



**THE CORPORATION OF THE
CITY OF WHYALLA**

**GENERAL PURPOSE FINANCIAL REPORTS
FOR THE YEAR ENDING 30 JUNE 2012**

THE CORPORATION OF THE CITY OF WHYALLA

General Purpose Financial Reports

For the year ending 30 June 2012

TABLE OF CONTENTS

	Page
Council Certificate	2
Principal Financial Statements	
Statement of Comprehensive Income	3
Balance Sheet	4
Statement of Changes in Equity	5
Cash Flow Statement	6
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	7-12
Note 2 - Income	13-14
Note 3 - Expenses	15-16
Note 4 - Gain or Loss on Disposal of Assets	17
Note 5 - Current Assets	18
Note 6 - Non-Current Assets	19
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	20-22
Note 8 - Liabilities	23
Note 9 - Reserves	24
Note 10 - Assets Subject to Restrictions	24
Note 11 - Reconciliation of Cash Flow Statement	25
Note 12 - Functions	26-27
Note 13 - Financial Instruments	28-29
Note 14 - Expenditure Commitments	30
Note 15 - Financial Indicators	31
Note 16 - Uniform Presentation of Finances	32
Note 17 - Operating Leases	33
Note 18 - Superannuation	34
Note 19 - Assets & Liabilities not Recognised	35
Note 20 - Events Occurring after Balance Date	36
Audit Report	37
Council Certificate of Audit Independence	38
Audit Certificate of Audit Independence	39

THE CORPORATION OF THE CITY OF WHYALLA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2012

CERTIFICATION OF FINANCIAL STATEMENTS

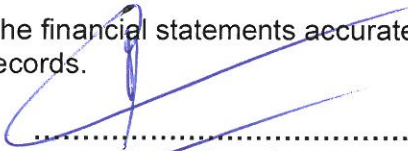
We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

The accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.

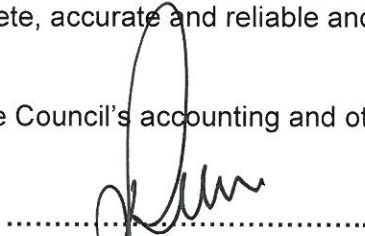
The financial statements present a true and fair view of the Council's financial position at 30 June 2012 and the results of its operations and cash flows for the financial year.

Internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.

The financial statements accurately reflect the Council's accounting and other records.



Peter Peppin
CHIEF EXECUTIVE OFFICER



Jim Pollock
MAYOR/COUNCILLOR

Date: 22.10.12

THE CORPORATION OF THE CITY OF WHYALLA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
Rates	2	14,114,442	13,199,431
Statutory charges	2	470,742	459,196
User charges	2	3,252,337	3,001,563
Grants, subsidies and contributions	2	6,615,425	5,233,024
Investment income	2	214,338	244,171
Reimbursements	2	130,941	136,038
Other income	2	1,038,998	1,115,481
Total Income		<u>25,837,223</u>	<u>23,388,904</u>
EXPENSES			
Employee costs	3	7,584,118	8,385,060
Materials, contracts & other expenses	3	9,804,517	8,925,067
Finance costs	3	200,417	391,646
Depreciation, amortisation & impairment	3	6,014,434	7,054,710
Total Expenses		<u>23,603,486</u>	<u>24,756,483</u>
OPERATING SURPLUS / (DEFICIT)		2,233,737	(1,367,579)
Asset disposal & fair value adjustments	4	(407,456)	1,176,072
Amounts received specifically for new or upgraded assets	2	2,143,222	1,264,028
NET SURPLUS / (DEFICIT)		<u>3,969,503</u>	<u>1,072,521</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	6,733,851	32,295,098
Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & equipment			-
Total Other Comprehensive Income		<u>6,733,851</u>	<u>32,295,098</u>
TOTAL COMPREHENSIVE INCOME		<u>10,703,354</u>	<u>33,367,619</u>

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

THE CORPORATION OF THE CITY OF WHYALLA
BALANCE SHEET
For the year ended 30 June 2012

