089**	2,865,101
Professional services		**2,703,003**	2,293,622
Sundry		**1,658,466**	1,607,415
Subtotal - Other Materials, Contracts & Expenses		**11,649,697**	12,444,873
		11,975,463	12,791,660

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 3 - EXPENSES (cont)

	Notes	2016 $	2015 $
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land Improvements		**397,937**	333,846
Irrigation Systems		**75,365**	57,874
Buildings Level 2		**106,151**	104,478
Buildings Level 3		**904,913**	882,959
Playgrounds		**99,972**	94,945
Street Furniture		**77,107**	72,462
Roads & Footpaths		**3,362,179**	3,333,422
Runway Assets		**150,862**	150,628
Stormwater drainage		**374,932**	366,000
Plant & Equipment		**391,145**	333,365
Furniture & Fittings		**192,291**	189,239
Landfill assets		**443,080**	346,357
Other Assets		**216,029**	117,197
		6,791,963	6,382,772
Less: Capitalised and distributed costs		**(42,008)**	(70,608)
		6,749,955	6,312,164
FINANCE COSTS			
Interest on overdraft and short-term drawdown		**238,629**	358,543
Interest on Loans		**24,060**	30,988
		262,689	389,531

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2016 $	2015 $
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Assets renewed or directly replaced			
Proceeds from disposal		**74,555**	27,577
Less: Carrying amount of assets sold		**189,107**	341,978
Gain (Loss) on disposal		**(114,552)**	(314,401)
Assets surplus to requirements			
Proceeds from disposal		**1,053**	-
Less: Carrying amount of assets sold		**542**	13,251
Gain (Loss) on disposal		**511**	(13,251)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		**(114,041)**	(327,652)

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 5 - CURRENT ASSETS

	Notes	2016 $	2015 $
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		**104,491**	61,730
Short Term Deposits & Bills, etc		**598,884**	590,859
		703,375	652,589
TRADE & OTHER RECEIVABLES			
Rates - General & Other		**1,335,071**	1,012,786
Rates postponed for State Seniors		**8,067**	7,235
Accrued Revenues		**96,182**	134,281
Debtors - general		**1,359,778**	1,797,724
GST Recoupment		**144,014**	69,248
Prepayments		**72,584**	98,695
Loans to community organisations		**4,739**	9,498
Sundry		**14,147**	20,782
Total		**3,034,582**	3,150,249
Less: Allowance for Doubtful Debts		**57,586**	41,732
		2,976,996	3,108,517

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

INVENTORIES			
Stores & Materials		**267,469**	123,755
Trading Stock		**30,670**	32,143
		298,139	155,898

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 6 - NON-CURRENT ASSETS

	Notes	2016 $	2015 $
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		**10,465**	10,143
		10,465	10,143
OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		**3,153,747**	3,153,747
Capital Works-in-Progress		**390,633**	-
		3,544,380	3,153,747
Real Estate Developments - Current & Non-Current			
(Valued at the lower of cost and net realisable value)			
Industrial & Commercial		***3,153,747***	*3,153,747*
Total Real Estate for Resale		***3,153,747***	*3,153,747*
Represented by:			
Acquisition Costs		***561,136***	*561,136*
Development Costs		***2,414,163***	*2,414,163*
Finance Costs		***178,448***	*178,448*
Total Real Estate for Resale		***3,153,747***	*3,153,747*
Apportionment of Real Estate Developments			
Current Assets		***-***	*-*
Non-Current Assets		***3,153,747***	*3,153,747*
		3,153,747	*3,153,747*

