



**THE CORPORATION OF THE
CITY
OF WHYALLA**

GENERAL PURPOSE FINANCIAL REPORTS

FOR THE YEAR ENDED 30 JUNE 2009

The Corporation of the City of Whyalla

General Purpose Financial Reports for the year ended 30 June 2009

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The Corporation of the City of Whyalla

INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
INCOME			
Rates	2	11,205,758	10,123,749
Statutory charges	2	526,477	491,782
User charges	2	3,245,426	2,572,064
Grants, subsidies and contributions	2	6,439,646	5,276,303
Investment income	2	275,000	373,429
Reimbursements	2	146,145	134,673
Other income	2	989,039	1,180,120
Total Income		22,827,490	20,152,119
EXPENSES			
Employee costs	3	8,014,502	6,833,846
Materials, contracts & other expenses	3	9,935,221	9,777,081
Finance costs	3	314,755	236,341
Depreciation, amortisation & impairment	3	3,860,577	3,852,726
Total Expenses		22,125,056	20,699,994
OPERATING SURPLUS / (DEFICIT)		702,434	(547,875)
Net gain (loss) on disposal or revaluation of assets	4	930,057	(28,381)
Amounts received specifically for new or upgraded assets	2	2,471,353	1,905,375
Physical resources received free of charge	2	260,000	495,000
NET SURPLUS / (DEFICIT)		4,363,845	1,824,120

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

The Corporation of the City of Whyalla

BALANCE SHEET
as at 30 June 2009

ASSETS	Notes	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	5	5,811,141	3,163,296
Trade & other receivables	5	2,675,155	2,331,472
Inventories	5	6,824,749	200,806
Total Current Assets		<u>15,311,045</u>	<u>5,695,574</u>
Non-current Assets			
Financial Assets	6	265,030	365,811
Infrastructure, Property, Plant & Equipment	7	160,413,430	156,347,008
Other Non-current Assets	6	3,221,996	-
Total Non-current Assets		<u>163,900,456</u>	<u>156,712,819</u>
Total Assets		<u>179,211,501</u>	<u>162,408,393</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	3,451,127	1,573,664
Borrowings	8	11,712,524	1,222,883
Provisions	8	1,030,217	953,320
Total Current Liabilities		<u>16,193,868</u>	<u>3,749,867</u>
Non-current Liabilities			
Borrowings	8	2,769,535	2,384,734
Provisions	8	68,300	45,204
Total Non-current Liabilities		<u>2,837,835</u>	<u>2,429,938</u>
Total Liabilities		<u>19,031,703</u>	<u>6,179,805</u>
NET ASSETS		<u>160,179,798</u>	<u>156,228,588</u>
EQUITY			
Accumulated Surplus		14,403,928	10,660,499
Asset Revaluation Reserve	9	140,350,983	141,502,617
Other Reserves	9	5,424,888	4,065,472
TOTAL EQUITY		<u>160,179,799</u>	<u>156,228,588</u>

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

The Corporation of the City of Whyalla

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2009

	2009	2008
	\$	\$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	10,660,499	6,560,919
Net Surplus / (Deficit) for Year	4,363,845	1,824,120
Transfers to Other Reserves	(8,387,735)	(4,065,472)
Transfers from Other Reserves	7,767,319	6,340,932
Balance at end of period	<u>14,403,928</u>	<u>10,660,499</u>
ASSET REVALUATION RESERVE		
	9	
Balance at end of previous reporting period	141,502,617	141,502,617
Gain on revaluation of infrastructure, property, plant & equipment	(412,634)	-
Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	(739,000)	-
Balance at end of period	<u>140,350,983</u>	<u>141,502,617</u>
OTHER RESERVES		
	9	
Balance at end of previous reporting period	4,065,472	6,340,932
Transfers from Accumulated Surplus	8,387,735	4,065,472
Transfers to Accumulated Surplus	(7,028,319)	(6,340,932)
Balance at end of period	<u>5,424,888</u>	<u>4,065,472</u>
TOTAL EQUITY AT END OF REPORTING PERIOD	<u>160,179,799</u>	<u>156,228,588</u>
<i>Total of all revenues recognised directly in Equity</i>	-	-
<i>Total of all expenses recognised directly in Equity</i>	(412,634)	-
NET CHANGE IN EQUITY	<u>(412,634)</u>	<u>-</u>