ASSETS	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	5	2,171,519	3,800,088
Trade & other receivables	5	2,798,225	2,071,192
Inventories	5	476,677	576,442
Total Current Assets		5,446,421	6,447,722
Non-current Assets			
Financial Assets	6	53,204	80,255
Infrastructure, Property, Plant & Equipment	7	215,536,577	206,336,808
Other Non-current Assets	6	8,121,599	6,543,499
Total Non-current Assets		223,711,380	212,960,562
Total Assets		229,157,801	219,408,284
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,570,858	1,240,440
Borrowings	8	850,038	647,682
Provisions	8	1,247,099	1,057,224
Total Current Liabilities		3,668,338	2,945,346
Non-current Liabilities			
Borrowings	8	2,867,747	4,541,502
Provisions	8	1,335,166	1,338,240
Total Non-current Liabilities		4,202,913	5,879,742
Total Liabilities		7,871,251	8,825,088
NET ASSETS		221,286,550	210,583,196
EQUITY			
Accumulated Surplus		29,453,682	23,855,611
Asset Revaluation Reserves	9	189,666,954	182,933,103
Other Reserves	9	2,165,914	3,794,482
TOTAL EQUITY		221,286,550	210,583,196

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 2012

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
2012		\$	\$	\$	\$	\$
Balance at end of previous reporting period		23,855,611	182,933,103	-	3,794,482	210,583,196
Restated opening balance		23,855,611	182,933,103	-	3,794,482	210,583,196
Net Surplus / (Deficit) for Year		3,969,503				3,969,503
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment	9		6,733,851			6,733,851
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment						
Transfers between reserves	9	1,628,568			(1,628,568)	-
Balance at end of period		29,453,682	189,666,954	-	2,165,914	221,286,550
2011						
Balance at end of previous reporting period		21,141,943	150,638,005	-	5,435,629	177,215,577
Restated opening balance		21,141,943	150,638,005	-	5,435,629	177,215,577
Net Surplus / (Deficit) for Year		1,072,521				1,072,521
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment	9		32,295,098			32,295,098
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment	9					-
Transfers between reserves	9	1,641,147			(1,641,147)	-
Balance at end of period		23,855,611	182,933,103	-	3,794,482	210,583,196

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 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		14,083,841	13,270,089
Fees & other charges		482,511	495,677
User charges		2,902,502	3,523,885
Investment receipts		225,924	250,295
Grants utilised for operating purposes		6,714,656	5,625,501
Reimbursements		143,455	152,796
Other revenues		2,771,775	1,902,313
<u>Payments</u>			
Employee Costs		(7,314,547)	(8,443,802)
Materials, contracts & other expenses		(11,598,826)	(10,613,669)
Finance payments		(363,835)	(799,749)
Net Cash provided by (or used in) Operating Activities		8,047,455	5,363,336
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,143,222	1,264,028
Sale of replaced assets		79,995	157,301
Sale of surplus assets		3,909	750,000
Sale of real estate developments		258,070	1,014,510
Repayments of loans by community groups		69,066	115,113
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(5,351,068)	(4,818,237)
Expenditure on new/upgraded assets		(5,408,162)	(337,840)
Net Cash provided by (or used in) Investing Activities		(8,204,968)	(1,855,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		4,915,421	2,871,998
<u>Payments</u>			
Repayments of Borrowings		(6,386,477)	(8,742,349)
Net Cash provided by (or used in) Financing Activities		(1,471,056)	(5,870,351)
Net Increase (Decrease) in cash held		(1,628,569)	(2,362,140)
Cash & cash equivalents at beginning of period	11	3,800,088	6,162,228
Cash & cash equivalents at end of period	11	2,171,519	3,800,088

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 2012

Note 1 – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies; Assets, Liabilities, Cash and General 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.

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 clause 14 of the Local Government (Financial Management) Regulations 2011.

1.2 Historical Cost Convention

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

1.2 Critical Accounting Estimates

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

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 Council's 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.

Income recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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.

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.

Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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.

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

6.2 Materiality

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

6.3 Subsequent Recognition

All material asset classes are re-valued 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.

6.4 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
Benches, seats, etc	10 to 20 years

Infrastructure

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

6.5 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.

6.6 Borrowing Costs

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

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.

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.

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	2.75% (2011 4.8%)
Weighted average settlement period	7 Years (2011 7 Years)

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.

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".

Joint Ventures and Associated Entities

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

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 within the appropriate asset class, 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.

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.

Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period.

AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interest in Other Entities
AASB 13	Fair Value Measurement
AASB 119	Employee Benefits
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 2010-6	Amendments to Australian Accounting Standards [AASBs 1 & 7]
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 {AASBs 1, 3, 4, 5, 7, 101, 201, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19, & 27}
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, & AASB 134]
AASB 2011-5	Amendments to Australian Accounting Standards – Extending Relief From Consolidation, The Equity Method & Proportionate Consolidation [AASB 127, AASB 128, AASB 131]
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 139, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 1019 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 1034, AASB 1049 & AASB 2011-8 and Interpretations 14]
AASB 2011-12	Amendments to Australian Accounting Standards arising from Interpretations 20 [AASB 1]

(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.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2 - INCOME

	Notes	2012 \$	2011 \$
RATES REVENUES			
<u>General Rates</u>			
		11,817,454	11,093,895
Less: Mandatory rebates		(65,001)	(69,076)
Less: Discretionary rebates, remissions & write offs		(168,465)	(121,184)
		11,583,988	10,903,635
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		660,378	590,904
Waste collection		1,983,164	1,808,865
		2,643,542	2,399,769
<u>Other Charges</u>			
Penalties for late payment		86,232	80,281
		86,232	80,281
Less: Discretionary rebates, remissions & write offs		(199,320)	(184,254)
		14,114,442	13,199,431
STATUTORY CHARGES			
Development Act fees		117,808	119,552
Town planning fees		83,507	103,830
Health & Septic Tank Inspection fees		200	200
Animal registration fees & fines		219,744	204,396
Parking fines / expiation fees		38,487	18,888
Environment control fines		1,537	8,228
Other licences, fees, & fines		9,459	4,102
		470,742	459,196
USER CHARGES			
Cemetery/crematoria fees		237,298	256,589
Airport Charges		994,870	969,225
Marina Fees		74,840	63,345
Child Care Centre Fees		458,354	485,267
Hall & equipment hire		151,808	153,872
Waste fees		1,075,104	816,968
Sales - general		216,954	171,204
Sundry		43,109	85,093
		3,252,337	3,001,563
INVESTMENT INCOME			
Interest on investments			153,872
Local Government Finance Authority		108,251	109,693
Banks & other		94,149	119,885
Loans to community groups		11,938	14,593
		214,338	244,171
REIMBURSEMENTS			
- for road works		3,500	3,582
- for private works		61,342	37,462
- other		66,099	94,994
		130,941	136,038

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2 – INCOME Continued

	2012	2011
	\$	\$
OTHER INCOME		
Insurance & other recoupment's - infrastructure, property, plant & equipment	73,951	37,134
Rebates received	636,935	624,538
Sundry	328,112	453,809
	1,038,998	1,115,481
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	2,143,222	1,264,028
Other grants, subsidies and contributions	4,259,056	4,039,867
Individually significant item - additional Grants Commission payment	2,356,369	1,193,157
<i>see below</i>		
	8,758,647	6,497,052
<i>The functions to which these grants relate are shown in Note 12.</i>		
Sources of grants		
Commonwealth government	2,538,017	1,380,529
State government	5,916,055	5,040,147
Other	304,575	76,376
	8,758,647	6,497,052
Individually Significant Item		
On 28 June 2011, Council received payment of the first instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.		
This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.		
Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.		
	2,356,369	1,193,157
Conditions over grants & contributions		
Unexpended at the close of the previous reporting period	3,500,518	3,627,217
Less: expended during the current period from revenues recognised in previous reporting periods		
Roads Infrastructure	(1,551,908)	(74,053)
Heritage & Cultural Services	(1,091,461)	(1,134,763)
	(2,643,369)	(1,208,816)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Roads Infrastructure	650,810	92,653
Heritage & Cultural Services	92,296	989,464
<i>Subtotal</i>	743,106	1,082,117
Unexpended at the close of this reporting period	1,600,255	3,500,518
Net increase (decrease) in assets subject to conditions in the current reporting period	(1,900,263)	(126,699)

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 3 – EXPENSES

	Notes	2012	2011
EMPLOYEE COSTS		\$	\$
Salaries and Wages		5,649,882	6,282,462
Employee leave expense		1,039,822	1,203,875
Superannuation - defined contribution plan contributions	18	351,369	312,631
Superannuation - defined benefit plan contributions	18	299,314	266,315
Workers' Compensation Insurance		330,353	384,270
Less: Capitalised and distributed costs		(86,622)	(64,493)
Total Operating Employee Costs		7,584,118	8,385,060
Total Number of Employees		117.5	119
<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		14,000	12,273
Bad and Doubtful Debts		27,178	81,822
Elected members' expenses		211,583	206,243
Election expenses		5,368	48,008
Subtotal - Prescribed Expenses		258,129	348,346
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,797,875	1,079,805
Energy		770,063	749,230
Insurance		295,492	284,521
Maintenance		461,635	443,287
Legal Expenses		28,522	86,493
Levies paid to government - NRM levy		656,460	584,472
Parts, accessories & consumables		2,640,604	2,429,153
Professional services		1,665,861	1,628,409
Sundry		1,229,876	1,291,351
Subtotal - Other Materials, Contracts & Expenses		9,546,388	8,576,721
Total Materials, Contracts & Other Expenses		9,804,517	8,925,067
INDIVIDUALLY SIGNIFICANT ITEMS			
Insurance		295,492	284,521

