



**THE CORPORATION OF THE
CITY OF WHYALLA**

**GENERAL PURPOSE FINANCIAL REPORTS
FOR THE YEAR ENDING 30 JUNE 2015**

City of Whyalla
General Purpose Financial Reports
for the year ended 30 June 2015

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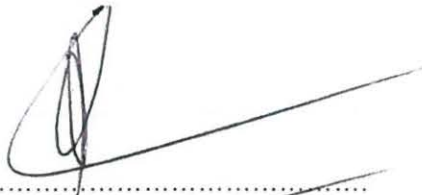
THE CORPORATION OF THE CITY OF WHYALLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 2015 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:

30.09.15

City of Whyalla

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME			
Rates	2	18,360,514	17,188,324
Statutory charges	2	405,782	493,684
User charges	2	4,070,419	3,405,454
Grants, subsidies and contributions	2	6,979,627	2,728,555
Investment income	2	38,066	60,270
Reimbursements	2	115,391	107,735
Other income	2	1,536,323	1,131,736
Total Income		31,506,122	25,115,758
EXPENSES			
Employee costs	3	10,332,389	9,394,813
Materials, contracts & other expenses	3	12,791,660	12,253,376
Depreciation, amortisation & impairment	3	6,312,164	5,992,947
Finance costs	3	389,531	169,092
Total Expenses		29,825,744	27,810,228
OPERATING SURPLUS / (DEFICIT)		1,680,378	(2,694,470)
Asset disposal & fair value adjustments	4	(327,652)	(385,335)
Amounts received specifically for new or upgraded assets	2	1,147,691	2,277,330
NET SURPLUS / (DEFICIT)		2,500,417	(802,475)
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	16,256,707
TOTAL COMPREHENSIVE INCOME		2,500,417	15,454,232

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

City of Whyalla

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	652,589	1,730,758
Trade & other receivables	5	3,108,517	2,545,811
Inventories	5	155,898	164,300
Total Current Assets		3,917,004	4,440,869
Non-current Assets			
Financial assets	6	10,143	19,642
Infrastructure, property, plant & equipment	7	246,508,129	243,800,343
Other non-current assets	6	3,153,747	3,205,082
Total Non-current Assets		249,672,019	247,025,067
Total Assets		253,589,023	251,465,936
LIABILITIES			
Current Liabilities			
Trade & other payables	8	2,011,441	2,151,842
Borrowings	8	106,985	109,973
Provisions	8	2,253,427	2,062,767
Total Current Liabilities		4,371,853	4,324,582
Non-current Liabilities			
Borrowings	8	7,456,889	8,165,959
Provisions	8	1,776,304	1,491,832
Total Non-current Liabilities		9,233,193	9,657,791
Total Liabilities		13,605,046	13,982,373
NET ASSETS		239,983,977	237,483,563
EQUITY			
Accumulated Surplus		32,834,835	30,219,376
Asset Revaluation Reserves	9	205,883,127	205,883,127
Other Reserves	9	1,266,015	1,381,060
TOTAL EQUITY		239,983,977	237,483,563

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 2015

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
2015		\$	\$	\$	\$	\$
Balance at end of previous reporting period		30,219,376	205,883,127	-	1,381,060	237,483,563
Restated opening balance		30,219,373	205,883,127	-	1,381,060	237,483,560
Net Surplus / (Deficit) for Year		2,500,417				2,500,417
Other Comprehensive Income						-
Gain on revaluation of infrastructure, property, plant & equipment						-
Transfers between reserves		115,045			(115,045)	-
Balance at end of period		32,834,835	205,883,127	-	1,266,015	239,983,977
2014						
Balance at end of previous reporting period		30,909,842	189,626,420	-	1,493,070	222,029,332
Restated opening balance		30,909,842	189,626,420	-	1,493,070	222,029,332
Net Surplus / (Deficit) for Year		(802,475)				(802,475)
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment			16,256,707			16,256,707
Transfers between reserves		112,010			(112,010)	-
Balance at end of period		30,219,376	205,883,127	-	1,381,060	237,483,563

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

City of Whyalla

STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Rates - general & other	18,280,275	17,034,384
Fees & other charges	438,019	532,905
User charges	3,860,581	4,783,568
Investment receipts	44,062	72,979
Grants utilised for operating purposes	7,503,099	2,933,197
Reimbursements	126,930	107,236
Other revenues	3,541,896	2,161,889
<u>Payments</u>		
Employee costs	(10,355,118)	(9,149,998)
Materials, contracts & other expenses	(15,310,593)	(15,234,244)
Finance payments	(364,047)	(112,876)
Net Cash provided by (or used in) Operating Activities	7,765,104	3,129,040
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	1,147,691	2,277,330
Sale of replaced assets	27,577	53,922
Sale of surplus assets	-	69,337
Sale of real estate developments	-	241,875
Repayments of loans by community groups	17,364	16,199
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(6,230,361)	(10,321,110)
Expenditure on new/upgraded assets	(3,093,483)	(2,714,650)
Net Cash provided by (or used in) Investing Activities	(8,131,212)	(10,377,097)
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
Proceeds from borrowings	-	7,702,085
<u>Payments</u>		
Repayments of borrowings	(712,060)	(602,295)
Net Cash provided by (or used in) Financing Activities	(712,060)	7,099,790
Net Increase (Decrease) in cash held	(1,078,169)	(148,267)
Cash & cash equivalents at beginning of period	11 1,730,758	1,879,025
Cash & cash equivalents at end of period	11 652,589	1,730,758