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

The Corporation of the City of Whyalla

CASH FLOW STATEMENT for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		26,530,281	20,698,350
Investment receipts		487,278	413,756
<u>Payments</u>			
Operating payments to suppliers & employees		(20,698,399)	(17,448,168)
Finance payments		(421,548)	(184,741)
Net Cash provided by (or used in) Operating Activities		5,897,612	3,479,198
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,471,353	1,905,375
Sale of replaced assets		230,694	396,657
Sale of surplus assets		903,428	681,818
Sale of real estate developments		453,638	-
Repayments of loans by community groups		89,098	142,667
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(958,046)	(2,948,626)
Expenditure on new/upgraded assets		(8,088,422)	(3,841,831)
Development of real estate for sale		(9,224,491)	-
Loans made to community groups		(1,461)	-
Net Cash provided by (or used in) Investing Activities		(14,124,209)	(3,663,940)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		16,761,200	500,000
<u>Payments</u>			
Repayments of Borrowings		(5,886,758)	(2,072,902)
Repayment of Finance Lease Liabilities		-	(1,690)
Net Cash provided by (or used in) Financing Activities		10,874,442	(1,574,592)
Net Increase (Decrease) in cash held		2,647,846	(1,759,334)
Cash & cash equivalents at beginning of period	11	3,163,296	4,922,630
Cash & cash equivalents at end of period	11	5,811,142	3,163,296

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

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 equivalents to International Financial Reporting Standards

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

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 1999* dated 19 October 2009.

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

1.4 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 consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 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.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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 Council's operations for the current reporting period.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 *Land Under Roads*. Details of the effects of this election are given in Note 7.

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".

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

6.2 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.3 Materiality

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

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

6.4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. 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 in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

Infrastructure	Benches, seats, etc	10 to 20 years
	Sealed Roads – Surface	15 to 25 years
	Sealed Roads – Structure	20 to 60 years
	Unsealed Roads	10 to 20 years
	Bridges – Concrete	80 to 100 years
	Paving & Footpaths, Kerb & Gutter	80 to 100 years
	Drains	80 to 100 years
	Culverts	50 to 75 years
	Flood Control Structures	80 to 100 years
	Dams and Reservoirs	80 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

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.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with the allowed alternative treatment in 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.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

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 Council's involvement with the schemes are reported in Note 18.

10 Construction Contracts

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

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

12 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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.

13 GST Implications

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

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

- 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.

14 Comparative Information

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

15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2009 reporting period.

- AASB 3 *Business Combinations*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- AASB 127 *Consolidated and Separate Financial Statements*
- AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*
- AASB 2007-8 & AASB 2007-10 *Amendments to Australian Accounting Standards arising from AASB 101*
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*
- AASB 2008-5 & AASB 2008-6 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- AASB 2008-8 *Amendments to Australian Accounting Standards - Eligible Hedged Items*
- AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*
- AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities*
- AASB 2008-12 *Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition*
- AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners*
- *Interpretation 15* *Agreements for the Construction of Real Estate*
- *Interpretation 16* *Hedges of a Net Investment in a Foreign Operation*
- *Interpretation 17* *Distributions of Non-cash Assets to Owners*
- *Interpretation 18* *Transfers of Assets from Customers*
- (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 Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 2 - INCOME

