

**THE CORPORATION OF THE CITY  
OF WHYALLA**

**GENERAL PURPOSE FINANCIAL REPORTS  
FOR THE YEAR ENDING 30 JUNE 2013**

**City of Whyalla**  
**General Purpose Financial Reports**  
**for the year ended 30 June 2013**

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# THE CORPORATION OF THE CITY OF WHYALLA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

### 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.

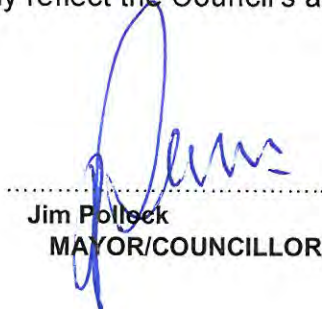
The financial statements present a true and fair view of the Council's financial position at 30 June 2013 and the results of its operations and cash flows for the financial year.

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: 14. 10. 13 .....



**City of Whyalla**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2013

	Note	2013	2012
	s	\$	\$
<b>INCOME</b>			
Rates	2	15,517,056	14,114,442
Statutory charges	2	494,529	470,742
User charges	2	3,433,911	3,429,144
Grants, subsidies and contributions	2	4,872,112	6,438,618
Investment income	2	120,660	214,338
Reimbursements	2	102,847	130,941
Other income	2	1,126,313	1,038,998
Net gain - equity accounted Council businesses	19		
<b>Total Income</b>		<u>25,667,427</u>	<u>25,837,223</u>
<b>EXPENSES</b>			
Employee costs	3	8,425,567	7,584,118
Materials, contracts & other expenses	3	11,035,445	9,804,517
Depreciation, amortisation & impairment	3	5,980,658	6,014,434
Finance costs	3	134,515	200,417
<b>Total Expenses</b>		<u>25,576,185</u>	<u>23,603,486</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>91,242</b>	<b>2,233,737</b>
Asset disposal & fair value adjustments	4	(406,359)	(407,456)
Amounts received specifically for new or upgraded assets	2	1,098,433	2,143,222
<b>NET SURPLUS / (DEFICIT)</b>		<u>783,316</u>	<u>3,969,503</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(40,534)	6,733,851
<b>Total Other Comprehensive Income</b>		<u>(40,534)</u>	<u>6,733,851</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>742,782</u>	<u>10,703,354</u>

## City of Whyalla

### BALANCE SHEET as at 30 June 2013

ASSETS	Notes	2013 \$	2012 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	1,879,025	2,570,517
Trade & other receivables	5	2,256,552	2,798,225
Inventories	5	198,318	476,677
<b>Total Current Assets</b>		<u>4,333,895</u>	<u>5,845,419</u>
<b>Non-current Assets</b>			
Financial assets	6	37,005	53,204
Infrastructure, property, plant & equipment	7	221,224,945	215,536,577
Other non-current assets	6	3,231,429	8,121,599
<b>Total Non-current Assets</b>		<u>224,493,379</u>	<u>223,711,380</u>
<b>Total Assets</b>		<u>228,827,274</u>	<u>229,556,799</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	3,013,521	2,254,877
Borrowings	8	602,295	565,360
Provisions	8	1,227,285	1,247,099
<b>Total Current Liabilities</b>		<u>4,843,100</u>	<u>4,067,336</u>
<b>Non-current Liabilities</b>			
Borrowings	8	573,847	2,867,747
Provisions	8	1,380,995	1,335,166
<b>Total Non-current Liabilities</b>		<u>1,954,842</u>	<u>4,202,913</u>
<b>Total Liabilities</b>		<u>6,797,943</u>	<u>8,270,249</u>
<b>NET ASSETS</b>		<u>222,029,332</u>	<u>221,286,550</u>
<b>EQUITY</b>			
Accumulated Surplus		30,909,842	29,453,682
Asset Revaluation Reserves	9	189,626,420	189,666,954
Other Reserves	9	1,493,070	2,165,914
<b>TOTAL EQUITY</b>		<u>222,029,332</u>	<u>221,286,550</u>

