

**THE CORPORATION OF THE  
CITY OF WHYALLA**

**GENERAL PURPOSE FINANCIAL REPORTS  
FOR THE YEAR ENDING 30 JUNE 2011**

# THE CORPORATION OF THE CITY OF WHYALLA

## General Purpose Financial Reports

For the year ending 30 June 2011

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# THE CORPORATION OF THE CITY OF WHYALLA

## ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2011

### 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 2011 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.

  
.....  
**Ian Burfitt**  
**CHIEF EXECUTIVE OFFICER**

  
.....  
**Jim Pollock**  
**MAYOR/COUNCILLOR**

Date: 17/10/11.....

THE CORPORATION OF THE CITY OF WHYALLA

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2011

	Notes	2011	2010
<b>INCOME</b>			
Rates	2	\$ 13,199,431	\$ 12,160,642
Statutory charges	2	\$ 459,196	\$ 442,656
User charges	2	\$ 3,001,563	\$ 3,404,807
Grants, subsidies and contributions	2	\$ 5,233,024	\$ 5,144,850
Investment income	2	\$ 244,171	\$ 258,717
Reimbursements	2	\$ 136,038	\$ 89,656
Other income	2	\$ 1,115,481	\$ 979,910
<b>Total Income</b>		<u>\$ 23,388,904</u>	<u>\$ 22,481,238</u>
<b>EXPENSES</b>			
Employee costs	3	\$ 8,385,060	\$ 8,771,512
Materials, contracts & other expenses	3	\$ 8,925,067	\$ 9,752,497
Finance costs	3	\$ 391,646	\$ 438,482
Depreciation, amortisation & impairment	3	\$ 7,054,710	\$ 4,769,858
<b>Total Expenses</b>		<u>\$ 24,756,483</u>	<u>\$ 23,732,349</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>\$ (1,367,579)</b>	<b>\$ (1,251,111)</b>
Asset disposal & fair value adjustments	4	\$ 1,176,072	\$ 3,965,710
Amounts received specifically for new or upgraded assets	2	\$ 1,264,028	\$ 4,034,157
<b>NET SURPLUS / (DEFICIT)</b>		<u>\$ 1,072,521</u>	<u>\$ 6,748,756</u>
transferred to Equity Statement			\$ 6,748,756
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	\$ 32,295,098	\$ 10,611,022
Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & equipment		\$ -	\$ (324,000)
<b>Total Other Comprehensive Income</b>		<u>\$ 32,295,098</u>	<u>\$ 10,287,022</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>\$ 33,367,619</u>	<u>\$ 17,035,778</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 2011

	Notes	2011	2010
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	\$ 3,794,483	\$ 6,162,225
Trade & other receivables	5	\$ 2,071,192	\$ 2,531,110
Inventories	5	\$ 576,442	\$ 915,952
		<u>\$ 6,442,117</u>	<u>\$ 9,609,288</u>
<b>Total Current Assets</b>		<u>\$ 6,442,117</u>	<u>\$ 9,609,288</u>
<b>Non-current Assets</b>			
Financial Assets	6	\$ 80,255	\$ 184,074
Infrastructure, Property, Plant & Equipment	7	\$ 206,336,808	\$ 177,975,215
Other Non-current Assets	6	\$ 6,543,499	\$ 3,652,707
		<u>\$ 212,960,562</u>	<u>\$ 181,811,996</u>
<b>Total Non-current Assets</b>		<u>\$ 212,960,562</u>	<u>\$ 181,811,996</u>
<b>Total Assets</b>		<u>\$ 219,402,679</u>	<u>\$ 191,421,284</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	\$ 1,240,440	\$ 2,001,569
Borrowings	8	\$ 3,442,077	\$ 8,787,953
Provisions	8	\$ 1,057,224	\$ 1,084,324
		<u>\$ 5,739,741</u>	<u>\$ 11,873,845</u>
<b>Total Current Liabilities</b>		<u>\$ 5,739,741</u>	<u>\$ 11,873,845</u>
<b>Non-current Liabilities</b>			
Borrowings	8	\$ 1,741,502	\$ 2,271,582
Provisions	8	\$ 1,338,240	\$ 60,281
		<u>\$ 3,079,742</u>	<u>\$ 2,331,862</u>
<b>Total Non-current Liabilities</b>		<u>\$ 3,079,742</u>	<u>\$ 2,331,862</u>
<b>Total Liabilities</b>		<u>\$ 8,819,483</u>	<u>\$ 14,205,707</u>
<b>NET ASSETS</b>		<u>\$ 210,583,196</u>	<u>\$ 177,215,577</u>
<b>EQUITY</b>			
Accumulated Surplus	9	\$ 23,855,611	\$ 21,141,943
Asset Revaluation Reserves	9	\$ 182,933,103	\$ 150,638,005
Other Reserves	9	\$ 3,794,482	\$ 5,435,629
<b>TOTAL EQUITY</b>		<u>\$ 210,583,196</u>	<u>\$ 177,215,577</u>