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 3 – EXPENSES Continued

	2012	2011
	\$	\$
DEPRECIATION, AMORTISATION		
Depreciation		
Land Improvements	112,610	234,889
Irrigation systems	53,888	53,731
Buildings	981,069	951,366
Playgrounds	64,932	58,352
Street Furniture	53,082	64,166
Roads & footpaths	3,189,350	2,570,636
Runway Assets	101,469	110,221
Stormwater drainage	505,167	503,978
Plant & Equipment	407,408	435,323
Furniture & Fittings	189,213	179,288
Landfill Assets	266,952	270,222
Other Assets	187,881	167,542
IMPAIRMENT		
Landfill Assets *	-	1,518,648
	6,113,021	7,118,362
Less: Capitalised and distributed costs	(98,587)	(63,652)
Total Depreciation Expense	6,014,434	7,054,710
FINANCE COSTS		
Interest on overdraft and short-term drawdown	84,419	401,266
Interest on Loans	115,998	69,446
Less: Capitalised and distributed costs		(79,066)
Total Finance Costs	200,417	391,646

* In the 2010/11 Financial year Council for the first time recognised a liability in the balance sheet for Post Closure and Capping works to be undertaken on Council's landfill site in accordance with the requirements of the license agreement with the Environmental Protection Agency. The recognition of this provision resulted in a once-off expense being recorded in the Statement of Comprehensive Income in the 2010/11 financial year.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 4 – ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

Notes	2012 \$	2011 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	79,995	157,301
Less: Carrying amount of assets sold	694,515	317,080
Gain (Loss) on disposal	(614,520)	(159,779)
<i>Assets surplus to requirements</i>		
Proceeds from disposal	3,909	750,000
Less: Carrying amount of assets sold	6,263	107,000
Gain (Loss) on disposal	(2,354)	643,000
REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	258,070	1,014,510
Less: Carrying amount of assets sold	48,652	321,659
Gain (Loss) on disposal	209,418	692,851
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(407,456)	1,176,072

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 5 – CURRENT ASSETS

	2012	2011
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	5,605	5,605
Short Term Deposits & Bills, etc	2,165,914	3,794,483
	2,171,519	3,800,088
TRADE & OTHER RECEIVABLES		
Rates - General & Other	627,892	597,808
Council Rates Postponement Scheme	5,145	4,628
Accrued Revenues	155,197	168,868
Debtors - general	1,758,214	1,189,007
GST Recoupment	184,282	14,662
Prepayments	116,470	80,359
Loans to community organisations	27,051	69,066
Sundry	4,186	6,058
Total	2,878,437	2,130,456
Less: Allowance for Doubtful Debts	80,212	59,264
	2,798,225	2,071,192
INVENTORIES		
Stores & Materials	122,605	178,076
Trading Stock	54,984	50,626
Real Estate Developments	299,088	347,740
	476,677	576,442

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.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 6 – NON CURRENT ASSETS

	Notes	2012 \$	2011 \$
FINANCIAL ASSETS			
<i>Receivables</i>			
Loans to community organisations		53,204	80,255
		53,204	80,255
Less: Allowance for Doubtful Debts		-	-
		53,204	80,255
OTHER NON-CURRENT ASSETS			
<i>Inventories</i>			
Real Estate Developments		2,921,994	2,921,994
Capital Works-in-Progress		5,199,605	3,621,505
		8,121,599	6,543,499
Real Estate Developments- Current & Non-current (Valued at the lower of cost and net realisable value)			
<i>Industrial & Commercial</i>		3,221,082	3,269,734
Total Real Estate for Resale		3,221,082	3,269,734
<i>Represented by:</i>			
<i>Acquisition Costs</i>		573,117	581,774
<i>Development Costs</i>		2,465,707	2,502,950
<i>Borrowing Costs</i>		182,258	185,010
Total Real Estate for Resale		3,221,082	3,269,734
Apportionment of Real Estate Developments			
<i>Current Assets</i>		299,088	347,740
<i>Non-Current Assets</i>		2,921,994	2,921,994
		3,221,082	3,269,734