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

## City of Whyalla

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2013

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
		\$	\$	\$	\$
<b>2013</b>					
Balance at end of previous reporting period		29,453,682	189,666,954	2,165,914	221,286,550
Adjustment to give effect to changed accounting policies					
Restated opening balance		29,453,682	189,666,954	2,165,914	221,286,550
<b>Net Surplus / (Deficit) for Year</b>		783,316			783,316
<b>Other Comprehensive Income</b>					
Gain on revaluation of infrastructure, property, plant & equipment		-	(40,534)	-	(40,534)
Transfers between reserves		672,844	-	(672,844)	-
<b>Balance at end of period</b>		<b>30,909,842</b>	<b>189,626,420</b>	<b>1,493,070</b>	<b>222,029,332</b>
<b>2012</b>					
Balance at end of previous reporting period		23,855,611	182,933,103	3,794,482	210,583,196
Adjustment to give effect to changed accounting policies					
Restated opening balance		23,855,611	182,933,103	3,794,482	210,583,196
<b>Net Surplus / (Deficit) for Year</b>		3,969,503			3,969,503
<b>Other Comprehensive Income</b>					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	6,733,851	-	6,733,851
Transfers between reserves		1,628,568	-	(1,628,568)	-
<b>Balance at end of period</b>		<b>29,453,682</b>	<b>189,666,954</b>	<b>2,165,914</b>	<b>221,286,550</b>

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



## City of Whyalla

### CASH FLOW STATEMENT for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		15,364,251	14,083,841
Fees & other charges		533,817	482,511
User charges		4,160,588	2,902,502
Investment receipts		122,871	225,924
Grants utilised for operating purposes		5,237,520	6,714,656
Reimbursements		113,132	143,455
Other revenues		2,349,129	2,771,775
<u>Payments</u>			
Employee costs		(8,413,630)	(7,314,547)
Materials, contracts & other expenses		(11,901,930)	(11,598,826)
Finance payments		(199,096)	(363,835)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>7,366,651</b>	<b>8,047,455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,098,433	2,143,222
Sale of replaced assets		115,682	79,995
Sale of surplus assets		49,500	3,909
Sale of real estate developments		-	258,070
Repayments of loans by community groups		27,051	69,066
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(5,776,953)	(5,351,068)
Expenditure on new/upgraded assets		(1,314,890)	(5,408,162)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(5,801,177)</b>	<b>(8,204,968)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from borrowings		-	4,915,421
<u>Payments</u>			
Repayments of borrowings		(2,256,966)	(5,987,479)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(2,256,966)</b>	<b>(1,072,058)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(691,492)</b>	<b>(1,229,571)</b>
Cash & cash equivalents at beginning of period	11	<u>2,570,517</u>	<u>3,800,088</u>
Cash & cash equivalents at end of period	11	<u>1,879,025</u>	<u>2,570,517</u>

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

### 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 CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 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.

#### 3 Income recognition

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

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

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$1,193,157 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$2,356,369; and in June 2013, again two quarters of the 2013/14 allocation: \$2,284,645.

It is anticipated that these amounts in advance will be adjusted at some future time, but details of the timing of this are not currently available.

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

#### 3.1 Construction Contracts

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

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 6.1 Land under roads

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

##### 6.2 Initial Recognition

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

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

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

##### 6.3 Materiality

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

##### 6.4 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.



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

#### 6.6 Impairment

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

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

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

#### 6.7 Borrowing Costs

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

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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

Weighted average discount rate	3.1% (2012 2.75%)
Weighted average settlement period	7 Years (2012 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.



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 10 Provision for Carbon Taxation

Council considers that it has no current or likely future liability for this tax.

#### 11 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.

#### 12 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.

#### 13 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.



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2013 reporting period.

AASB 7	Financial Instruments - Disclosures
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 132	Financial Instruments - Presentation

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6 and AASB 2012-10.

(Standards not affecting local government have been excluded from the above list.)

Council has not determined if any of the above new standards or interpretations will affect any of the amounts recognised in the financial statements.

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.