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

**THE CORPORATION OF THE CITY OF WHYALLA**

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2011

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
<b>2011</b>						
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
<b>Net Surplus / (Deficit) for Year</b>		\$ 1,072,521				\$ 1,072,521
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment	9		\$ 32,295,098			\$ 32,295,098
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment						\$ -
Transfers between reserves	9	\$ 1,641,147			\$ (1,641,147)	\$ -
<b>Balance at end of period</b>		\$ 23,855,611	\$ 182,933,103	\$ -	\$ 3,794,482	\$ 210,583,196
<b>2010</b>						
Balance at end of previous reporting period		\$ 14,403,928	\$ 140,350,983	\$ -	\$ 5,424,888	\$ 160,179,799
Restated opening balance		\$ 14,403,928	\$ 140,350,983	\$ -	\$ 5,424,888	\$ 160,179,799
<b>Net Surplus / (Deficit) for Year</b>		\$ 6,748,756				\$ 6,748,756
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment	9		\$ 10,611,022			\$ 10,611,022
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment	9		\$ (324,000)			\$ (324,000)
Transfers between reserves	9	\$ (10,741)			\$ 10,741	\$ -
<b>Balance at end of period</b>		\$ 21,141,943	\$ 150,638,005	\$ -	\$ 5,435,629	\$ 177,215,577

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 2011

	Notes	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		\$ 24,970,261	\$ 21,918,901
Investment receipts		\$ 250,295	\$ 718,115
<u>Payments</u>			
Operating payments to suppliers & employees		\$ (19,057,471)	\$(20,076,986)
Finance payments		\$ (799,749)	\$ (269,278)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>\$ 5,363,336</b>	<b>\$ 2,290,751</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		\$ 1,264,028	\$ 4,034,157
Sale of replaced assets		\$ 157,301	\$ 85,901
Sale of surplus assets		\$ 750,000	\$ 991,942
Sale of real estate developments		\$ 1,014,510	\$ 4,087,331
Repayments of loans by community groups		\$ 115,113	\$ 86,097
<u>Payments</u>			
Expenditure on renewal/replacement of assets		\$ (4,818,237)	\$ (2,783,063)
Expenditure on new/upgraded assets		\$ (337,840)	\$ (2,988,141)
Development of real estate for sale		\$ -	\$ (2,031,365)
Loans made to community groups		\$ -	\$ -
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>\$ (1,855,125)</b>	<b>\$ 1,482,859</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		\$ 2,871,998	\$ 5,855,000
<u>Payments</u>			
Repayments of Borrowings		\$ (8,747,954)	\$ (9,277,526)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>\$ (5,875,956)</b>	<b>\$ (3,422,526)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>\$ (2,367,745)</b>	<b>\$ 351,084</b>
Cash & cash equivalents at beginning of period	11	\$ 6,162,225	\$ 5,811,141
<b>Cash &amp; cash equivalents at end of period</b>	<b>11</b>	<b>\$ 3,794,480</b>	<b>\$ 6,162,225</b>

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 2011

#### 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 11 of the Local Government (Financial Management) Regulations 1999.

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

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

#### 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.

Fixed Assets being Road and Stormwater Assets of the Industrial Estate were previously classified under Real Estate inventory in the financial statements for the year ending 30 June 2010. During the year the project reached practical completion and the assets have now been re classified under the Infrastructure class to which they belong.

#### **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	4.8% (2010 4.702%)
Weighted average settlement period	7 Years (2010 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 2011 reporting period.

AASB 1	First-time Adoption of Australian Accounting Standards
AASB 3	Business Combinations
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 132	Financial Instruments: Presentation
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 1031	Materiality
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]
AASB 2010-5	Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]
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, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]
Interpretation 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(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 2011

**Note 2 - INCOME**

	Notes	2011	2010
<b>RATES REVENUES</b>			
<u>General Rates</u>		\$ 11,093,895	\$ 10,334,932
Less: Mandatory rebates		\$ (69,076)	\$ (65,079)
Less: Discretionary rebates, remissions & write offs		\$ (121,184)	\$ (144,840)
		\$ 10,903,635	\$ 10,125,013
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		\$ 590,904	\$ 486,652
Waste collection		\$ 1,808,865	\$ 1,657,614
		\$ 2,399,769	\$ 2,144,266
<u>Other Charges</u>			
Penalties for late payment		\$ 80,281	\$ 60,892
		\$ 80,281	\$ 60,892
Less: Discretionary rebates, remissions & write offs		\$ (184,254)	\$ (169,529)
		\$ 13,199,431	\$ 12,160,642
<b>STATUTORY CHARGES</b>			
Development Act fees		\$ 119,552	\$ 160,601
Town planning fees		\$ 103,830	\$ 81,811
Animal registration fees & fines		\$ 204,396	\$ 174,228
Parking fines / expiation fees		\$ 18,888	\$ 16,997
Other registration fees		\$ -	\$ 45
Other fines, penalties & expiations		\$ 8,428	\$ 5,134
Sundry		\$ 4,102	\$ 3,840
		\$ 459,196	\$ 442,656
<b>USER CHARGES</b>			
Cemetery/crematoria fees		\$ 256,589	\$ 206,363
Airport Charges		\$ 969,225	\$ 865,190
Marina Fees		\$ 63,345	\$ 44,299
Hall & equipment hire		\$ 153,872	\$ 140,189
Child Care Centre Fees		\$ 485,267	\$ 444,573
Waste fees		\$ 816,968	\$ 835,231
Sales - general		\$ 171,204	\$ 801,534
Sundry		\$ 85,093	\$ 67,428
		\$ 3,001,563	\$ 3,404,806
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		\$ 109,693	\$ 104,549
Banks & other		\$ 119,885	\$ 136,719
Loans to community groups		\$ 14,593	\$ 17,449
		\$ 244,171	\$ 258,717
<b>REIMBURSEMENTS</b>			
- for road works		\$ 3,582	\$ 3,500
- for private works		\$ 37,462	\$ 28,802
- other		\$ 94,994	\$ 57,354
		\$ 136,038	\$ 89,656