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011					2012					
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT COST	ACCUM DEP'N	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	57,106,086	-	-	57,106,086	57,106,086	-	-	57,106,086	-	-	57,106,086
Land Improvements	6,518,489	-	(1,494,480)	5,024,009	6,518,489	444,813	(1,607,090)	5,356,212	444,813	(1,607,090)	5,356,212
Irrigation systems	-	1,370,803	(278,606)	1,092,197	-	1,418,700	(332,494)	1,086,206	1,418,700	(332,494)	1,086,206
Buildings	54,752,345	-	(30,434,356)	24,317,989	54,752,345	4,948,803	(31,415,426)	28,285,722	4,948,803	(31,415,426)	28,285,722
Playgrounds	1,543,625	-	(580,076)	963,549	1,543,625	15,006	(645,007)	913,624	15,006	(645,007)	913,624
Street Furniture	1,018,356	471,722	(366,820)	1,123,258	1,018,356	597,754	(419,902)	1,196,208	597,754	(419,902)	1,196,208
Roads & footpaths	128,841,598	2,212,653	(50,841,852)	80,212,399	132,392,039	-	(46,639,932)	85,752,107	-	(46,639,932)	85,752,107
Runway Assets	5,301,555	-	(3,697,805)	1,603,750	5,708,260	-	(3,943,356)	1,764,904	-	(3,943,356)	1,764,904
Stormwater drainage	39,719,130	3,484,563	(14,345,187)	28,858,506	39,719,130	3,499,162	(14,850,354)	28,367,938	3,499,162	(14,850,354)	28,367,938
Plant & Equipment	-	4,076,345	(2,532,862)	1,543,483	-	4,159,068	(2,784,424)	1,374,644	4,159,068	(2,784,424)	1,374,644
Furniture & Fittings	-	3,305,730	(1,854,242)	1,451,488	-	3,458,321	(1,803,598)	1,654,723	3,458,321	(1,803,598)	1,654,723
Landfill Asset	-	3,660,262	(1,898,367)	1,761,895	-	3,660,262	(2,165,319)	1,494,943	3,660,262	(2,165,319)	1,494,943
Other Assets	-	3,603,526	(2,325,327)	1,278,199	-	3,677,320	(2,494,060)	1,183,260	3,677,320	(2,494,060)	1,183,260
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT	294,801,184	22,185,604	(110,649,980)	206,336,808	298,758,330	25,879,209	(109,100,962)	215,536,577	25,879,209	(109,100,962)	215,536,577
Previous year	222,920,348	22,973,052	(67,918,185)	177,975,215	294,801,184	22,185,604	(110,649,980)	206,336,808	22,185,604	(110,649,980)	206,336,808

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 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2012 \$
	2011 \$	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT		
	CARRYING AMOUNT	New/Upgrade	Renewals								
Land	57,106,086	-	-	-	-	-	-	-	-	57,106,086	
Land Improvements	5,024,009	-	444,813	-	(112,610)	-	-	-	-	5,356,212	
Irrigation systems	1,092,197	47,897	-	-	(53,888)	-	-	-	-	1,086,206	
Buildings	24,317,989	4,741,721	207,082	-	(981,070)	-	-	-	-	28,285,722	
Playgrounds	963,549	15,006	-	-	(64,931)	-	-	-	-	913,624	
Street Furniture	1,123,258	126,032	-	-	(53,082)	-	-	-	-	1,196,208	
Roads & footpaths	80,212,399	462,907	2,446,899	(651,976)	(3,189,350)	-	-	6,471,228	-	85,752,107	
Runway Assets	1,603,750	-	-	-	(101,469)	-	-	262,623	-	1,764,904	
Stormwater drainage	28,858,506	14,599	-	-	(505,167)	-	-	-	-	28,367,938	
Plant & Equipment	1,543,483	-	261,510	(22,941)	(407,408)	-	-	-	-	1,374,644	
Furniture & Fittings	1,451,488	-	415,122	(22,674)	(189,213)	-	-	-	-	1,654,723	
Landfill Assets	1,761,895	-	-	-	(266,952)	-	-	-	-	1,494,943	
Other Assets	1,278,199	-	96,129	(3,187)	(187,881)	-	-	-	-	1,183,260	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	206,336,808	5,408,162	3,871,555	(700,778)	(6,113,021)	-	-	6,733,851	-	215,536,577	
Previous year	177,975,215	2,054,505	1,575,341	(444,989)	(5,599,714)	(1,518,648)	-	32,295,098	-	206,336,808	

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 2012

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. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land

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.