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 2 - INCOME

	Notes	2013 \$	2012 \$
<b>RATES REVENUES</b>			
<u>General Rates</u>		13,047,221	11,817,454
Less: Mandatory rebates		(64,477)	(65,001)
Less: Discretionary rebates, remissions & write offs		(136,034)	(168,465)
		12,846,710	11,583,988
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		687,456	660,378
Waste collection		2,114,408	1,983,164
		2,801,864	2,643,542
<u>Other Charges</u>			
Penalties for late payment		83,847	86,232
		83,847	86,232
Less: Discretionary rebates, remissions & write offs		(215,365)	(199,320)
		15,517,056	14,114,442
<b>STATUTORY CHARGES</b>			
Development Act fees		128,465	117,808
Town planning fees		93,536	83,507
Health & Septic Tank Inspection fees		2,825	200
Animal registration fees & fines		221,950	219,744
Parking fines / expiation fees		29,297	38,487
Environment control fines		2,240	1,537
Other licences, fees, & fines		16,216	9,459
		494,529	470,742
<b>USER CHARGES</b>			
Cemetery/crematoria fees		253,658	237,298
Airport Charges		766,686	994,870
Marina Fees		66,793	74,840
Child Care Centre		483,577	458,354
Hall & equipment hire		164,987	151,808
Waste Fees		1,238,706	1,075,104
Sales - general		191,185	216,954
Subsidies received on behalf of users		199,462	176,807
Sundry		68,857	43,109
		3,433,911	3,429,144
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		48,262	108,251
Banks & other		67,165	94,149
Loans to community groups		5,233	11,938
		120,660	214,338

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### NOTE 2 - INCOME (continued)

	Notes	2013 \$	2012 \$
<b>REIMBURSEMENTS</b>			
- for roadworks		3,500	3,500
- for private works		35,699	61,342
- by joint undertakings		<u>63,648</u>	<u>66,099</u>
		<u>102,847</u>	<u>130,941</u>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		96,694	73,951
Rebates received		657,680	636,935
Sundry		<u>371,939</u>	<u>328,112</u>
		<u>1,126,313</u>	<u>1,038,998</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		1,098,433	2,143,222
Other grants, subsidies and contributions		<u>4,872,112</u>	<u>6,438,618</u>
		<u>5,970,545</u>	<u>8,581,840</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
<b>Sources of grants</b>			
Commonwealth government		145,685	2,538,017
State government		4,726,427	5,916,055
Other		<u>1,098,433</u>	<u>127,768</u>
		<u>5,970,545</u>	<u>8,581,840</u>
<b>Individually Significant Item</b>			
Advance Financial Assistance Grant		2,284,645	2,356,369



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### NOTE 2 - INCOME (continued)

	2013	2012
Notes	\$	\$
<b>Conditions over grants &amp; contributions</b>		
<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>	<b>1,600,255</b>	3,500,518
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	<b>(509,810)</b>	(1,551,908)
<i>Heritage &amp; Cultural Services</i>	<b>(385,934)</b>	(1,091,461)
<i>Subtotal</i>	<b>(895,744)</b>	(2,643,369)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	<b>12,500</b>	650,810
<i>Heritage &amp; Cultural Services</i>	<b>50,950</b>	92,296
<i>Subtotal</i>	<b>63,450</b>	743,106
<i>Unexpended at the close of this reporting period</i>	<b>767,961</b>	1,600,255
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 <b>(832,294)</b>	 <b>(1,900,263)</b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 3 - EXPENSES

	Notes	2013 \$	2012 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		6,239,881	5,649,882
Employee leave expense		1,268,121	1,039,822
Superannuation - defined contribution plan contributions	18	349,107	351,369
Superannuation - defined benefit plan contributions	18	297,388	299,314
Workers' Compensation Insurance		338,088	330,353
Less: Capitalised and distributed costs		(67,019)	(86,622)
<b>Total Operating Employee Costs</b>		<b>8,425,567</b>	<b>7,584,118</b>
 <b>Total Number of Employees</b>		<b>121</b>	<b>118</b>
<i>(Full time equivalent at end of reporting period)</i>			
 <b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		14,700	14,000
Bad and Doubtful Debts		9,986	27,178
Elected members' expenses		244,182	211,583
Election expenses		-	5,368
Subtotal - Prescribed Expenses		<b>268,867</b>	<b>258,129</b>
 <u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		2,527,327	1,797,875
Energy		825,728	770,063
Insurance		352,792	295,492
Maintenance		635,413	461,635
Legal Expenses		25,679	28,522
Levies paid to government - NRM levy		682,656	656,460
Parts, accessories & consumables		2,709,771	2,640,604
Professional services		1,879,224	1,665,861
Sundry		1,127,988	1,229,876
Subtotal - Other Materials, Contracts & Expenses		<b>10,766,578</b>	<b>9,546,388</b>
		<b>11,035,445</b>	<b>9,804,517</b>