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

### Note 2 – INCOME Continued

	2011	2010
<b>OTHER INCOME</b>		
Insurance & other recoupment's - infrastructure, property, plant & equipment	\$ 37,134	\$ 72,607
Rebates received	\$ 624,538	\$ 601,005
Sundry	\$ 453,809	\$ 306,298
	\$ 1,115,481	\$ 979,910
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>		
Amounts received specifically for new or upgraded assets	\$ 1,264,028	\$ 4,034,157
Other grants, subsidies and contributions	\$ 4,039,867	\$ 3,955,771
Individually significant item - additional Grants Commission payment	\$ 1,193,157	\$ 1,189,079
<i>see below</i>		
	\$ 6,497,052	\$ 9,179,007
<i>The functions to which these grants relate are shown in Note 12.</i>		
<b>Sources of grants</b>		
Commonwealth government	\$ 1,380,529	\$ 3,670,242
State government	\$ 5,040,147	\$ 5,402,561
Other	\$ 76,376	\$ 106,204
	\$ 6,497,052	\$ 9,179,007
<b>Individually Significant Item</b>		
On 28 June 2011, Council received payment of the first quarter instalment of the 2011/12 Grant Commission (FAG) grant. This reduced the effect of the early payment of 2010/11 funding received in the previous year and deferred the expected reduction in this source income to 2011/12.	\$ 1,193,157	\$ 1,189,079
<b>Conditions over grants &amp; contributions</b>		
<i>Unexpended at the close of the previous reporting period</i>	\$ 3,627,217	\$ 2,385,782
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	(\$74,053)	\$ (248,767)
Heritage & Cultural Services	(\$1,134,763)	\$ (235,718)
	\$ (1,208,816)	\$ (484,485)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	\$ 92,653	\$ -
Heritage & Cultural Services	\$ 989,464	\$ 1,725,920
<i>Subtotal</i>	\$ 1,082,117	\$ 1,725,920
<i>Unexpended at the close of this reporting period</i>	\$ 3,500,518	\$ 3,627,217
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	\$ (126,699)	\$ 1,241,435

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

### Note 3 – EXPENSES

	Notes	2011	2010
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		\$ 7,371,086	\$ 7,551,053
Employee leave expense		\$ 162,525	\$ 221,647
Superannuation - defined contribution plan contributions	18	\$ 287,103	\$ 344,094
Superannuation - defined benefit plan contributions	18	\$ 244,569	\$ 293,117
Workers' Compensation Insurance		\$ 384,270	\$ 350,458
Other		\$ -	\$ 66,755
Less: Capitalised and distributed costs		\$ (64,493)	\$ (55,612)
<b>Total Operating Employee Costs</b>		<b>\$ 8,385,060</b>	<b>\$ 8,771,512</b>
<b>Total Number of Employees</b>		<b>119</b>	<b>141</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<b><u>Prescribed Expenses</u></b>			
Auditor's Remuneration			
- Auditing the financial reports		\$ 12,273	\$ 11,909
Bad and Doubtful Debts		\$ 81,822	\$ 7,034
Elected members' expenses		\$ 206,243	\$ 156,854
Election expenses		\$ 48,008	\$ 4,297
<b>Subtotal - Prescribed Expenses</b>		<b>\$ 348,346</b>	<b>\$ 180,094</b>
<b><u>Other Materials, Contracts &amp; Expenses</u></b>			
Contractors		\$ 1,079,805	\$ 1,088,620
Energy		\$ 749,230	\$ 777,007
Insurance		\$ 140,976	\$ 141,112
Maintenance		\$ 443,287	\$ 236,063
Legal Expenses		\$ 86,493	\$ 193,034
Levies paid to government - NRM levy		\$ 584,472	\$ 480,016
Parts, accessories & consumables		\$ 2,572,698	\$ 3,076,177
Professional services		\$ 1,628,409	\$ 1,690,604
Sundry		\$ 1,291,351	\$ 1,889,770
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>\$ 8,576,721</b>	<b>\$ 9,572,403</b>
		<b>\$ 8,925,067</b>	<b>\$ 9,752,497</b>
<b>INDIVIDUALLY SIGNIFICANT ITEMS</b>			
<b>Insurance</b>		<b>\$ 140,976</b>	<b>\$ 141,112</b>

## THE CORPORATION OF THE CITY OF WHYALLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

#### Note 3 – EXPENSES Continued

	2011	2010
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Land Improvements	\$ 234,889	\$ 59,037
Irrigation systems	\$ 53,731	\$ 47,310
Buildings	\$ 951,366	\$ 208,882
Playgrounds	\$ 58,352	\$ 80,032
Street Furniture	\$ 64,166	\$ 81,027
- Roads, bridges, footpaths	\$ 2,570,636	\$ 2,996,079
- Runway Assets	\$ 110,221	\$ 83,079
- Stormwater drainage	\$ 503,978	\$ 468,342
Plant & Equipment	\$ 435,323	\$ 436,508
Furniture & Fittings	\$ 179,288	\$ 203,125
Landfill Assets	\$ 1,788,870	\$ -
Other Assets	\$ 167,542	\$ 156,895
	\$ 7,118,362	\$ 4,820,316
Less: Capitalised and distributed costs	\$ (63,652)	\$ (50,458)
	\$ 7,054,710	\$ 4,769,858
<b>FINANCE COSTS</b>		
Interest on overdraft and short-term drawdown	\$ 401,266	\$ 325,123
Interest on Loans	\$ 69,446	\$ 194,798
Less: Capitalised and distributed costs	\$ (79,066)	\$ (81,439)
	\$ 391,646	\$ 438,482