	2009	2008
Notes	\$	\$
RATES REVENUES		
<u>General Rates</u>	9,421,182	8,459,352
Less: Mandatory rebates	(68,717)	(61,328)
	<u>9,352,465</u>	<u>8,398,024</u>
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	433,447	385,061
Waste collection	1,632,003	1,539,575
	<u>2,065,450</u>	<u>1,924,636</u>
<u>Other Charges</u>		
Penalties for late payment	61,535	48,574
	<u>61,535</u>	<u>48,574</u>
Less: Discretionary rebates, remissions & write offs	(273,692)	(247,484)
	<u>11,205,758</u>	<u>10,123,749</u>
STATUTORY CHARGES		
Development Act fees	194,367	173,224
Town planning fees	106,663	106,042
Animal registration fees & fines	190,269	183,259
Parking fines / expiation fees	23,867	21,112
Other registration fees	1,470	1,470
Other fines, penalties & expiations	5,250	939
Sundry	4,591	5,735
	<u>526,477</u>	<u>491,782</u>
USER CHARGES		
Cemetery/crematoria fees	209,991	196,574
Airport Charges	788,064	577,069
Marina Fees	58,810	59,835
Child Care Centre Fees	376,851	339,725
Waste Fees	709,655	559,783
Hall & equipment hire	47,946	52,764
Sales - general	814,134	526,483
Sundry	239,973	259,832
	<u>3,245,426</u>	<u>2,572,064</u>
INVESTMENT INCOME		
Interest on investments		
Local Government Finance Authority	61,322	103,546
Banks & other	193,228	245,938
Loans to community groups	20,450	23,945
	<u>275,000</u>	<u>373,429</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 2 - INCOME (continued)	2009	2008
Notes	\$	\$
REIMBURSEMENTS		
- for roadworks	3,500	3,608
- for private works	36,611	36,537
- other	<u>106,033</u>	<u>94,528</u>
	<u>146,145</u>	<u>134,673</u>
 OTHER INCOME		
Insurance & other recoupments - infrastructure, property, plant & equipment	91,004	96,691
Rebates received	602,750	586,636
Sundry	<u>295,285</u>	<u>496,792</u>
	<u>989,039</u>	<u>1,180,120</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	2,471,353	1,905,375
Other grants, subsidies and contributions	5,262,924	5,276,303
Individually Significant Items-	-	-
Additional Grant Commission Payment	See Below 1,176,722	-
	<u>8,911,000</u>	<u>7,181,678</u>
 <i>The functions to which these grants relate are shown in Note 2.</i>		
 Sources of grants		
Commonwealth government	1,482,106	308,208
State government	6,853,338	4,968,095
Other	<u>575,556</u>	<u>1,905,375</u>
	<u>8,911,000</u>	<u>7,181,678</u>
 Individually Significant Item		
On 26 June 2009, Council received payment of the first quarter instalment of the 2009/10 Grant commission (FAG) grant. This represents a significant increase in income from this source for 2008/09, with and equivalent reduction in 2009/10	<u>1,176,722</u>	<u>-</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 2 - INCOME (continued)

	2009	2008
Notes	\$	\$
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	<u>1,656,208</u>	<u>1,600,794</u>
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	(437,315)	(254,554)
<i>Heritage & Cultural Services</i>	(112,920)	
<i>Subtotal</i>	<u>(550,235)</u>	<u>(254,554)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	248,767	309,968
<i>Heritage & Cultural Services</i>	1,031,042	
<i>Subtotal</i>	<u>1,279,809</u>	<u>309,968</u>
<i>Unexpended at the close of this reporting period</i>	<u>2,385,782</u>	<u>1,656,208</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 <u>729,574</u>	 <u>55,414</u>
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Land under Care Control & Management	<u>260,000</u>	<u>495,000</u>
TOTAL PHYSICAL RESOURCES RECEIVED	<u>260,000</u>	<u>495,000</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 3 - EXPENSES

	Notes	2009 \$	2008 \$
EMPLOYEE COSTS			
Salaries and Wages		7,092,708	6,039,338
Employee leave expense		107,368	47,884
Superannuation - defined contribution plan contributions	18	305,856	289,852
Superannuation - defined benefit plan contributions	18	260,544	248,962
Workers' Compensation Insurance		306,978	289,425
Less: Capitalised and distributed costs		(77,198)	(81,615)
Total Operating Employee Costs		8,014,502	6,833,846
 <i>Total Number of Employees</i>		 <i>141</i>	 <i>132</i>
<i>(Full time equivalent at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		11,545	11,227
Bad and Doubtful Debts		-	51,031
Elected members' expenses		169,246	169,089
Election expenses		4,819	4,634
Subtotal - Prescribed Expenses		185,611	235,981
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,766,993	2,595,368
Energy		613,232	577,990
Insurance		141,112	121,741
Maintenance		17,222	16,429
Legal Expenses		76,295	62,946
Levies paid to government - NRM levy		432,096	383,872
- Other Levies		30,025	33,670
Parts, accessories & consumables		2,879,264	2,163,405
Professional services		1,614,271	1,664,075
Sundry		2,179,101	1,921,604
Subtotal - Other Materials, Contracts & Expenses		9,749,611	9,541,100
		9,935,221	9,777,081