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2015 $ AT FAIR VALUE	2015 $ AT COST	2015 $ ACCUM DEP'N	2015 $ CARRYING AMOUNT	**2016 $ AT FAIR VALUE**	**2016 $ AT COST**	**2016 $ ACCUM DEP'N**	**2016 $ CARRYING AMOUNT**
Land Level 2	2	1,321,000	447,084	-	1,768,084	**1,033,433**	**447,084**	**-**	**1,480,517**
Land Level 3	3	35,460,000	-	-	35,460,000	**29,532,800**	**-**	**-**	**29,532,800**
Land Improvements	3	13,332,204	1,804,115	(4,496,518)	10,639,801	**13,332,204**	**3,020,286**	**(4,894,455)**	**11,458,035**
Irrigation Systems		-	8,477,561	(503,768)	7,973,793	**-**	**8,699,320**	**(553,494)**	**8,145,826**
Buildings Level 2	2	6,215,000	31,612	(208,956)	6,037,656	**5,901,225**	**73,821**	**(315,107)**	**5,659,939**
Buildings Level 3	3	54,033,066	664,909	(35,151,196)	19,546,779	**54,033,066**	**1,541,148**	**(36,056,109)**	**19,518,105**
Playgrounds		1,707,840	97,630	(882,830)	922,640	**1,707,840**	**152,313**	**(982,802)**	**877,351**
Street Furniture		920,343	1,079,137	(613,489)	1,385,991	**920,343**	**1,079,138**	**(690,597)**	**1,308,884**
Roads & Footpaths	3	224,367,644	2,962,890	(99,601,604)	127,728,930	**222,782,098**	**4,959,713**	**(101,491,956)**	**126,249,855**
Runway Assets	3	9,319,371	-	(3,672,848)	5,646,523	**9,319,371**	**35,311**	**(3,823,710)**	**5,530,972**
Stormwater drainage	3	34,755,296	532,568	(13,521,455)	21,766,409	**34,755,296**	**549,573**	**(13,896,387)**	**21,408,482**
Plant & Equipment		-	5,539,428	(3,080,868)	2,458,560	**-**	**5,728,270**	**(3,115,408)**	**2,612,862**
Furniture & Fittings		-	4,013,904	(2,370,163)	1,643,741	**-**	**4,071,024**	**(2,511,261)**	**1,559,763**
Landfill assets		807,863	4,753,235	(3,001,235)	2,559,863	**576,766**	**4,833,871**	**(3,444,315)**	**1,966,322**
Other Assets		-	3,853,118	(2,883,759)	969,359	**-**	**3,910,455**	**(3,099,788)**	**810,667**
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		382,239,627	34,257,191	(169,988,689)	246,508,129	**373,894,442**	**39,101,327**	**(174,875,389)**	**238,120,380**
Comparatives		***383,754,352***	***24,980,720***	***(164,934,729)***	***243,800,343***	***382,239,627***	***34,257,191***	***(169,988,689)***	***246,508,129***

This Note continues on the following pages.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015 $	CARRYING AMOUNT MOVEMENTS DURING YEAR $								2016 $
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land Level 2	1,768,084	-	-	-	-	-	-	-	(287,567)	1,480,517
Land Level 3	35,460,000	-	-	-	-	-	-	-	(5,927,200)	29,532,800
Land Improvements	10,639,801	301,376	914,795	-	(397,937)	-	-	-	-	11,458,035
Irrigation Systems	7,973,793	-	268,188	(20,790)	(75,365)	-	-	-	-	8,145,826
Buildings Level 2	6,037,656	-	42,209	-	(106,151)	-	-	-	(313,775)	5,659,939
Buildings Level 3	19,546,779	-	876,239	-	(904,913)	-	-	-	-	19,518,105
Playgrounds	922,640	54,683	-	-	(99,972)	-	-	-	-	877,351
Street Furniture	1,385,991	-	-	-	(77,107)	-	-	-	-	1,308,884
Roads & Footpaths	127,728,930	-	1,996,823	(113,719)	(3,362,179)	-	-	-	-	126,249,855
Runway Assets	5,646,523	-	35,311	-	(150,862)	-	-	-	-	5,530,972
Stormwater drainage	21,766,409	-	17,005	-	(374,932)	-	-	-	-	21,408,482
Plant & Equipment	2,458,560	-	594,906	(49,459)	(391,145)	-	-	-	-	2,612,862
Furniture & Fittings	1,643,741	-	113,995	(5,682)	(192,291)	-	-	-	-	1,559,763
Landfill assets	2,559,863	80,636	-	-	(443,080)	-	-	-	(231,097)	1,966,322
Other Assets	969,359	57,337	-	-	(216,029)	-	-	-	-	810,667
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	**246,508,129**	**494,032**	**4,859,471**	**(189,650)**	**(6,791,963)**	**-**	**-**	**-**	**(6,759,639)**	**238,120,380**
Comparatives	***243,800,343***	***3,093,483***	***6,352,307***	***(355,231)***	***(6,382,773)***	***-***	***-***	***-***	***-***	***246,508,129***

This Note continues on the following pages.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: 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, fair value is taken to be the current replacement cost.