## THE CORPORATION OF THE CITY OF WHYALLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

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

	2011	2010
Notes		
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	\$ 157,301	\$ 85,901
Less: Carrying amount of assets sold	\$ 317,080	\$ 62,919
<b>Gain (Loss) on disposal</b>	<b>\$ (159,779)</b>	<b>\$ 22,982</b>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	\$ 750,000	\$ 991,942
Less: Carrying amount of assets sold	\$ 107,000	\$ 359,000
Less: amounts previously recognised in other comprehensive income	\$ -	\$ 324,000
<b>Gain (Loss) on disposal</b>	<b>\$ 643,000</b>	<b>\$ 956,942</b>
<b>REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	\$ 1,014,510	\$ 4,087,331
Less: Carrying amount of assets sold	\$ 321,659	\$ 1,101,545
<b>Gain (Loss) on disposal</b>	<b>\$ 692,851</b>	<b>\$ 2,985,786</b>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<b>\$ 1,176,072</b>	<b>\$ 3,965,710</b>



## THE CORPORATION OF THE CITY OF WHYALLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

#### Note 5 – CURRENT ASSETS

	Notes	2011	2010
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		\$ -	\$ 345,449
Short Term Deposits & Bills, etc		\$ 3,794,483	\$ 5,816,776
		\$ 3,794,483	\$ 6,162,225
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		\$ 602,436	\$ 673,094
Accrued Revenues		\$ 168,868	\$ 189,326
Debtors - general		\$ 1,189,007	\$ 1,502,765
GST Recoupment		\$ 14,662	\$ 73,498
Prepayments		\$ 80,359	\$ 21,983
Loans to community organisations		\$ 69,066	\$ 82,445
Sundry		\$ 6,058	\$ 6,255
Total		\$ 2,130,456	\$ 2,549,366
Less: Allowance for Doubtful Debts		\$ 59,264	\$ 18,256
		\$ 2,071,192	\$ 2,531,110
<b>INVENTORIES</b>			
Stores & Materials		\$ 178,076	\$ 183,340
Trading Stock		\$ 50,626	\$ 63,213
Real Estate Developments		\$ 347,740	\$ 669,399
		\$ 576,442	\$ 915,952

*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 2011

#### Note 6 – NON CURRENT ASSETS

	2011	2010
<b>FINANCIAL ASSETS</b>		
	Notes	
<b>Receivables</b>		
Loans to community organisations	\$ 80,255	\$ 181,989
Other	\$ -	\$ 2,085
	<u>\$ 80,255</u>	<u>\$ 184,074</u>
Less: Allowance for Doubtful Debts	\$ -	\$ -
	<u>\$ 80,255</u>	<u>\$ 184,074</u>
 <b>OTHER NON-CURRENT ASSETS</b>		
<b>Inventories</b>		
Real Estate Developments	\$ 2,921,994	\$ 2,921,994
	<u>\$ 2,921,994</u>	<u>\$ 2,921,994</u>
Capital Works-in-Progress	\$ 3,621,505	\$ 730,713
	<u>\$ 6,543,499</u>	<u>\$ 3,652,707</u>
 <b>Real Estate Developments- Current &amp; Non-current</b> <i>(Valued at the lower of cost and net realisable value)</i>		
<i>Industrial &amp; Commercial</i>	\$ 3,269,734	\$ 3,591,393
	<u>\$ 3,269,734</u>	<u>\$ 3,591,393</u>
<b>Total Real Estate for Resale</b>	<u>\$ 3,269,734</u>	<u>\$ 3,591,393</u>
 <i>Represented by:</i>		
<i>Acquisition Costs</i>	\$ 581,774	\$ 639,005
<i>Development Costs</i>	\$ 2,502,950	\$ 2,749,178
<i>Borrowing Costs</i>	\$ 185,010	\$ 203,210
	<u>\$ 3,269,734</u>	<u>\$ 3,591,393</u>
<b>Total Real Estate for Resale</b>	<u>\$ 3,269,734</u>	<u>\$ 3,591,393</u>
 <b>Apportionment of Real Estate Developments</b>		
<i>Current Assets</i>	\$ 347,740	\$ 669,399
<i>Non-Current Assets</i>	\$ 2,921,994	\$ 2,921,994
	<u>\$ 3,269,734</u>	<u>\$ 3,591,393</u>