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 3 - EXPENSES (cont)

	Notes	2013 \$	2012 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Land Improvements		119,890	112,610
Irrigation Systems		56,086	53,888
Buildings		966,656	981,069
Playgrounds		59,318	64,932
Street Furniture		62,123	53,082
Roads & footpaths		3,166,856	3,189,350
Runway Assets		98,841	101,469
Stormwater drainage		505,459	505,167
Plant & Equipment		356,980	407,408
Furniture & Fittings		194,477	189,213
Landfill assets		323,793	266,952
Other Assets		189,712	187,881
		<u>6,100,191</u>	<u>6,113,021</u>
Less: Capitalised and distributed costs		<u>(119,533)</u>	<u>(98,587)</u>
		<u>5,980,658</u>	<u>6,014,434</u>
<b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		62,526	84,419
Interest on Loans		71,989	115,998
		<u>134,515</u>	<u>200,417</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2013	2012
Notes	\$	\$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	115,682	79,995
Less: Carrying amount of assets sold	563,626	694,515
<b>Gain (Loss) on disposal</b>	<b>(447,944)</b>	<b>(614,520)</b>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	49,500	3,909
Less: Carrying amount of assets sold	7,915	6,263
<b>Gain (Loss) on disposal</b>	<b>41,585</b>	<b>(2,354)</b>
 <b>REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	-	258,070
Less: Carrying amount of assets sold	-	48,652
<b>Gain (Loss) on disposal</b>	<b>-</b>	<b>209,418</b>
 <b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		
	<b>(406,359)</b>	<b>(407,456)</b>



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 5 - CURRENT ASSETS

		2013	2012
	Notes	\$	\$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		385,955	404,603
Short Term Deposits & Bills, etc		<u>1,493,070</u>	<u>2,165,914</u>
		<u><b>1,879,025</b></u>	<u><b>2,570,517</b></u>
 <b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		780,102	627,892
Rates postponed for State Seniors		5,740	5,145
Accrued Revenues		152,986	155,197
Debtors - general		1,180,082	1,758,214
GST Recoupment		137,802	184,282
Prepayments		37,508	116,470
Loans to community organisations		16,199	27,051
Sundry		<u>6,783</u>	<u>4,186</u>
Total		<u><b>2,317,202</b></u>	<u><b>2,878,437</b></u>
 Less: allowance for Doubtful Debts		 <u><b>60,650</b></u>	 <u><b>80,212</b></u>
		<u><b>2,256,552</b></u>	<u><b>2,798,225</b></u>

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

#### **INVENTORIES**

Stores & Materials		146,306	122,605
Trading Stock		52,012	54,984
Real Estate Developments	6	<u>-</u>	<u>299,088</u>
		<u><b>198,318</b></u>	<u><b>476,677</b></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.*

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2013 \$	2012 \$
Receivables			
Loans to community organisations		<u>37,005</u>	<u>53,204</u>
		37,005	53,204
<b>OTHER NON-CURRENT ASSETS</b>			
Inventories			
Real Estate Developments		<u>3,221,082</u>	<u>2,921,994</u>
		3,221,082	2,921,994
Capital Works-in-Progress		<u>10,347</u>	<u>5,199,605</u>
		<u>3,231,429</u>	<u>8,121,599</u>
<i>Real Estate Developments - Current &amp; Non-Current</i>			
<i>Industrial &amp; Commercial</i>		<u>3,221,082</u>	<u>3,221,082</u>
<b>Total Real Estate for Resale</b>		<u>3,221,082</u>	<u>3,221,082</u>
<i>Represented by:</i>			
<i>Acquisition Costs</i>		573,117	573,117
<i>Development Costs</i>		2,465,707	2,465,707
<i>Finance Costs</i>		<u>182,258</u>	<u>182,258</u>
		3,221,082	3,221,082
<b>Apportionment of Real Estate Developments</b>			
<i>Current Assets</i>		-	299,088
<i>Non-Current Assets</i>		<u>3,221,082</u>	<u>2,921,994</u>
		3,221,082	3,221,082