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 3 - EXPENSES (cont)

	2009	2008
Notes	\$	\$
FINANCE COSTS		
Interest on overdraft and short-term drawdown	230,126	30,527
Interest on Loans	268,729	205,814
Less: Capitalised and distributed costs	<u>(184,100)</u>	<u>-</u>
	<u>314,755</u>	<u>236,341</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	198,010	183,786
Roads, bridges, footpaths	2,494,761	2,381,446
Stormwater drainage	436,364	531,005
Plant & Equipment	446,689	394,942
Furniture & Fittings	198,740	192,718
Other Assets	200,063	222,288
Less: Capitalised and distributed costs	<u>(114,050)</u>	<u>(53,459)</u>
	<u>3,860,577</u>	<u>3,852,726</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2009	2008
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	230,694	396,656
Less: Carrying amount of assets sold	<u>160,835</u>	<u>281,855</u>
Gain (Loss) on disposal	<u>69,859</u>	<u>114,801</u>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	903,428	681,818
Less: Carrying amount of assets sold	<u>201,000</u>	<u>825,000</u>
Gain (Loss) on disposal	<u>702,428</u>	<u>(143,182)</u>
 REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	453,638	-
Less: Carrying amount of assets sold	<u>295,868</u>	<u>-</u>
Gain (Loss) on disposal	<u>157,770</u>	<u>-</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		
	<u>930,057</u>	<u>(28,381)</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 5 - CURRENT ASSETS

	2009	2008
CASH & EQUIVALENT ASSETS	Notes	\$
Cash on Hand and at Bank	5,105	6,440
Short Term Deposits & Bills, etc	<u>5,806,036</u>	<u>3,156,856</u>
	<u>5,811,141</u>	<u>3,163,296</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	490,523	384,954
Accrued Revenues	420,649	721,570
Debtors - general	1,464,472	1,144,942
GST Recoupment	202,251	
Prepayments	22,547	47,997
Loans to community organisations	87,195	86,791
Sundry	5,774	4,969
Total	<u>2,693,411</u>	<u>2,391,223</u>
 Less: Allowance for Doubtful Debts	<u>18,256</u>	<u>59,751</u>
	<u>2,675,155</u>	<u>2,331,472</u>
 INVENTORIES		
Stores & Materials	218,270	146,518
Trading Stock	64,852	54,288
Real Estate Developments	<u>6,541,627</u>	<u>-</u>
	<u>6,824,749</u>	<u>200,806</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

Real Estate Developments

(Valued at the lower of cost and net realisable value)

Industrial & Commercial

Total Real Estate for Resale

6,541,627

6,541,627

-

Represented by:

Acquisition Costs

542,995

Development Costs

5,878,913

Finance Costs

119,719

Total Real Estate for Resale

6,541,627

-

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 6 - NON-CURRENT ASSETS

	Notes	2009 \$	2008 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		263,336	351,377
Other		1,694	14,434
TOTAL FINANCIAL ASSETS		<u>265,030</u>	<u>365,811</u>
 OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		<u>3,221,996</u>	-
		<u>3,221,996</u>	-
 <i>Real Estate Developments</i>			
<i>(Valued at the lower of cost and net realisable value)</i>			
<i>Industrial & Commercial</i>		<u>3,221,996</u>	-
<i>Total Real Estate for Resale</i>		<u>3,221,996</u>	-
 <i>Represented by:</i>			
<i>Acquisition Costs</i>		267,446	-
<i>Development Costs</i>		2,895,584	-
<i>Borrowing Costs</i>		58,966	-
<i>Total Real Estate for Resale</i>		<u>3,221,996</u>	-