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

	2010						2011					
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	\$ 33,694,519	\$ 755,000	\$ -	\$ 34,449,519	\$ 57,106,086	\$ -	\$ -	\$ 57,106,086				
Land Improvements	\$ 5,206,098	\$ 4,398,946	\$ (133,866)	\$ 9,471,178	\$ 6,518,489	\$ -	\$ (1,494,480)	\$ 5,024,009				
Irrigation systems	\$ -	\$ 1,370,335	\$ (224,875)	\$ 1,145,460	\$ -	\$ 1,370,803	\$ (278,606)	\$ 1,092,197				
Buildings	\$ 13,898,494	\$ -	\$ (756,682)	\$ 13,141,812	\$ 54,752,345	\$ -	\$ (30,434,356)	\$ 24,317,989				
Playgrounds	\$ 872,519	\$ 126,784	\$ (291,140)	\$ 708,163	\$ 1,543,625	\$ -	\$ (580,076)	\$ 963,549				
Street Furniture	\$ 1,446,508	\$ 471,722	\$ (585,055)	\$ 1,333,175	\$ 1,018,356	\$ 471,722	\$ (366,820)	\$ 1,123,258				
Roads & footpaths	\$ 128,841,601	\$ 1,660,384	\$ (48,271,217)	\$ 82,230,768	\$ 128,841,598	\$ 2,212,653	\$ (50,841,852)	\$ 80,212,399				
Runway Assets	\$ 5,301,555	\$ -	\$ (3,587,584)	\$ 1,713,971	\$ 5,301,555	\$ -	\$ (3,697,805)	\$ 1,603,750				
Stormwater drainage	\$ 39,719,130	\$ 3,484,563	\$ (13,841,209)	\$ 29,362,484	\$ 39,719,130	\$ 3,484,563	\$ (14,345,187)	\$ 28,858,506				
Plant & Equipment	\$ -	\$ 4,285,389	\$ (2,453,894)	\$ 1,831,495	\$ -	\$ 4,076,345	\$ (2,532,862)	\$ 1,543,483				
Furniture & Fittings	\$ -	\$ 3,061,645	\$ (1,674,954)	\$ 1,386,691	\$ -	\$ 3,305,730	\$ (1,854,242)	\$ 1,451,488				
Landfill Asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Other Assets	\$ -	\$ 3,358,284	\$ (2,157,785)	\$ 1,200,499	\$ -	\$ 3,603,526	\$ (1,788,870)	\$ 1,761,895				
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	\$ 228,980,424	\$ 22,973,052	\$ (73,978,261)	\$ 177,975,215	\$ 294,801,184	\$ 22,076,107	\$ (110,540,483)	\$ 206,336,808				
<b>Previous year</b>	\$ 220,297,819	\$ 19,185,909	\$ (79,070,298)	\$ 160,413,430	\$ 222,920,348	\$ 22,973,052	\$ (67,918,185)	\$ 177,975,215				

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 2011

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

	CARRYING AMOUNT MOVEMENTS DURING YEAR											2011
	2010											
	CARRYING AMOUNT	New/Upgrade	Additions Renewals	Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT			
Land	\$ 34,449,519	\$ -	\$ -	\$ (107,000)	\$ -	\$ -	\$ -	\$ 22,763,567	\$ 57,106,086			
Land Improvements	\$ 9,471,178	\$ 436,665	\$ -	\$ (234,889)	\$ -	\$ (1,995,821)	\$ (2,653,124)	\$ 5,024,009				
Irrigation systems	\$ 1,145,460	\$ -	\$ 468	\$ -	\$ (53,731)	\$ -	\$ -	\$ 1,092,197				
Buildings	\$ 13,141,812	\$ 166,068	\$ 410,646	\$ (59,157)	\$ (951,366)	\$ -	\$ 11,609,986	\$ 24,317,989				
Playgrounds	\$ 708,163	\$ 8,110	\$ 18,157	\$ (4,797)	\$ (58,352)	\$ -	\$ 292,268	\$ 963,549				
Street Furniture	\$ 1,333,175	\$ -	\$ -	\$ -	\$ (64,166)	\$ (428,152)	\$ 282,401	\$ 1,123,258				
Roads & footpaths	\$ 82,230,768	\$ 72,924	\$ 479,343	\$ -	\$ (2,570,636)	\$ -	\$ -	\$ 80,212,399				
Runway Assets	\$ 1,713,971	\$ -	\$ -	\$ -	\$ (110,221)	\$ -	\$ -	\$ 1,603,750				
Stormwater drainage	\$ 29,362,484	\$ -	\$ -	\$ -	\$ (503,978)	\$ -	\$ -	\$ 28,858,506				
Plant & Equipment	\$ 1,831,495	\$ 56,395	\$ 211,743	\$ (120,827)	\$ (435,323)	\$ -	\$ -	\$ 1,543,483				
Furniture & Fittings	\$ 1,386,691	\$ -	\$ 244,085	\$ -	\$ (179,288)	\$ -	\$ -	\$ 1,451,488				
Landfill Assets	\$ -	\$ 1,280,000	\$ -	\$ (153,208)	\$ (270,222)	\$ 2,423,973	\$ -	\$ 1,761,895				
Other Assets	\$ 1,200,499	\$ 34,343	\$ 210,899	\$ -	\$ (167,542)	\$ -	\$ -	\$ 1,278,199				
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$ 177,975,215</b>	<b>\$ 2,054,505</b>	<b>\$ 1,575,341</b>	<b>\$ (444,989)</b>	<b>\$ (5,599,714)</b>	<b>\$ (1,518,648)</b>	<b>\$ 32,295,098</b>	<b>\$ 206,336,808</b>				
<b>Previous year</b>	<b>\$ 160,413,430</b>	<b>\$ 2,988,140</b>	<b>\$ 2,021,370</b>	<b>\$ (422,094)</b>	<b>\$ (4,820,316)</b>	<b>\$ (812)</b>	<b>\$ 7,184,475</b>	<b>\$ 177,975,215</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 2011

### 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 2010. 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 2011  
**Note 8 – Liabilities**