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012 \$				2013 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	57,106,086	-	-	57,106,086	57,106,086	34,443	-	57,140,529
Land Improvements	6,518,489	444,813	(1,607,090)	5,356,212	6,518,489	1,274,353	(1,726,980)	6,065,862
Irrigation Systems	-	1,418,700	(332,494)	1,086,206	-	7,888,406	(388,580)	7,499,826
Buildings	54,752,345	4,948,803	(31,415,426)	28,285,722	54,752,345	5,191,378	(32,382,082)	27,561,641
Playgrounds	1,543,625	15,006	(645,007)	913,624	1,542,965	15,666	(704,325)	854,306
Street Furniture	1,018,356	597,754	(419,902)	1,196,208	1,018,357	809,123	(482,025)	1,345,455
Roads & footpaths	132,392,039	-	(46,639,932)	85,752,107	133,284,813	-	(48,150,246)	85,134,567
Runway Assets	5,708,260	-	(3,943,356)	1,764,904	5,708,260	-	(4,042,197)	1,666,063
Stormwater drainage	39,719,130	3,499,162	(14,850,354)	28,367,938	39,719,130	4,066,222	(15,355,814)	28,429,538
Plant & Equipment	-	4,159,068	(2,784,424)	1,374,644	-	4,257,544	(2,789,224)	1,468,320
Furniture & Fittings	-	3,458,321	(1,803,598)	1,654,723	-	3,582,685	(1,998,076)	1,584,609
Landfill assets	-	3,660,262	(2,165,319)	1,494,943	206,507	3,660,262	(2,489,112)	1,377,657
Other Assets	-	3,677,320	(2,494,060)	1,183,260	-	3,780,344	(2,683,772)	1,096,572
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>298,758,330</b>	<b>25,879,209</b>	<b>(109,100,962)</b>	<b>215,536,577</b>	<b>299,856,952</b>	<b>34,560,426</b>	<b>(113,192,433)</b>	<b>221,224,945</b>
<i>Comparatives</i>	<b>294,807,184</b>	<b>22,185,604</b>	<b>(110,649,980)</b>	<b>206,336,808</b>	<b>298,758,330</b>	<b>25,879,209</b>	<b>(109,100,962)</b>	<b>215,536,577</b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2013 \$
	\$							
	2012 \$	Additions		Disposals	Depreciation	Net Revaluation	CARRYING AMOUNT	
CARRYING AMOUNT	New/Upgrade	Renewals						
Land	57,106,086	34,443	-	-	-	-	57,140,529	
Land Improvements	5,356,212	-	829,540	-	(119,890)	-	6,065,862	
Irrigation Systems	1,086,206	6,469,705	-	-	(56,086)	-	7,499,826	
Buildings	28,285,722	-	242,575	-	(966,656)	-	27,561,641	
Playgrounds	913,624	-	-	-	(59,318)	-	854,306	
Street Furniture	1,196,208	-	211,369	-	(62,123)	-	1,345,455	
Roads & footpaths	85,752,107	-	3,109,158	(519,308)	(3,166,856)	(40,534)	85,134,567	
Runway Assets	1,764,904	-	-	-	(98,841)	-	1,666,063	
Stormwater drainage	28,367,938	-	567,059	-	(505,459)	-	28,429,538	
Plant & Equipment	1,374,644	-	502,889	(52,233)	(356,980)	-	1,468,320	
Furniture & Fittings	1,654,723	-	124,363	-	(194,477)	-	1,584,609	
Landfill assets	1,494,943	-	206,508	-	(323,793)	-	1,377,657	
Other Assets	1,183,260	-	103,024	-	(189,712)	-	1,096,572	
	215,536,577	6,504,148	5,896,485	(571,541)	(6,100,191)	(40,534)	221,224,945	
<b>Comparatives</b>	<b>206,336,808</b>	<b>5,408,162</b>	<b>3,871,555</b>	<b>(700,778)</b>	<b>(6,113,021)</b>	<b>6,733,851</b>	<b>215,536,577</b>	

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 2013

### 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 market value 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 & Runway

Transportation assets were valued by SMEC at written down current replacement cost during the reporting period ended 30 June 2013. All acquisitions made after the respective dates of valuation are recorded at cost.

#### 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.

#### Investment Property

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar parties in the same location and subject to similar leases. The 2011 valuation was made by Liquid Pacific.