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Councils' care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Councils' assets being other than the "highest and best use" relates to Councils' principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

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

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

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

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Capitalisation thresholds used by Council for a representative range of assets are shown 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
Park & Playground Furniture & Equipment	$5,000
Road Construction & Reconstruction	$10,000
Paving & Footpaths, Kerb & Gutter	$5,000
Drains & Culverts	$5,000
Reticulation Extensions	$5,000
Sidelines & Household Connections	$5,000
Artworks	$5,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

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
Building & Other Structures	
Buildings – Masonry	50 to 100 years
Buildings – Other Construction	20 to 40 years
Buildings - Roofing	40 to 60 years
Park Structures – Masonry	50 to 100 years
Park Structures – Other Construction	20 to 40 years
Playground Equipment	5 to 20 years
Benches, Seats, etc.	10 to 20 years
Transport Infrastructure	
Sealed Roads – Surface	15 to 30 years
Sealed Roads – Pavement	65 to 100 years
Unsealed Roads	10 to 20 years
Paving & Footpaths, Kerb & Gutter	25 to 65 years
Stormwater Infrastructure	
Drains	70 to 100 years
Culverts	70 to 100 years
Flood Control Structures	70 to 100 years
Dams and Reservoirs	70 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – Other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

Land & Land Improvements

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

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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Councils' land and land improvement assets were independently valued by Opteon Pty Ltd and Tonkin Consulting as at 30 June 2014. An internal desktop revaluation was performed as at 30 June 2016.

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

The asset class of buildings was revalued by Tonkin Consulting and Opteon Pty Ltd as at 30 June 2014.

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, relaying 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.

Roads, Footpaths & Runways

Transportation assets were valued by Tonkin Consulting at depreciated current replacement cost during the reporting period ended 30 June 2014. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage

Stormwater drainage infrastructure was valued by Tonkin Consulting as at 30 June 2014 at depreciated current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

These assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

Investment Property

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar parties in the same location and subject to similar leases.

Investment properties were revalued as at 30 June 2014 by Tonkin Consulting and Opteon Pty Ltd.

Most investment properties are leased to tenants under long term operating leases with rentals payable monthly. Contractual obligations relating to the properties are disclosed in Note 14.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 8 - LIABILITIES

		2016 $		2015 $	
TRADE & OTHER PAYABLES	Notes	**Current**	**Non-current**	Current	Non-current
Goods & Services		**1,337,114**	**-**	1,518,451	-
Payments received in advance		**66,530**	**-**	62,288	-
Accrued expenses - employee entitlements		**132,604**	**-**	162,985	-
Accrued expenses - other		**66,184**	**-**	98,343	-
Deposits, Retentions & Bonds		**27,969**	**-**	155,861	-
Other		**10,177**	**-**	13,513	-
		1,640,578	**-**	2,011,441	-

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

BORROWINGS				
Short term draw down facility	**-**	**7,000,000**	-	7,100,000
Loans	**106,985**	**249,904**	106,985	356,889
	106,985	**7,249,904**	106,985	7,456,889

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

PROVISIONS				
Employee entitlements (including oncosts)	**2,268,064**	**36,394**	2,253,427	105,320
Landfill Capping and Closure Provision	**-**	**1,613,281**	-	1,670,984
	2,268,064	**1,649,675**	2,253,427	1,776,304

Movements in Provisions - 2016 year only (current & non-current)	*Opening Balance*	*Additional amounts Recognised / (Derecognised)*	*Payments*	*Closing Balance*
Cell 1 Capping	*599,483*	*(525)*	*(128,610)*	*470,348*
Cell 2 Capping	*722,092*	*12,819*	*-*	*734,911*
Post Closure Provision	*349,409*	*58,613*	*-*	*408,022*
Closing Balance	*1,670,984*	*70,907*	*(128,610)*	*1,613,281*