	Notes	2011		2010	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		\$ 93,532	\$ -	\$ 419,268	\$ -
Payments received in advance		\$ 143,984	\$ -	\$ 142,241	\$ -
Accrued expenses - employee entitlements		\$ 736,309	\$ -	\$ 765,910	\$ -
Accrued expenses - other		\$ 261,909	\$ -	\$ 670,012	\$ -
Other		\$ 4,706	\$ -	\$ 4,138	\$ -
		<b>\$ 1,240,440</b>	<b>\$ -</b>	<b>\$ 2,001,569</b>	<b>\$ -</b>
<b>BORROWINGS</b>					
Bank Overdraft		\$ 111,998		\$ -	\$ -
Short term draw down facility		\$ 2,800,000		\$ 8,290,000	\$ -
Loans		\$ 530,079	\$ 1,741,502	\$ 497,953	\$ 2,271,582
		<b>\$ 3,442,077</b>	<b>\$ 1,741,502</b>	<b>\$ 8,787,953</b>	<b>\$ 2,271,582</b>
<i>All interest bearing liabilities are secured over the future revenues of the Council</i>					
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		\$ 1,057,224	\$ 58,240	\$ 1,084,324	\$ 60,281
Landfill Capping & Closure Provision		\$ -	\$ 1,280,000	\$ -	\$ -
		<b>\$ 1,057,224</b>	<b>\$ 1,338,240</b>	<b>\$ 1,084,324</b>	<b>\$ 60,281</b>
<b>Movements in Provisions - 2011 year only</b> (current & non-current)					
			Insurance Losses	Future Reinstatement	Other Provision
Opening Balance		\$ -	\$ -	\$ -	\$ 1,144,605
Add Unwinding of present value discounts		\$ -	\$ -	\$ -	\$ -
Additional amounts recognised		\$ -	\$ -	\$ -	\$ 190,540
(Less) Payments		\$ -	\$ -	\$ -	\$ (191,666)
Add (Less) Re-measurement Adjustments		\$ -	\$ -	\$ 1,280,000	\$ (28,015)
Closing Balance		\$ -	\$ -	\$ 1,280,000	\$ 1,115,464



**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011  
**Note 9 - RESERVES**

<b>ASSET REVALUATION RESERVE</b>	1/7/2010	Net Increments (Decrements)	Transfers, Impairments	30/6/2011
	Notes			
Land	\$ 20,993,613	\$ 22,763,567		\$ 43,757,180
Land Improvements	\$ 4,805,022	\$ (2,653,124)		\$ 2,151,898
Playgrounds	\$ 534,356	\$ 292,268		\$ 826,624
Buildings	\$ 8,269,859	\$ 11,609,986		\$ 19,879,845
Roads & footpaths	\$ 90,824,282			\$ 90,824,282
Stormwater drainage	\$ 24,324,995			\$ 24,324,995
Street Furniture	\$ 885,878	\$ 282,401		\$ 1,168,279
<b>TOTAL</b>	<b>\$ 150,638,005</b>	<b>\$ 32,295,098</b>		<b>\$ 182,933,103</b>
	<i>2010 Totals</i>	<b>\$ 140,350,983</b>	<b>\$ 10,611,022</b> <b>\$ (324,000)</b>	<b>\$ 150,638,005</b>
<b>OTHER RESERVES</b>	1/7/2010	Transfers to Reserve	Transfers from Reserve	30/6/2011
Committed Funds Reserves	\$ 5,435,629	\$ 7,539,384	\$ (9,180,531)	\$ 3,794,482
<b>TOTAL OTHER RESERVES</b>	<b>\$ 5,435,629</b>	<b>\$ 7,539,384</b>	<b>\$ (9,180,531)</b>	<b>\$ 3,794,482</b>
	<i>2010 Totals</i>	<b>\$ 5,424,888</b>	<b>\$ 5,491,646</b> <b>\$ (5,480,905)</b>	<b>\$ 5,435,629</b>

**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 2011

**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*

<b>CASH &amp; FINANCIAL ASSETS</b>	Notes	2011	2010
Unexpended amounts received from Federal Government		\$ 1,899,452	\$2,077,501
Unexpended amounts received from State Government		\$ 874,000	\$ 736,005
Unexpended amounts received from Developers		\$ 727,066	\$ 813,709
		<b>\$ 3,500,518</b>	<b>\$3,627,215</b>

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**  
**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	2011	2010
Total cash & equivalent assets	5	\$ 3,794,483	\$ 6,162,225
Less: Short-term borrowings	8	\$ -	\$ -
Balances per Cash Flow Statement		<u>\$ 3,794,483</u>	<u>\$ 6,162,225</u>

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

Net Surplus (Deficit)		\$ 1,072,521	\$ 6,748,756
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		\$ 7,054,710	\$ 4,769,858
Net increase (decrease) in unpaid employee benefits		\$ (58,742)	\$ (85,823)
Change in allowances for under-recovery		\$ 41,008	\$ -
Non-cash asset acquisitions			\$ -
Grants for capital acquisitions treated as Investing Activity		\$ (1,264,028)	\$ (4,034,157)
Net (Gain) Loss on Disposals		\$ (1,176,072)	\$ (3,965,710)
		<u>\$ 5,669,397</u>	<u>\$ 3,432,924</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		\$ 407,616	\$ 138,905
Net (increase) decrease in inventories		\$ 17,851	\$ 36,569
Net (increase) decrease in other current assets			\$ -
Net increase (decrease) in trade & other payables		\$ (731,528)	\$ (1,317,647)
Net increase (decrease) in other provisions			\$ -
Net increase (decrease) in other liabilities			\$ -
<b>Net Cash provided by (or used in) operations</b>		<u>\$ 5,363,336</u>	<u>\$ 2,290,751</u>