Most investment properties are leased to tenants under long term operating leases with rentals payable monthly (Note 18). Contractual obligations relating to the properties are disclosed in Note 14.

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

#### Capitalisation Thresholds

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$ 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

#### Estimated Useful Lives

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

#### **Plant, Furniture & Equipment**

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making 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



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 8 - LIABILITIES

	Notes	2013		2012	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		1,961,026	-	880,847	-
Payments received in advance		48,496	-	200,418	-
Accrued expenses - employee entitlements		810,469	-	824,547	-
Accrued expenses - other		160,897	-	341,948	-
Other		32,633	-	7,117	-
		<u>3,013,521</u>	<u>-</u>	<u>2,254,877</u>	<u>-</u>

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

#### BORROWINGS

Short term draw down facility		-	-	-	1,691,605
Loans		602,295	573,847	565,360	1,176,142
		<u>602,295</u>	<u>573,847</u>	<u>565,360</u>	<u>2,867,747</u>

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

#### PROVISIONS

Employee entitlements (including oncosts)		1,227,285	100,995	1,247,099	55,166
Landfill Capping and closure Provision		-	1,280,000	-	1,280,000
		<u>1,227,285</u>	<u>1,380,995</u>	<u>1,247,099</u>	<u>1,335,166</u>

#### Movements in Provisions - 2013 year only (current & non-current)

Opening Balance				1,280,000	1,302,265
Add Unwinding of present value discounts					
Additional amounts recognised					20,016
(Less) Payments					
Unused amounts reversed					
Add (Less) Remeasurement Adjustments					
Closing Balance				<u>1,280,000</u>	<u>1,322,281</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
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	91,704,645	(40,534)	-	91,664,111
Runway Assets	5,853,488	-	-	5,853,488
Stormwater drainage	24,324,995	-	-	24,324,995
Street Furniture	1,168,279	-	-	1,168,279
<b>TOTAL</b>	<b>189,666,954</b>	<b>(40,534)</b>		<b>189,626,420</b>
<i>Comparatives</i>	<i>182,933,103</i>	<i>6,733,851</i>		<i>189,666,954</i>

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
Committed Funds Reserve	2,165,914	5,635,616	(6,308,460)	1,493,070
<b>TOTAL OTHER RESERVES</b>	<b>2,165,914</b>	<b>5,635,616</b>	<b>(6,308,460)</b>	<b>1,493,070</b>
<i>Comparatives</i>	<i>3,794,482</i>	<i>9,219,478</i>	<i>(10,848,046)</i>	<i>2,165,914</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.



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### 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	2013 \$	2012 \$
<b>CASH &amp; FINANCIAL ASSETS</b>			
Unexpended amounts received from Federal Government		-	326,849
Unexpended amounts received from State Government		20,782	490,323
Unexpended amounts received from Developers		747,179	783,083
		<u>767,961</u>	<u>1,600,255</u>
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<u>767,961</u>	<u>1,600,255</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### 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	2013 \$	2012 \$
Total cash & equivalent assets	5	<u>1,879,025</u>	<u>2,570,517</u>
Balances per Cash Flow Statement		<u>1,879,025</u>	<u>2,570,517</u>

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

Net Surplus (Deficit)	783,316	3,969,503
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,980,658	6,014,434
Net increase (decrease) in unpaid employee benefits	11,937	275,039
Change in allowances for under-recovery	(19,562)	20,948
Grants for capital acquisitions treated as Investing Activity	(1,098,433)	(2,143,222)
Net (Gain) Loss on Disposals	406,359	407,456
	<u>6,064,275</u>	<u>8,544,158</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	550,383	(789,996)
Net (increase) decrease in inventories	(20,729)	51,113
Net increase (decrease) in trade & other payables	772,722	242,180
<b>Net Cash provided by (or used in) operations</b>	<u>7,366,651</u>	<u>8,047,455</u>

##### (d) Financing Arrangements

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

Bank Overdrafts	250,000	250,000
Corporate Credit Cards	37,000	37,000
LGFA Cash Advance Debenture facility	12,000,000	10,308,395

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 the Local Government Finance Authority of SA.