Pursuant to Council's election freehold land and land over which Council has control, but does not have title, was valued at 30 June 2011 at current replacement cost by Liquid Pacific. Additions since this date have been recognised at cost.

Buildings & Other Structures

Pursuant to Council's election, buildings & other structures were valued at 30 June 2011 by Liquid Pacific at fair value being written down replacement cost.

Roads & Footpaths

Transportation assets were valued by SMEC at written down current replacement cost during the reporting period ended 30 June 2012. All acquisitions made after the respective dates of valuation are recorded at cost. During the year useful lives for both road base and road surface assets have been reassessed from 50 to 60 and from 20 to 25 years respectively.

Stormwater Drainage

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost as at 30 June 2009. All acquisitions made after the respective dates of valuation are recorded at cost.

Improvements to Land

Pursuant to Council's election, buildings & other structures were valued at 30 June 2011 by Liquid Pacific at fair value being written down replacement 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.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 8 – Liabilities

	Notes	2012		2011	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		196,828	-	93,532	-
Payments received in advance		200,418	-	143,984	-
Accrued expenses - employee entitlements		824,547	-	736,309	-
Accrued expenses - other		341,948	-	261,909	-
Other		7,117	-	4,706	-
		<u>1,570,858</u>	<u>-</u>	<u>1,240,440</u>	<u>-</u>
BORROWINGS		\$	\$	\$	\$
Bank Overdraft		285,021	-	117,603	-
Short term draw down facility		-	1,691,605	-	2,800,000
Loans		565,360	1,176,142	530,079	1,741,502
		<u>850,381</u>	<u>2,867,747</u>	<u>647,682</u>	<u>4,541,502</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council</i>					
		\$	\$	\$	\$
PROVISIONS					
Employee entitlements (including oncosts)		1,247,099	55,166	1,057,224	58,240
Landfill Capping & Closure Provision		-	1,280,000	-	1,280,000
		<u>1,247,099</u>	<u>1,335,166</u>	<u>1,057,224</u>	<u>1,338,240</u>
Movements in Provisions - 2011 year only					
<i>(current & non-current)</i>					
			<i>Insurance Losses</i>	<i>Future Reinstatement</i>	<i>Other Provision</i>
Opening Balance			-	1,280,000	1,115,464
Add Unwinding of present value discounts			-	-	
Additional amounts recognised			-	-	211,011
(Less) Payments			-	-	(24,210)
Add (Less) Re-measurement Adjustments			-	-	
Closing Balance			-	1,280,000	1,302,265

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
	Notes	\$	\$	\$	\$
Land		43,757,180			43,757,180
Land Improvements		2,151,898			2,151,898
Playgrounds		826,624			826,624
Buildings		19,879,845			19,879,845
Roads & footpaths		90,824,282	6,733,851		97,558,133
Stormwater drainage		24,324,995			24,324,995
Street Furniture		1,168,279			1,168,279
TOTAL		182,933,103	6,733,851		189,666,954
	<i>2011 Totals</i>	<i>150,638,005</i>	<i>32,295,098</i>		<i>182,933,103</i>
OTHER RESERVES		1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Committed Funds Reserves		3,794,482	9,219,478	(10,848,046)	2,165,914
TOTAL OTHER RESERVES		3,794,482	9,219,478	(10,848,046)	2,165,914
	<i>Comparatives</i>	<i>5,435,629</i>	<i>7,539,384</i>	<i>(9,180,531)</i>	<i>3,794,482</i>

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, unexpended grant funds and developer contributions.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

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 purpose for which control was transferred to Council, or for which the revenues were originally obtained

CASH & FINANCIAL ASSETS	Notes	2012 \$	2011 \$
Unexpended amounts received from Federal Government		326,849	1,899,452
Unexpended amounts received from State Government		490,323	874,000
Unexpended amounts received from Developers		783,083	727,066
		<u>1,600,255</u>	<u>3,500,518</u>

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

a) Reconciliation to Cash

Cash assets comprise highly liquid investments with short period to maturity subject to insignificant risk of changes in value. Cash at the end of the reporting period as shown in the Cash flow Statements is reconciled to the related items in the Balance sheet.