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 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Corporation of the City of Whyalla is incorporated under the SA Local Government Act 1999 and has its principal place of business at Darling Terrace Whyalla SA 5600. These financial statements include the 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.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

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 was received. In June 2015 the Federal Government again paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. Two quarters of the 2015/16 allocation amounting to \$2,167,176 was paid in advance. Accordingly, the operating results of these periods were distorted compared to those that would have been reported had the grants been paid in a consistent manner.

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

3.1 Construction Contracts

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

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.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

6.3 Materiality

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

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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

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

6.6 Impairment

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

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

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

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	2.3% (2014, 2.9%)
Weighted average settlement period	7 years (2014, 7 years)

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council has recognised amounts accrued in the past as part of an enterprise incentive aimed at reducing work absences.

9.2 Superannuation

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

10 Leases

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

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

11 Joint Ventures and Associated Entities

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

12 GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

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

THE CORPORATION OF THE CITY OF WHYALLA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 – SIGNIFICANT ACCOUNTING POLICIES (cont)

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.

(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.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$	2014 \$
RATES REVENUES			
<u>General Rates</u>		14,766,118	13,854,115
Less: Mandatory rebates		(39,735)	(55,684)
Less: Discretionary rebates, remissions & write offs		(150,495)	(139,002)
		14,575,888	13,659,429
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		716,605	695,038
Waste collection		3,280,488	3,046,084
		3,997,093	3,741,122
<u>Other Charges</u>			
Penalties for late payment		107,954	95,118
		107,954	95,118
Less: Discretionary rebates, remissions & write offs		(320,421)	(307,345)
		18,360,514	17,188,324
STATUTORY CHARGES			
Development Act fees		82,052	130,883
Town Planning fees		77,064	106,957
Health & Septic Tank Inspection fees		3,516	3,226
Animal registration fees & fines		202,065	218,327
Parking fines / Expiation fees		25,345	15,344
Environment control fines		-	630
Other licences, fees, & fines		15,740	18,317
		405,782	493,684
USER CHARGES			
Cemetery/crematoria fees		338,093	258,526
Airport charges		858,816	658,939
Marina fees		86,384	69,692
Child care centre		417,789	534,256
Hall & equipment hire		243,963	182,641
Waste fees		1,499,261	1,146,013
Sales - general		266,869	227,591
Subsidies received on behalf of users		239,199	217,334
Sundry		120,045	110,462
		4,070,419	3,405,454
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		13,825	22,234
Banks & other		21,825	34,456
Loans to community groups		2,416	3,580
		38,066	60,270

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	2015	2014
Notes	\$	\$
REIMBURSEMENTS		
- for roadworks	15,000	3,500
- for private works	5,351	-
- by joint undertakings	95,040	104,235
	<u>115,391</u>	<u>107,735</u>
OTHER INCOME		
Insurance & other recoupments - infrastructure, property, plant & equipment	120,502	107,723
Management other income	87,045	71,248
Finance debt collection	95,438	78,125
Quarry income	109,064	81,640
Rebates received	681,327	689,619
Sundry	442,947	103,381
	<u>1,536,323</u>	<u>1,131,736</u>

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

GRANTS, SUBSIDIES, CONTRIBUTIONS

Amounts received specifically for new or upgraded assets	1,147,691	2,247,330
Clean Energy Future grants etc.	-	30,000
Other grants, subsidies and contributions	6,979,627	2,728,555
	<u>8,127,318</u>	<u>5,005,885</u>

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

Sources of grants

Commonwealth government	68,791	140,000
State government	6,904,928	2,513,555
Other	1,153,599	2,352,330
	<u>8,127,318</u>	<u>5,005,885</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	2015	2014
Notes	\$	\$
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	1,381,060	767,961
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	(283,285)	(12,656)
<i>Heritage & Cultural Services</i>	(459,799)	(213,740)
<i>Subtotal-</i>	(743,084)	(226,396)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	223,203	341,815
<i>Heritage & Cultural Services</i>	404,837	497,680
<i>Subtotal</i>	628,040	839,495
<i>Unexpended at the close of this reporting period</i>	1,266,016	1,381,060
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	(115,044)	613,099