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### 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 2013	ACTUAL 2012	ACTUAL 2013	ACTUAL 2012	ACTUAL 2013	ACTUAL 2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Council Administration	20,494,453	20,512,624	4,921,115	4,535,504	15,573,338	15,977,121	3,855,552	5,201,598	40,416,660	47,445,143	
Public Order & Safety	227,162	220,783	233,658	224,802	(6,496)	(4,020)	-	-	-	-	
Health	33,978	23,907	138,168	136,471	(104,190)	(112,564)	16,080	15,557	-	-	
Social Security & Welfare	943,665	1,008,207	1,715,048	1,130,317	(771,383)	(122,109)	248,685	354,621	-	-	
Housing & Community	1,649,038	328,039	5,191,392	2,417,533	(3,542,354)	(2,089,493)	-	211,000	99,135,755	91,916,442	
Environment	14,045	1,143,020	516,034	2,948,023	(501,989)	(1,805,003)	-	-	1,377,657	1,494,943	
Sport & Recreation	371,194	321,433	4,015,420	3,302,575	(3,644,226)	(2,981,142)	952,071	1,296,601	1,096,572	1,183,260	
Agriculture	-	-	12,221	21,756	(12,221)	(21,756)	-	-	-	-	
Minining & Manufacturing	284,077	209,493	502,538	421,789	(218,461)	(212,296)	-	-	-	-	
Transport & Communications	1,458,221	1,846,127	5,829,249	6,032,613	(4,371,028)	(4,186,486)	898,157	1,410,548	86,800,630	87,517,011	
Economic Affairs	159,929	199,233	726,173	654,344	(566,244)	(455,111)	-	494	-	-	
Other Purposes	31,665	24,357	1,775,169	1,777,760	(1,743,504)	(1,753,403)	-	91,421	-	-	
<b>TOTALS</b>	<b>25,667,427</b>	<b>25,837,223</b>	<b>25,576,185</b>	<b>23,603,486</b>	<b>91,242</b>	<b>2,233,737</b>	<b>5,970,545</b>	<b>8,581,840</b>	<b>228,827,274</b>	<b>229,556,799</b>	

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 2013

**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



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 13 - FINANCIAL INSTRUMENTS

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

##### Accounting Policies - Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 4% and 2.25% (2012: 4.75% and 5.95%). Short term deposits have an average maturity of 60 days and an average interest rates of 5% (2012: 60 days, 5.65%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b> Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 2% (2012: 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Receivables - Retirement Home Contributions</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable when due; interest is charged at fixed (or variable - describe) rates between 5.33% and 7.98% (2012: 5.33% and 7.98%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 13 (cont) - FINANCIAL INSTRUMENTS

##### Liquidity Analysis

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	1,879,025	-	-	1,879,025	1,879,025
Receivables	1,568,365	-	-	1,568,365	1,568,365
Other Financial Assets	19,779	42,044	-	61,823	53,204
<b>Total</b>	<b>3,467,169</b>	<b>42,044</b>	<b>-</b>	<b>3,509,213</b>	<b>3,500,594</b>
<b>Financial Liabilities</b>					
Payables	2,042,155	-	-	2,042,155	2,042,155
Current Borrowings	652,372	-	-	652,372	602,295
Non-Current Borrowings	-	530,156	130,302	660,458	573,847
<b>Total</b>	<b>2,694,527</b>	<b>530,156</b>	<b>130,302</b>	<b>3,354,985</b>	<b>3,218,297</b>
<b>2012</b>	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	2,570,519	-	-	2,570,519	2,570,517
Receivables	2,298,604	-	-	2,298,604	2,298,604
Other Financial Assets	31,959	61,823	-	93,782	80,255
<b>Total</b>	<b>4,901,082</b>	<b>61,823</b>	<b>-</b>	<b>4,962,905</b>	<b>4,949,376</b>
<b>Financial Liabilities</b>					
Payables	1,088,382	-	-	1,088,382	1,088,382
Current Borrowings	652,370	-	-	652,370	565,360
Non-Current Borrowings	-	2,743,830	260,605	3,004,435	2,867,747
<b>Total</b>	<b>1,740,752</b>	<b>2,743,830</b>	<b>260,605</b>	<b>4,745,187</b>	<b>4,521,489</b>

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

	30 June 2013		30 June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Overdraft	9.22	-	9.87	-
Other Variable Rates	5.25	-	5.7	1,691,605
Fixed Interest Rates	6.65	1,176,142	6.73	1,741,502
		<b>1,176,142</b>		<b>3,433,107</b>

#### 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 Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

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



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 14 - COMMITMENTS FOR EXPENDITURE

	2013	2012
	Notes	
	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land Improvements	-	642,922
Roads & Footpaths	<u>1,183,691</u>	<u>-</u>
	<u>1,183,691</u>	<u>642,922</u>
These expenditures are payable:		
Not later than one year	<u>1,183,691</u>	<u>642,922</u>
	<u>1,183,691</u>	<u>642,922</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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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.