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2008				2009			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	35,089,519	495,000	-	35,584,519	34,053,519	755,000	-	34,808,519
Buildings & Other Structures	12,336,522	766,136	(349,789)	12,752,869	13,102,659	400,801	(547,800)	12,955,660
Roads, bridges, footpaths	131,104,121	3,683,235	(58,438,247)	76,349,109	125,746,964	16,608,599	(60,933,007)	81,422,556
Stormwater drainage	40,590,124	415,419	(13,879,317)	27,126,226	38,249,262	69,035	(11,972,034)	26,346,263
Plant & Equipment	170,531	3,796,050	(2,034,278)	1,932,303	3,459,587	810,296	(2,134,808)	2,135,075
Furniture & Fittings	240,428	2,432,278	(1,438,377)	1,234,329	2,508,406	445,981	(1,472,817)	1,481,570
Other assets	1,619,202	1,558,220	(1,809,769)	1,367,653	3,177,422	96,197	(2,009,832)	1,263,787
TOTAL PROPERTY, PLANT & EQUIPMENT	221,150,447	13,146,338	(77,949,777)	156,347,008	220,297,819	19,185,909	(79,070,298)	160,413,430
2008 Totals	217,383,549	11,105,993	(74,468,409)	154,021,133	221,150,447	13,146,338	(77,949,777)	156,347,008

This Note continues on the following pages.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2009 \$	
	2008 \$	Additions			Disposals	Depreciation	Transferred to Real Estate Inventory		Net Revaluation
		New/Upgrade	Renewals						
Land	35,584,519	260,000	-	(201,000)	-	(835,000)	-	34,808,519	
Land Improvements	-	-	-	-	-	-	-	-	
Buildings & Other Structures	12,752,869	94,982	305,819	-	(198,010)	-	-	12,955,660	
Roads, bridges, footpaths	76,349,109	7,568,208	-	-	(2,494,761)	-	-	81,422,556	
Stormwater drainage	27,126,226	69,035	-	-	(436,364)	-	(412,634)	26,346,263	
Plant & Equipment	1,932,303	-	810,296	(160,835)	(446,689)	-	-	2,135,075	
Furniture & Fittings	1,234,329	-	445,981	-	(198,740)	-	-	1,481,570	
Other assets	1,367,653	96,197	-	-	(200,063)	-	-	1,263,787	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	156,347,008	8,088,422	1,562,096	(361,835)	(3,974,627)	(835,000)	(412,634)	160,413,430	
2008 Totals	154,021,133	2,948,626	4,390,290	(1,106,856)	(3,906,185)			156,347,008	

This Note continues on the following pages.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost for the purposes of AIFRS.

Plant, Furniture & Equipment

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

Land

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, was valued at 30 June 2006 at current replacement cost. Additions since this date are recognised at cost.

Buildings & Other Structures

Pursuant to Council's election, buildings & other structures were valued at 30 June 2006 at fair value being written down current replacement cost. Additions since this date are recognised at cost.

Roads, Bridges & Footpaths

Transportation assets were valued by Council officers, at written down current replacement cost during the reporting period ended 30 June 2009 and pursuant to Council's election are disclosed at current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Tonkin Consulting as at 30 June 2009 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2009 and pursuant to Council's election are disclosed at current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 8 - LIABILITIES

	Notes	2009		2008	
		Current	Non-current	Current	Non-current
		\$	\$	\$	\$
TRADE & OTHER PAYABLES					
Goods & Services		230,000	-	529,686	-
Payments received in advance		1,818,386	-	53,975	-
Accrued expenses - employee entitlements		897,821	-	635,585	-
Accrued expenses - other		500,808	-	350,393	-
Other		4,112	-	4,025	-
		<u>3,451,127</u>	<u>-</u>	<u>1,573,664</u>	<u>-</u>
BORROWINGS					
Bank Overdraft		97,325	-	221,385	-
Short term draw down facility		11,000,000	-	500,000	-
Loans		615,199	2,769,535	501,498	2,384,734
		<u>11,712,524</u>	<u>2,769,535</u>	<u>1,222,883</u>	<u>2,384,734</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		1,030,217	68,300	953,320	45,204
		<u>1,030,217</u>	<u>68,300</u>	<u>953,320</u>	<u>45,204</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/07/2008	Net Increments (Decrements)	Transfers on Sale	30/06/2009
	Notes	\$	\$	\$
Land		120,370,074	(739,000)	119,631,074
Buildings & Other Structures				
Roads, bridges, footpaths				
Stormwater		21,132,543	(412,634)	20,719,909
Total Infrastructure, Property, Plant & Equipment		141,502,617	(739,000)	140,350,983
TOTAL		141,502,617	(739,000)	140,350,983
2008 Totals		141,502,617		141,502,617

OTHER RESERVES	1/07/2008	Transfers to Reserve	Transfers from Reserve	30/06/2009
Committed funds Reserve		4,065,472	8,387,735	(7,028,319)
TOTAL OTHER RESERVES		4,065,472	8,387,735	(7,028,319)
2008 Totals		6,340,932	4,065,472	(6,340,932)

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Committed Funds Reserve

The committed funds reserve is used to record amounts committed for brought forward projects, unexpended grant funds and amounts held in respect of employee leave entitlements.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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.