**(d) Financing Arrangements**

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

Bank Overdrafts	\$ 137,902	\$ 250,000
Short Term Drawdown Facility	\$ 9,200,000	\$ 3,710,000
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 2011 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 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010	2011	2010	2011	2010	2011	2010
Council Administration	\$ 18,722,649	\$ 17,536,454	\$ 4,538,579	\$ 4,385,850	\$ 14,184,070	\$ 13,150,604	\$ 4,309,351	\$ 4,188,907	\$ 42,465,638	\$ 31,847,405		
Public Order & Safety	\$ 205,807	\$ 181,934	\$ 223,087	\$ 259,877	\$ (17,280)	\$ (77,943)	\$ -	\$ -	\$ -	\$ -		
Health	\$ 28,846	\$ 26,027	\$ 191,875	\$ 209,400	\$ (163,029)	\$ (183,373)	\$ 19,900	\$ 14,399	\$ -	\$ -		
Social Security & Welfare	\$ 698,598	\$ 683,388	\$ 1,085,891	\$ 1,068,017	\$ (387,293)	\$ (384,630)	\$ 186,196	\$ 226,886	\$ -	\$ -		
Housing & Community Amenities	\$ 575,786	\$ 498,553	\$ 2,054,519	\$ 2,045,362	\$ (1,478,733)	\$ (1,546,809)	\$ 23,644	\$ 45,283	\$ 92,080,798	\$ 74,428,641		
Environment	\$ 858,491	\$ 719,541	\$ 4,890,881	\$ 3,055,583	\$ (4,032,390)	\$ (2,336,042)	\$ 5,337	\$ -	\$ 1,761,895	\$ -		
Sport & Recreation	\$ 286,550	\$ 955,411	\$ 3,070,547	\$ 3,581,478	\$ (2,783,997)	\$ (2,626,067)	\$ 167,627	\$ 170,687	\$ 1,278,199	\$ 1,200,499		
Agriculture	\$ -	\$ -	\$ 23,680	\$ 32,327	\$ (23,680)	\$ (32,327)	\$ -	\$ -	\$ -	\$ -		
Mining & Manufacturing	\$ 167,521	\$ 197,529	\$ 565,812	\$ 645,656	\$ (398,291)	\$ (448,127)	\$ -	\$ -	\$ -	\$ -		
Transport & Communication	\$ 1,601,983	\$ 1,444,421	\$ 5,561,004	\$ 5,847,574	\$ (3,959,021)	\$ (4,403,153)	\$ 519,969	\$ 491,578	\$ 81,816,149	\$ 83,944,739		
Economic Affairs	\$ 150,679	\$ 211,228	\$ 750,788	\$ 657,565	\$ (600,109)	\$ (446,336)	\$ -	\$ 7,109	\$ -	\$ -		
Other Purposes	\$ 91,994	\$ 26,753	\$ 1,799,820	\$ 1,943,660	\$ (1,707,826)	\$ (1,916,907)	\$ 1,000	\$ -	\$ -	\$ -		
Capital Improvement							\$ 1,264,028	\$ 3,927,953				
<b>TOTALS</b>	\$ 23,388,904	\$ 22,481,238	\$ 24,756,483	\$ 23,732,349	\$ (1,367,579)	\$ (1,251,111)	\$ 6,497,052	\$ 9,072,803	\$ 219,402,679	\$ 191,421,284		

*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 2011**  
**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.

**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 2011**

**Note 13 - FINANCIAL INSTRUMENTS**

**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 4.75% and 5.95% (2010: 4.5% and 5.7%). Short term deposits have an average maturity of 60 days and average interest rates of 5.65% (2010: 90 days, 3.936%).</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>	<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% (2010: 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 the Governments of the Commonwealth &amp; State.</p> <p><b>Carrying amount:</b> approximates fair value.</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> <p><b>Carrying amount:</b> approximates fair value.</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 (describe basis); interest is charged at fixed (or variable - describe) rates between 5.33% and 7.45% (2010: 5.33% and 7.45%)</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>



**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

**Liquidity Analysis**

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
Cash & Equivalents	\$ 3,794,483	\$ -	\$ -	\$ 3,794,483	\$ 3,794,483
Receivables	\$ 1,454,094	\$ -	\$ -	\$ 1,454,094	\$ 1,608,275
Other Financial Assets	\$ 27,051	\$ 43,060	\$ 10,144	\$ 80,255	\$ 80,255
<b>Total</b>	<b>\$ 5,275,628</b>	<b>\$ 43,060</b>	<b>\$ 10,144</b>	<b>\$ 5,328,832</b>	<b>\$ 5,483,013</b>
<b>Financial Liabilities</b>					
Payables	\$ 242,222	\$ -	\$ -	\$ 242,222	\$ 242,222
Current Borrowings	\$ 3,474,370	\$ -	\$ -	\$ 3,474,370	\$ 3,442,077
Non-Current Borrowings	\$ -	\$ 1,574,293	\$ 390,907	\$ 1,965,200	\$ 1,741,502
<b>Total</b>	<b>\$ 3,716,592</b>	<b>\$ 1,574,293</b>	<b>\$ 390,907</b>	<b>\$ 5,681,792</b>	<b>\$ 5,425,801</b>

2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>					
Payables	\$ 6,162,225	\$ -	\$ -	\$ 6,162,225	\$ 6,162,225
Current Borrowings	\$ 2,060,346	\$ -	\$ -	\$ 2,060,346	\$ 2,060,346
Non-Current Borrowings	\$ 103,819	\$ 60,613	\$ 19,642	\$ 184,074	\$ 184,074
<b>Total</b>	<b>\$ 8,326,390</b>	<b>\$ 60,613</b>	<b>\$ 19,642</b>	<b>\$ 8,406,645</b>	<b>\$ 8,406,645</b>
<b>Financial Liabilities</b>					
Payables	\$ 565,647	\$ -	\$ -	\$ 565,647	\$ 565,647
Current Borrowings	\$ 8,942,371	\$ -	\$ -	\$ 8,942,371	\$ 8,787,953
Non-Current Borrowings	\$ -	\$ 2,096,362	\$ 497,892	\$ 2,594,254	\$ 2,271,582
<b>Total</b>	<b>\$ 9,508,018</b>	<b>\$ 2,096,362</b>	<b>\$ 497,892</b>	<b>\$ 12,102,272</b>	<b>\$ 11,625,182</b>