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 9 - RESERVES

ASSET REVALUATION RESERVE	Notes	1/7/2015 $	Net Increments (Decrements) $	Transfers, Impairments $	30/6/2016 $
Land Level 2		1,301,000	(287,567)	-	**1,013,433**
Land Level 3		21,838,329	(5,927,200)	-	**15,911,129**
Land Improvements		3,820,069	(231,097)	-	**3,588,972**
Buildings Level 2		3,072,704	(313,775)	-	**2,758,929**
Buildings Level 3		12,159,072	-	-	**12,159,072**
Playgrounds		984,250	-	-	**984,250**
Street Furniture		1,168,279	-	-	**1,168,279**
Roads & Footpaths		134,298,335	-	-	**134,298,335**
Runway Assets		10,083,417	-	-	**10,083,417**
Stormwater drainage		17,157,672	-	-	**17,157,672**
TOTAL		205,883,127	(6,759,639)	-	**199,123,488**
	Comparatives	*205,883,127*			***205,883,127***

OTHER RESERVES	1/7/2015	Transfers to Reserve	Transfers from Reserve	30/6/2016
Committed Funds Reserve	1,266,015	(765,848)	510,862	**1,011,029**
TOTAL OTHER RESERVES	1,266,015	(765,848)	510,862	**1,011,029**
Comparatives	*1,381,060*	*1,288,846*	*(1,403,891)*	***1,266,015***

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Committed Funds Reserve

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

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

		2016	2015
CASH & FINANCIAL ASSETS	Notes	**$**	$
Unexpended amounts received from Federal Government		**48,335**	-
Unexpended amounts received from State Government		**560,298**	446,813
Unexpended amounts received from Developers		**402,396**	819,202
		1,011,029	1,266,015

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2016 $	2015 $
Total cash & equivalent assets	5	703,375	652,589
Balance as per Cash Flow Statement		703,375	652,589

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

Net Surplus (Deficit)	(485,809)	2,500,417
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,749,955	6,312,164
Net increase (decrease) in unpaid employee benefits	(84,670)	(22,729)
Change in allowances for under-recovery	15,854	(28,804)
Grants for capital acquisitions treated as Investing Activity	(892,608)	(1,147,691)
Net (Gain) Loss on Disposals	114,041	327,652
	5,416,763	7,941,009
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	100,443	(541,767)
Net (increase) decrease in inventories	(142,241)	8,402
Net increase (decrease) in trade & other payables	(340,482)	72,475
Net increase (decrease) in other provisions	(57,703)	284,984
Net Cash provided by (or used in) operations	4,976,780	7,765,103

(c) Financing Arrangements

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

Bank Overdrafts	250,000	250,000
Corporate Credit Cards	36,000	37,000
LGFA Cash Advance Debenture facility	12,000,000	12,000,000

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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 12 - FUNCTIONS

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	**ACTUAL**	ACTUAL	**ACTUAL**	ACTUAL				
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Council Administration	**22,543,578**	**25,746,506**	**5,436,114**	**5,534,947**	**17,107,464**	20,211,559	**1,982,808**	5,906,387	**40,550,776**	40,844,344
Public Order & Safety	**207,016**	**218,083**	**306,163**	**375,970**	**(99,147)**	(157,887)	**-**	-	**-**	-
Health	**42,253**	**44,322**	**257,393**	**214,717**	**(215,140)**	(170,395)	**12,372**	11,987	**-**	-
Social Security & Welfare	**654,658**	**861,880**	**1,382,324**	**1,307,182**	**(727,666)**	(445,302)	**84,929**	192,699	**-**	-
Housing & Community	**2,047,487**	**2,001,976**	**6,328,601**	**6,487,708**	**(4,281,114)**	(4,485,732)	**-**	-	**70,545,143**	75,840,003
Environment	**74,924**	**62,665**	**501,019**	**716,034**	**(426,095)**	(653,369)	**35,000**	35,000	**1,966,322**	2,559,863
Sport & Recreation	**359,976**	**434,039**	**4,449,326**	**4,232,971**	**(4,089,350)**	(3,798,932)	**146,216**	420,319	**810,667**	969,359
Agriculture	**-**	**-**	**75,504**	**69,758**	**(75,504)**	(69,758)	**-**	-	**-**	-
Mining & Manufacturing	**97,609**	**231,568**	**504,544**	**549,035**	**(406,934)**	(317,467)	**-**	-	**-**	-
Transport & Communications	**1,142,192**	**1,612,916**	**6,319,246**	**6,749,896**	**(5,177,055)**	(5,136,980)	**1,051,617**	1,548,926	**131,780,827**	133,375,454
Economic Affairs	**181,759**	**225,100**	**706,365**	**913,384**	**(524,606)**	(688,284)	**4,545**	12,000	**-**	-
Other Purposes	**32,821**	**67,067**	**2,382,050**	**2,674,142**	**(2,349,229)**	(2,607,075)	**-**	-	**-**	-
TOTALS	**27,384,273**	31,506,122	**28,648,649**	29,825,744	**(1,264,376)**	1,680,378	**3,317,487**	8,127,318	**245,653,735**	253,589,023