**Operating Surplus Ratio**

<u>Operating Surplus</u>	0.62%	17%	(11%)
Rates - general & other less NRM levy			

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

**Adjusted Operating Surplus Ratio**

	1.10%	8%	(11%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities Ratio</u>	11%	11%	13%
Total Operating Revenue less NRM levy			

*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy).*

**Asset Sustainability Ratio**

<u>Net Asset Renewals</u>	107%	238%	273%
Infrastructure & Asset Management Plan required expenditure			

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets. In the past depreciation has been used as the denominator, however renewal needs are based on the condition of the assets, in any one year this renewal cost may be more or less than depreciation expense in any one year. For this reason our renewal needs are spelt out in our Asset Management Plans, therefore this measure looks at "what we did" in a financial period and compares it to "what we should have done" in order to renew assets at the optimum time.*



## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### 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

	2013 \$	2012 \$
Income	25,667,427	25,837,223
<i>less Expenses</i>	<u>25,576,185</u>	<u>23,603,486</u>
<b>Operating Surplus / (Deficit)</b>	<b>91,242</b>	<b>2,233,737</b>
<b><i>less Net Outlays on Existing Assets</i></b>		
Capital Expenditure on renewal and replacement of Existing Assets	5,776,953	5,351,068
<i>less Depreciation, Amortisation and Impairment</i>	5,980,658	6,014,434
<i>less Proceeds from Sale of Replaced Assets</i>	<u>115,682</u>	<u>79,995</u>
	<b>(319,387)</b>	<b>(743,361)</b>
<b><i>less Net Outlays on New and Upgraded Assets</i></b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	1,314,890	5,408,162
<i>less Amounts received specifically for New and Upgraded Assets</i>	1,098,433	2,143,222
<i>less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)</i>	<u>49,500</u>	<u>261,979</u>
	<u>166,957</u>	<u>3,002,961</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>243,672</u></b>	<b><u>(25,863)</u></b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

#### Note 17 - OPERATING LEASES

##### *Leases providing revenue to the Council*

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

##### Investment Property

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

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

	2013	2012
	\$	\$
Not later than one year	62,624	60,316
Later than one year and not later than 5 years	25,005	24,345
Later than 5 years	16,670	34,345
	<u>104,299</u>	<u>119,006</u>

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

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

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:



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

### NOTE 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to 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 2012/13; 9% in 2011/12). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years 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 2011/2012) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members 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, AC Miller, FIAA of Russell Employee Benefits Pty Ltd, as at 30 June 2011. The Trustee determined that the current funding arrangements are adequate for the expected Salarylink 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 2013**

#### **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 \$53,204 (2012:\$80,255) at reporting date. Council does not expect to incur any loss arising from these guarantees.

##### **ENVIRONMENT**

Council is responsible for the operations of the Mount Laura and previously the Newton Street landfill sites. The costs of Council's 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 2013. If applicable once identified the amount will be included and amortised on an annual basis.

**CARBON TAX** From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commenced operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type.

Using current calculation methods, emissions from Council's landfill facilities are substantially below current taxable thresholds. This situation is expected to continue while thresholds remain at current levels. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, should taxable thresholds be substantially reduced Council may be subject to taxation on landfill deposits made after 1 July 2012. No liability has been recognised in these reports.



## **THE CORPORATION OF THE CITY OF WHYALLA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

### **Note 20 - EVENTS OCCURRING 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 2013 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 2013, 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 14th day of October 2013,  
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 2013

### 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 2013, 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**



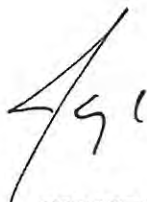
.....  
Cr Raj Rajamani  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date:

## **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 2013, 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 11<sup>th</sup> day of October 2013**