	Notes	2009 \$	2008 \$
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government		1,374,040	-
Amount to be applied to specified project (New Library)		-	-
		<u>1,374,040</u>	<u>0</u>
INVENTORIES & OTHER ASSETS			
Real Estate Inventory: Settlement will occur once Electrical services are installed.		6,541,627	-
		-	-
		<u>6,541,627</u>	<u>0</u>
		<u>0</u>	<u>0</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>7,915,667</u>	<u>0</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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	2009 \$	2008 \$
Total cash & equivalent assets	5	5,811,141	3,163,296
Less: Short-term borrowings	8	<u>(97,325)</u>	<u>(221,385)</u>
Balances per Cash Flow Statement		<u>5,713,816</u>	<u>2,941,911</u>

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

Net Surplus (Deficit)	4,363,845	1,824,120
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	3,860,577	3,852,726
Net increase (decrease) in unpaid employee benefits	362,229	79,500
Change in allowances for under-recovery	(41,495)	-
Non-cash asset acquisitions	(260,000)	(495,000)
Grants for capital acquisitions treated as Investing Activity	(2,471,353)	(1,905,375)
Net (Gain) Loss on Disposals	<u>(930,057)</u>	<u>28,381</u>
	4,883,745	3,384,352
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(289,044)	(353,402)
Net (increase) decrease in inventories	(82,316)	1,402
Net increase (decrease) in trade & other payables	<u>1,385,227</u>	<u>446,846</u>
Net Cash provided by (or used in) operations	<u>5,897,612</u>	<u>3,479,198</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	<u>260,000</u>	<u>495,000</u>
<i>Amounts recognised in Income Statement</i>		<u>260,000</u>	<u>495,000</u>
		<u>260,000</u>	<u>495,000</u>

(d) Financing Arrangements

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

Bank Overdraft	250,000	250,000
Short Term Draw Down Facility	12,000,000	5,000,000
Corporate Credit Cards	37,000	37,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council has immediate access to a variable interest rate borrowings under a cash advance facility repayable at Council's discretion, from the Local Government Finance Authority of SA.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 2009 \$	ACTUAL 2008 \$	ACTUAL 2009 \$	ACTUAL 2008 \$	ACTUAL 2009 \$	ACTUAL 2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	
											2009
Council Administration	17,872,980	15,621,741	4,053,079	3,943,513	13,819,901	11,678,228	5,431,391	4,288,696	18,830,189	13,802,195	
Public Order & Safety	197,039	185,695	227,955	201,516	(30,916)	(15,821)	-	-	-	-	
Health	19,625	37,202	182,719	112,434	(163,094)	(75,232)	13,332	33,162	-	-	
Social Security & Welfare	633,388	716,702	1,074,579	1,088,201	(441,191)	(351,499)	243,513	356,008	-	-	
Housing & Community Amenities	1,063,169	869,785	4,587,662	4,551,592	(3,524,493)	(3,681,807)	1,494,725	787,774	51,926,536	39,784,892	
Protection of the Environment	5,061	8,405	281,084	164,583	(256,023)	(156,178)	13,849	25,000	-	-	
Sport & Recreation	947,186	725,466	3,391,420	3,168,580	(2,444,235)	(2,443,114)	177,204	160,865	2,640,541	2,214,590	
Agriculture	-	-	27,219	38,770	(27,219)	(38,770)	-	-	-	-	
Mining & Manufacture	242,066	221,520	672,705	397,338	(330,639)	(175,818)	-	-	-	-	
Transport & Communication	1,477,208	1,224,311	4,884,713	4,305,909	(3,407,504)	(3,081,598)	1,023,774	428,814	71,010,950	70,066,030	
Economic Affairs	227,448	166,939	600,333	576,988	(372,886)	(410,049)	6,000	6,008	280,000	410,000	
Other Purposes	142,321	374,354	2,261,588	2,170,571	(2,119,267)	(1,796,217)	45,292	1,095,351	34,523,285	36,130,686	
TOTALS	22,827,490	20,152,119	22,125,057	20,699,994	702,433	(547,875)	8,449,080	7,181,678	179,211,501	162,408,393	

Excludes 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.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Gravel Pits/Quarries, Development of Land for Resale, Marinas/Boat Havens, Private Works, and Other – please specify.