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

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

Governance, Administration, 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.

Public Order & Safety

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control, Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Health

Health, Immunisation, Preventive Health Services and Other Health Services.

Social Security & Welfare

Community Support, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centre, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support and Other Community Support.

Housing & Community Amenities

Community Amenities, Bus Shelters, Cemeteries/Crematoria, Public Conveniences, Car Parking – non-fee-paying, and Other Community Amenities, Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums, and Other Cultural Services.

Environment

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

Sport & Recreation

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

Agriculture

Pest Eradication Services.

Mining & Manufacture

Gravel Pits/Quarries, Development of Land for Resale and Private Works.

Transport & Communication

Aerodrome, Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded) and Other Transport.

Economic Affairs

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

Other Purposes

Infrastructure Support Services.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 13 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables.*

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	**Accounting Policy:** Carried at lower of cost and net realiseable value; Interest is recognised when earned.
	Terms & conditions: Deposits are returning fixed interest rates between 2.35% and 3.00% (2015: 2.05% and 3.70%). Short term deposits have an average maturity of 92 days and an average interest rates of 2.72% (2015: 89 days, 3.26%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2015: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Councils' boundaries.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - other levels of government	**Accounting Policy:** Carried at nominal value.
	Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.
	Carrying amount: approximates fair value.
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:** Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings ar**e** repayable when due; interest is charged at fixed and variable rates between 4.00% and 5.33% (2015: 4.25% and 5.33%)
	Carrying amount: approximates fair value.
Liabilities - Finance Leases	**Accounting Policy:** accounted for in accordance with AASB 117.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	$	$	$	$	$
Cash & Equivalents	**703,375**			**703,375**	**703,375**
Receivables	**1,686,705**			**1,686,705**	**1,701,909**
Other Financial Assets	**5,773**	**5,773**		**11,546**	**-**
Total	**2,395,853**	**5,773**	**-**	**2,401,626**	**2,405,284**
Financial Liabilities					
Payables	**1,441,790**	**-**	**-**	**1,441,790**	**1,441,790**
Current Borrowings	**124,524**	**-**	**-**	**124,524**	**106,985**
Non-Current Borrowings		**7,266,383**	**-**	**7,266,383**	**7,249,904**
Total	**1,566,314**	**7,266,383**	**-**	**8,832,697**	**8,798,679**

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	$	$	$	$	$
Cash & Equivalents	652,589	-	-	652,589	652,589
Receivables	2,120,730	-	-	2,120,730	2,140,371
Other Financial Assets	10,833	10,833	-	21,666	19,641
Total	2,784,152	10,833	-	2,794,985	2,812,601
Financial Liabilities					
Payables	1,750,113	-	-	1,750,113	1,750,113
Current Borrowings	130,303	-	-	130,303	106,985
Non-Current Borrowings	-	7,490,907	-	7,490,907	7,456,889
Total	1,880,416	7,490,907	-	9,371,323	9,313,987

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	$	%	$
Overdraft	**8.43**	**-**	8.82	-
Other Variable Rates	**4.21**	**7,000,000**	4.60	7,100,000
Fixed Interest Rates	**5.33**	**356,889**	5.33	463,874
		7,356,889		7,563,874

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 allowance for doubtful debts. The majority of Councils' 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 Councils' 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 Councils' 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.