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

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%		%	
Overdraft	6	\$ 111,998	6	\$ -
Other Variable Rates	6	\$ 2,800,000	6	\$ 8,290,000
Fixed Interest Rates	3.98	\$ 2,271,581	3.98	\$ 2,769,535
		<b>\$ 5,425,801</b>		<b>\$ 11,625,182</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 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 2011

### Note 14 - COMMITMENTS FOR EXPENDITURE

	2011	2010
	<u>Notes</u>	
<b>Capital Commitments</b>		
<i>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</i>		
Buildings	\$ 997,643	\$4,044,923
	<u>\$ 997,643</u>	<u>\$4,044,923</u>
These expenditures are payable:		
Not later than one year	\$ 997,643	\$4,044,923
	<u>\$ 997,643</u>	<u>\$4,044,923</u>
<b>Other Expenditure Commitments</b>		
<i>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</i>		
Audit Services	\$ 85,250	\$ 91,000
Waste Management Services	\$3,379,242	\$4,505,656
Employee Remuneration Contracts	\$ 839,448	\$ 799,389
Programmed Property Services	\$ 70,004	\$ 87,505
	<u>\$4,373,944</u>	<u>\$5,483,550</u>
These expenditures are payable:		
Not later than one year	\$1,354,939	\$1,343,815
Later than one year and not later than 5 years	\$3,000,305	\$4,122,735
Later than 5 years	\$ 18,700	\$ 17,000
	<u>\$4,373,944</u>	<u>\$5,483,550</u>

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

**Note 15 - FINANCIAL INDICATORS**

2011                      2010                      2009

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.

<b>Operating Surplus</b>	\$(1,367,579)	\$(1,251,111)	\$ 702,434
<i>Being the operating surplus (deficit) before capital amounts</i>			

<b>Adjusted Operating Surplus</b>	\$ (1,371,657)	\$ (1,263,468)	\$ (474,288)
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*In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance payment of one quarterly payment of the Financial Assistance Grant (see Note 2). Accordingly there were five "quarterly" payments in 2009, and four payments in each of 2010 and 2011. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjusts for this distortion.*

<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	(11%)	(11%)	7%
<i>Rates - general &amp; other less NRM levy</i>			
<b>Adjusted Operating Surplus Ratio</b>	(11%)	(11%)	(4%)

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

<b>Net Financial Liabilities</b>	\$2,873,553	\$5,328,297	\$10,280,376
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*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).*

<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	13%	24%	46%
<i>Total Operating Revenue less NRM levy</i>			

<b>Interest Cover Ratio</b>			
<u>Net Interest Expense</u>	0.7%	0.8%	0.2%
<i>Total Operating Revenue less NRM levy less Investment Income</i>			

<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	66%	57%	19%
<i>Depreciation Expense</i>			

*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.*

<b>Asset Consumption Ratio</b>			
<u>Carrying value of depreciable assets</u>	57%	68%	61%
<i>Gross value of depreciable assets</i>			

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

\* Council has adopted targets for each of the above indicators.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**  
**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

	2011	2010
Income	\$ 23,388,904	\$22,481,237
less Expenses	<u>\$ 24,865,980</u>	<u>\$23,732,349</u>
	<b>\$ (1,367,579)</b>	<b>\$(1,251,111)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	\$ 4,818,237	\$ 2,783,063
less Depreciation, Amortisation and Impairment	\$ 7,054,710	\$ 4,769,858
less Proceeds from Sale of Replaced Assets	<u>\$ 157,301</u>	<u>\$ 85,901</u>
	<b>\$ (2,393,774)</b>	<b>\$(2,072,696)</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	\$ 337,840	\$ 5,019,506
less Amounts received specifically for New and Upgraded Assets	\$ 1,264,028	\$ 4,034,157
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>\$ 1,764,510</u>	<u>\$ 5,079,273</u>
	<b>\$ (2,690,698)</b>	<b>\$(4,093,924)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>\$ 3,716,893</b>	<b>\$ 4,915,509</b>



# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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:

	2011	2010
Not later than one year	\$ 58,309	\$ 54,267
Later than one year and not later than 5 years	\$ 74,539	\$ 124,368
Later than 5 years	\$ 32,460	\$ 31,637
	<u>\$ 165,308</u>	<u>\$ 210,272</u>

#### *Lease payment commitments of Council*

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

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

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

No lease contains any escalation clause.

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

	2011	2010
Not later than one year	\$ 2,100	\$ 3,300
	<u>\$ 2,100</u>	<u>\$ 3,300</u>

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

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011**

#### **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 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6% in 2009/2010) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

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

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

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011**

#### **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 \$149,321 (2010:\$230,646) 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 2011. 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 2011

**Note 19 - 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 2011 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 2011, 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**

  
**JJM KEOGH**  
**PARTNER**

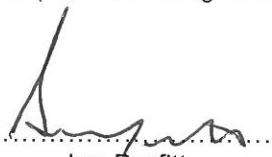
Signed on the 14th day of October 2011,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2011**

**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 2011, 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 1999 made under that act.

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

  
.....  
Ian Burfitt  
CHIEF EXECUTIVE OFFICER

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

DATE: 13/10/11 .....



**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 2011 to the City of Whyalla.**

I confirm that, for the audit of the financial statements of the City of Whyalla for the year ended 30 June 2011, 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  
214 MELBOURNE STREET  
NORTH ADELAIDE SA 5006**

Dated this 4 day of July 2011