	Notes	2012 \$	2011 \$
Total cash & equivalent assets	5	2,171,519	3,800,088
Balances per Cash Flow Statement		2,171,519	3,800,088

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

Net Surplus (Deficit)		3,969,503	1,072,521
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		6,014,434	7,054,710
Net increase (decrease) in unpaid employee benefits		275,039	(58,742)
Change in allowances for under-recovery		20,948	41,008
Non-cash asset acquisitions		-	-
Grants for capital acquisitions treated as Investing Activity		(2,143,222)	(1,264,028)
Net (Gain) Loss on Disposals		407,456	(1,176,072)
		8,544,158	5,669,397
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(789,996)	407,616
Net (increase) decrease in inventories		51,113	17,851
Net (increase) decrease in other current assets		-	-
Net increase (decrease) in trade & other payables		242,180	(731,528)
Net increase (decrease) in other provisions		-	-
Net increase (decrease) in other liabilities		-	-
Net Cash provided by (or used in) operations		8,047,455	5,363,336

(d) Financing Arrangements

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

Bank Overdrafts	-	137,902
LGFA Cash Advance Debenture	10,308,395	9,200,000
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 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.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012 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	2012	2011	2012	2011
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Council Administration	20,512,624	18,722,649	4,535,504	4,538,579	15,977,121	14,184,070	5,201,598	4,309,351	47,046,145	42,471,243
Public Order & Safety	220,783	205,807	224,802	223,087	(4,020)	(17,280)	-	-	-	-
Health	23,907	28,846	136,471	191,875	(112,564)	(163,029)	15,557	19,900	-	-
Social Security & Welfare	1,008,207	698,598	1,130,317	1,085,891	(122,109)	(387,293)	531,428	186,196	-	-
Housing & Community Amenities	328,039	575,786	2,417,533	2,054,519	(2,089,493)	(1,478,733)	-	23,644	91,916,442	92,080,798
Environment	1,143,020	858,491	2,948,023	4,890,881	(1,805,003)	(4,032,390)	-	5,337	1,494,943	1,761,895
Sport & Recreation	321,433	286,550	3,302,575	3,070,547	(2,981,142)	(2,783,997)	196,601	167,627	1,183,260	1,278,199
Agriculture	-	-	21,756	23,680	(21,756)	(23,680)	-	-	-	-
Mining & Manufacturing	209,493	167,521	421,789	565,812	(212,296)	(398,291)	-	-	-	-
Transport & Communication	1,846,127	1,601,983	6,032,613	5,561,004	(4,186,486)	(3,969,021)	669,747	519,969	87,517,011	81,816,149
Economic Affairs	199,233	150,679	654,344	750,788	(455,111)	(600,109)	494	-	-	-
Other Purposes	24,357	91,994	1,777,760	1,799,820	(1,753,403)	(1,707,826)	-	1,000	-	-
Capital Improvement							2,143,222	1,264,028	-	-
TOTALS	25,837,223	23,388,904	23,603,486	24,756,483	2,233,737	(1,367,579)	8,758,647	6,497,052	229,157,801	219,408,284

Includes amounts received specifically for new or upgraded assets.

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
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, Other Health Services

Social Security & Welfare

Community Support, Home Assistance Scheme, Child Care Centres, community Assistance, Other Community Support, Community

Housing & Community Amenities

Child Care Centres, 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 and Museums.

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, Street scaping, Natural Resource Management Levy, and Other Environment.

Sport & Recreation

Jetties, Other Marine Facilities, Parks and Gardens, Marina's & boat Harbours Sports Facilities – Indoor, Sports Facilities – Indoor, Swimming Centres – Outdoor, and Other Recreation.

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

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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 4. % and 5.25% (2011: 4.75% and 5.95%). Short term deposits have an average maturity of 60 days and average interest rates of 5% (2011: 60 days, 5.65%).</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% (2011: 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 rates between 5.33% and 7.98% (2011: 5.33% 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 2012

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	2,171,519	-	-	2,171,519	2,171,519
Receivables	1,917,597	-	-	1,917,597	1,917,597
Other Financial Assets	27,051	54,203	-	80,255	80,255
Total	4,116,167	54,203	-	4,169,391	4,169,371
Financial Liabilities					
Payables	404,363			404,363	404,363
Current Borrowings	850,381			850,381	850,381
Non-Current Borrowings	-	2,743,830	260,605	3,004,435	2,867,747
Total	1,254,744	2,743,830	260,605	4,259,179	4,122,491