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Home Assistance Scheme, Child Care Centres, Children and youth Services, community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries/Crematoria, public Conveniences, Car Parking –

Culture

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

Economic Development

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

Environment

Agricultural Services, Agricultural Water, Animal/Plant Boards, Land-care, Other Agricultural Services, 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, Street-scaping, Natural Resource Management Levy, and Other Environment.

Recreation

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Indoor, Swimming Centres – Outdoor, and Other Recreation.

Regulatory Services

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

Transport

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

Plant Hire & Depot

Unclassified Activities

Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 7.25% and 3% (2008: 6.75% and 8%). Short term deposits have an average maturity of 90 days and an average interest rates of 5.5% (2008: 90 days, 7.22%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>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.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2008: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>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.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>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.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.33% and 7.98% (2008: 6.3% and 7.98%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2009	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>					
Payables	2,052,498			2,052,498	2,052,498
Current Borrowings	11,097,325			11,097,325	11,097,325
Non-Current Borrowings	615,199	2,305,661	463,874	3,384,734	3,384,734
Total	13,765,022	2,305,661	463,874	16,534,557	16,534,557
2008	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>					
Payables	1,573,664			1,573,664	587,686
Current Borrowings	721,385			721,385	721,385
Non-Current Borrowings		501,498	2,384,734	2,886,232	2,886,232
Total	2,295,049	501,498	2,384,734	5,181,281	4,195,303

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

	30 June 2009		30 June 2008	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	5.1	11,097,325	6.93	721,385
Other Variable Rates	0	2,052,498	0	587,686
Fixed Interest Rates	6.73	3,384,734	6.82	2,886,232
		<u>16,534,557</u>		<u>4,195,303</u>

Note 13 (cont) - FINANCIAL INSTRUMENTS

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. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 14 - COMMITMENTS FOR EXPENDITURE

	2009	2008
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	603,102	
Buildings		
Plant & Equipment		
	603,102	-
These expenditures are payable:		
Not later than one year	603,102	
Later than one year and not later than 5 years		
Later than 5 years		
	603,102	-
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	13,500	26,600
Waste Management Services	5,632,070	6,758,484
Programmed Property Services	105,006	122,507
	5,750,576	6,907,591
These expenditures are payable:		
Not later than one year	1,157,415	1,157,015
Later than one year and not later than 5 years	4,593,161	5,733,075
Later than 5 years	-	17,501
	5,750,576	6,907,591

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 15 - FINANCIAL INDICATORS

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.

	2009	2008	2007
Operating Surplus	702,434	(547,875)	(388,372)
<i>Operating Surplus (Excludes FAGS prepayment)</i>	(474,288)		
<i>Being the operating surplus (deficit) before capital amounts .</i>			

Operating Surplus Ratio

<u>Operating Surplus</u>	7%	(6%)	(4%)
Rates - general & other less NRM levy			
<i>Operating Surplus Ratio (Excludes FAGS prepayment)</i>	(4%)		

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Net Financial Liabilities

	10,280,377	319,226	(181,127)
<i>Net Financial Liabilities (Excludes FAGS prepayment)</i>	11,457,099		

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	46%	2%	-1%
Total Operating Revenue less NRM levy			
<i>Net Financial Liabilities Ratio (Excludes FAGS payment)</i>	54%		

Interest Cover Ratio

<u>Net Interest Expense</u>	0.2%	(0.7%)	(1.2%)
Total Operating Revenue less NRM levy less Investment Income			
<i>Interest Cover Ratio (Excludes Fags Payment)</i>	0.2%		

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	19%	66%	103%
Depreciation Expense			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Asset Consumption Ratio

<u>Carrying value of depreciable assets</u>	61%	61%	61%
Gross value of depreciable assets			