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 14 - COMMITMENTS FOR EXPENDITURE

	Notes	2016 $	2015 $
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land Improvements		**102,920**	-
Buildings		**88,695**	
Roads & Footpaths		**59,661**	-
Plant & Equipment		**173,616**	321,200
		424,892	321,200
These expenditures are payable:			
Not later than one year		**424,892**	321,200
Later than one year and not later than 5 years		**-**	
Later than 5 years		**-**	
		424,892	321,200

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 15 - FINANCIAL INDICATORS

	2016	2015	2014
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. Detailed methods of calculation are set out in the SA Model Statements.			
The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.			
Operating Surplus Ratio			
Operating Surplus / Total Operating Revenue	(5%)	5%	(11%)
This ratio expresses the operating surplus as a percentage of total operating revenue.			
Adjusted Operating Surplus Ratio	*3%*	*(2%)*	*(2%)*
*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. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*			
Net Financial Liabilities Ratio			
Net Financial Liabilities / Total Operating Revenue	34%	31%	39%
Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.			
Asset Sustainability Ratio			
Net Asset Renewals / Infrastructure & Asset Management Plan required expenditure	61%	85%	169%
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets. In the past depreciation has been used as the denominator, however renewal needs are based on the condition of the assets, in any one year this renewal cost may be more or less than depreciation expense in any one year. For this reason our renewal needs are spelt out in our Asset Management Plans, therefore this measure looks at "what we did" in a financial period and compares it to "what we should have done " in order to renew assets at the optimum time.			

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 16 - UNIFORM PRESENTATION OF FINANCES

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.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Councils' finances.

	2016 $		2015 $	
Income		**27,384,273**		31,506,122
less Expenses		**28,648,649**		29,825,744
Operating Surplus / (Deficit)		**(1,264,376)**		1,680,378
less **Net Outlays on Existing Assets**				
Capital Expenditure on renewal and replacement of Existing Assets	**5,279,528**		6,230,361	
Depreciation, Amortisation and Impairment	**(6,749,955)**		(6,312,164)	
Proceeds from Sale of Replaced Assets	**(74,556)**		(27,577)	
		(1,544,983)		(109,380)
less **Net Outlays on New and Upgraded Assets**				
Capital Expenditure on New and Upgraded Assets *(including investment property & real estate developments)*	**422,600**		3,093,483	
Amounts received specifically for New and Upgraded Assets	**(892,608)**		(1,147,691)	
Proceeds from Sale of Surplus Assets *(including investment property and real estate developments)*	**(1,053)**		-	
		(471,061)		1,945,792
Net Lending / (Borrowing) for Financial Year		**751,668**		(156,034)

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

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

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

	2016	2015
	$	$
Not later than one year	**103,803**	137,642
Later than one year and not later than 5 years	**167,915**	235,118
Later than 5 years	**-**	-
	271,718	372,760

Draft

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to 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 (9.50% in 2015/16; 9.50% in 2014/15). 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 2014/15) 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 members' 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 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. 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 2016

Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 350 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 a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to $15,204 (2015: $19,641) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. ENVIRONMENT

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 2016. If applicable, once identified, the amount will be included and amortised on an annual basis.

5. 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 notice of 1 appeal against planning decisions made prior to reporting date. There are no known costs to be recognised to date. Any future costs cannot be known until the appeals are determined.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Note 20 - EVENTS OCCURING AFTER REPORTING DATE

There are no events occurring after balance date that impact on the contents of these statements

Draft

This page has been left intentionally blank

Draft

This page has been left intentionally blank

Draft

THE CORPORATION OF THE CITY OF WHYALLA

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

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 2016, the Councils' Auditor, Creative Accounting Pty Ltd, 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*.

.....	.....
Migelle Hiscock	Stephen Coates
ACTING CHIEF EXECUTIVE OFFICER	**PRESIDING MEMBER AUDIT COMMITTEE**

Date:

Draft

THE CORPORATION OF THE CITY OF WHYALLA

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of The Corporation of the City of Whyalla for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

Ian Gordon McDonald

Creative Auditing Pty Ltd

Dated this day of 2016

Draft