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	3,800,088	-	-	3,800,088	3,800,088
Receivables	1,363,933	-	-	1,363,933	1,363,933
Other Financial Assets	69,066	70,111	10,144	149,321	149,321
Total	5,233,087	70,111	10,144	5,313,342	5,313,342
Financial Liabilities					
Payables	242,222	-	-	242,222	242,222
Current Borrowings	647,682	-	-	647,682	647,682
Non-Current Borrowings	-	4,374,293	390,907	4,765,200	4,541,502
Total	889,844	4,374,293	390,907	5,655,104	5,431,406

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	5.7	285,021	6	117,603
Other Variable Rates	5.7	1,691,605	6	2,800,000
Fixed Interest Rates	6.73	1,741,502	6.73	2,271,581
		<u>3,718,128</u>		<u>5,189,184</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any 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 adverse manner.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 14 - COMMITMENTS FOR EXPENDITURE

	2012	2011
<u>Notes</u>	\$	\$
Capital Commitments		
<i>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</i>		
Land Improvements	642,922	-
Buildings	-	997,643
	642,922	997,643
These expenditures are payable:		
Not later than one year	642,922	997,643
	642,922	997,643
Other Expenditure Commitments		
<i>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</i>		
	\$	\$
Audit Services	51,150	85,250
Waste Management Services	2,252,828	3,379,242
Employee Remuneration Contracts	675,000	839,448
Programmed Property Services	52,503	70,004
YMCA Management Contract	868,984	-
	3,900,465	4,373,944
These expenditures are payable:		
	\$	\$
Not later than one year	1,666,228	1,354,939
Later than one year and not later than 5 years	2,234,237	3,000,305
Later than 5 years	-	18,700
	3,900,465	4,373,944

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012
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 Council's finances

	2012 \$	2011 \$
Income	25,837,223	23,388,904
less Expenses	<u>23,603,486</u>	<u>24,756,483</u>
	2,233,737	(1,367,579)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	5,351,068	4,818,237
less Depreciation, Amortisation and Impairment	6,014,434	7,054,710
less Proceeds from Sale of Replaced Assets	<u>79,995</u>	<u>157,301</u>
	(743,361)	(2,393,774)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	5,408,162	337,840
less Amounts received specifically for New and Upgraded Assets	2,143,222	1,264,028
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>261,979</u>	<u>1,764,510</u>
	<u>3,002,961</u>	<u>(2,690,698)</u>
Net Lending / (Borrowing) for Financial Year	(25,863)	3,716,893

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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 where ever 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:

	2012	2011
	\$	\$
Not later than one year	60,316	58,309
Later than one year and not later than 5 years	24,345	74,539
Later than 5 years	24,345	32,460
	109,006	165,308

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:

	2012	2011
	\$	\$
Not later than one year	-	2,100
	-	2,100

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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 2011/12; 9% in 2010/11). 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 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 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 6.3% (6.3% in 2010/2011) 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 actuarial investigation was conducted by the Scheme's actuary, Russell Employee Benefits Pty Ltd, as at 30 June 2011. The Trustee determined that the funding arrangements as at 30 June 2011 were 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 2012

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 277 km of road reserves of average width 20 metres.

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 no recognised potential losses arising from claims known at reporting date. Other potential claims not reported to Council may have existed at reporting date.

BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$80,255 (2011:\$149,321) at reporting date.

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

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. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

ENVIRONMENT

Council is responsible for the operations of the Mount Laura and previously the Newton Street landfill sites. The costs of Councils obligations in relation to the Mount Laura site have been included in Note 8.

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 2012. If applicable once identified the amount will be included and amortised on an annual basis.

THE CORPORATION OF THE CITY OF WHYALLA

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

Note 20 - EVENTS OCCURING AFTER BALANCE DATE

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

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

We have audited the accompanying financial report of the City of Whyalla, which comprises the balance sheet as at 30 June 2012 and the statement of comprehensive income, 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 Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer 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 2011. 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 2011 and the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of City of Whyalla as of 30 June 2012, 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 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS


JIM KEOGH
PARTNER

Signed on the 26th day of October 2012,
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 2012

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 2012, the Council's Auditor, Dean Newbery & Partners Chartered Accountants, 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.



.....
Peter Peppin
CHIEF EXECUTIVE OFFICER



.....
Cr Raj Rajamani
PRESIDING MEMBER AUDIT COMMITTEE

DATE: 22.10.12

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of The Corporation of the City of Whyalla for the year ended 30 June 2012, 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*.



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 6th day of July 2012