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

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

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

	2009	2008
Income	\$	\$
less Expenses	22,827,490	20,152,119
	<u>(22,125,056)</u>	<u>(20,699,994)</u>
	702,434	(547,875)

Net Outlays on Existing Assets

Capital Expenditure on renewal and replacement of Existing Assets	(958,046)	(2,948,626)
less Depreciation, Amortisation and Impairment	3,860,577	3,852,726
less Proceeds from Sale of Replaced Assets	<u>230,694</u>	<u>396,657</u>
	3,133,225	1,300,757

Net Outlays on New and Upgraded Assets

Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(17,312,913)	(3,841,831)
less Amounts received specifically for New and Upgraded Assets	2,471,353	1,905,375
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>1,357,066</u>	<u>681,818</u>

Net Lending / (Borrowing) for Financial Year	<u>(13,484,494)</u>	<u>(1,254,638)</u>
	(9,648,834)	(501,756)

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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.

Lessees commitments under all non-cancellable lease agreements are as follows:

	2009	2008
	\$	\$
Not later than one year	53,525	45,725
Later than one year and not later than 5 years	168,375	182,900
Later than 5 years	39,000	
	<u>260,900</u>	<u>228,625</u>

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

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

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

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2009	2008
	\$	\$
Not later than one year	8,063	
Later than one year and not later than 5 years		
Later than 5 years		
	<u>8,063</u>	<u>-</u>

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 18 – 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. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2008/09 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2007/08). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2007/2008) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2008, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

The Corporation of the City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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

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

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 ???
km of road reserves of average width 20 metres.

BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$318,687 (2008: \$438,688) at reporting date.

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

REAL ESTATE DEVELOPMENT

As at 30 June 2009 Council has contracted to sell \$10,826,103 of commercial real estate subject to the installation of power and services at the Industrial Estate.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CORPORATION OF THE CITY OF
WHYALLA**

We have audited the accompanying financial report of the Corporation of the City of Whyalla, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's Statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Corporation of the City of Whyalla is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. We confirm that the independence declaration required by the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999, provided to the Chief Executive Officer on 18 June 2009, would be in the same terms if provided to the Chief Executive Officer as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Corporation of the City of Whyalla as of 30 June 2009, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**DON VENN
PARTNER**

Signed on the 22 day of October 2009,
at 214 Melbourne Street, North Adelaide, South Australia 5006

The Corporation of the City of Whyalla

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2009**

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Philip Cameron the person for the time being occupying the position of Chief Executive Officer of The Corporation of the City of Whyalla do hereby state that the Financial Statements of the Council for the year ended 30 June 2009 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.

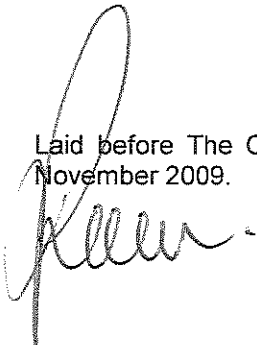


Philip Cameron

CHIEF EXECUTIVE OFFICER

Dated this 20 day of OCTOBER 2009

ADOPTION STATEMENT



Laid before The Corporation of the City of Whyalla and adopted on the 23RD day of NOVEMBER 2009.

Jim Pollock

MAYOR

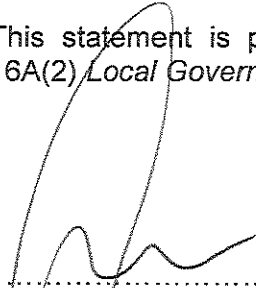
The Corporation of the City of Whyalla

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2009**

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 2009, the Council's Auditor, Dean Newbery & Associates, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



.....
Philip Cameron
CHIEF EXECUTIVE OFFICER



.....
Colin Carter
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 20 OCTOBER 2009

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

ABN 30 164 512 890

**Auditor's Independence Declaration Under Section 16A of the Local
Government (Financial Management) Regulations 1999 to the City of Whyalla.**

I confirm that, for the audit of the financial statements of the City of Whyalla for the year ended 30 June 2009, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



DON VENN

Partner

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS
214 MELBOURNE STREET
NORTH ADELAIDE SA 5006**

NORTH ADELAIDE, this 18th day of June 2009