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$	2014 \$
EMPLOYEE COSTS			
Salaries and Wages		7,397,242	6,766,011
Employee leave expense		1,725,772	1,609,726
Superannuation - defined contribution plan contributions	18	483,583	407,263
Superannuation - defined benefit plan contributions	18	345,556	346,928
Workers' Compensation Insurance		460,342	375,696
Less: Capitalised and distributed costs		(80,106)	(110,811)
Total Operating Employee Costs		10,332,389	9,394,813
 Total Number of Employees		 121	 123
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		16,300	15,500
Bad and Doubtful Debts		7,973	10,450
Elected members' expenses		258,488	241,464
Election expenses		64,026	5,631
Subtotal - Prescribed Expenses		<u>346,787</u>	<u>273,045</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		3,121,679	3,141,471
Energy		867,888	847,535
Insurance		353,196	336,921
Maintenance		349,741	351,208
Legal Expenses		275,771	68,507
Levies paid to government - NRM levy		710,460	693,443
Parts, accessories & consumables		2,865,101	2,653,349
Professional services		2,293,622	2,409,270
Sundry		1,607,415	1,478,627
Subtotal - Other Materials, Contracts & Expenses		<u>12,444,873</u>	<u>11,980,331</u>
		<u>12,791,660</u>	<u>12,253,376</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$	2014 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land Improvements		333,846	335,008
Irrigation Systems		57,874	57,315
Buildings Level 2		104,478	104,478
Buildings Level 3		882,959	869,484
Playgrounds		94,945	94,945
Street Furniture		72,462	64,929
Roads & Footpaths		3,333,422	3,201,094
Runway Assets		150,628	98,841
Stormwater drainage		366,000	509,576
Plant & Equipment		333,365	353,947
Furniture & Fittings		189,239	182,847
Landfill assets		346,357	165,766
Other Assets		117,197	90,229
		<u>6,382,772</u>	<u>6,128,459</u>
Less: Capitalised and distributed costs		<u>(70,608)</u>	<u>(135,512)</u>
		<u>6,312,164</u>	<u>5,992,947</u>
FINANCE COSTS			
Interest on overdraft and short-term drawdown		358,543	121,865
Interest on Loans		30,988	47,227
		<u>389,531</u>	<u>169,092</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2015 \$	2014 \$
Notes		
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	27,577	53,922
Less: Carrying amount of assets sold	341,978	664,212
Gain (Loss) on disposal	<u>(314,401)</u>	<u>(610,290)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	-	69,337
Less: Carrying amount of assets sold	13,251	18,922
Gain (Loss) on disposal	<u>(13,251)</u>	<u>50,415</u>
REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	-	241,875
Less: Carrying amount of assets sold	-	67,335
Gain (Loss) on disposal	<u>-</u>	<u>174,540</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(327,652)</u>	<u>(385,335)</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	2015	2014
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	61,730	1,149,692
Short Term Deposits & Bills, etc	590,859	581,066
	<u>652,589</u>	<u>1,730,758</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	1,012,786	933,328
Rates postponed for State Seniors	7,235	6,454
Accrued Revenues	134,281	140,277
Debtors - general	1,797,724	1,232,426
GST Recoupment	69,248	188,588
Prepayments	98,695	80,924
Loans to community organisations	9,498	17,363
Sundry	20,782	16,987
Total	<u>3,150,249</u>	<u>2,616,347</u>
 Less: Allowance for Doubtful Debts	<u>41,732</u>	<u>70,536</u>
	<u>3,108,517</u>	<u>2,545,811</u>
 <i>Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</i>		
 INVENTORIES		
Stores & Materials	123,755	121,920
Trading Stock	32,143	42,380
	<u>155,898</u>	<u>164,300</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - NON-CURRENT ASSETS

	2015	2014
	Notes	
FINANCIAL ASSETS	\$	\$
Receivables		
Loans to community organisations	10,143	19,642
TOTAL FINANCIAL ASSETS	10,143	19,642
OTHER NON-CURRENT ASSETS		
Inventories		
Real Estate Developments	3,153,747	3,153,747
Capital Works-in-Progress	-	51,335
	3,153,747	3,205,082
<i>Real Estate Developments - Current & Non-Current</i>		
<i>Industrial & Commercial</i>	<i>3,153,747</i>	<i>3,153,747</i>
Total Real Estate for Resale	3,153,747	3,153,747
<i>Represented by:</i>		
<i>Acquisition Costs</i>	<i>561,136</i>	<i>561,136</i>
<i>Development Costs</i>	<i>2,414,163</i>	<i>2,414,163</i>
<i>Finance Costs</i>	<i>178,448</i>	<i>178,448</i>
Total Real Estate for Resale	3,153,747	3,153,747
Apportionment of Real Estate Developments		
<i>Current Assets</i>	-	-
<i>Non-Current Assets</i>	<i>3,153,747</i>	<i>3,153,747</i>
	3,153,747	3,153,747

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	AASB 13 Fair Value Level	2014 \$				2015 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land Level 2	2	1,321,000	-	-	1,321,000	1,321,000	447,084	-	1,768,084
Land Level 3	3	35,460,000	-	-	35,460,000	35,460,000	-	-	35,460,000
Land Improvements	3	13,332,204	-	(4,162,672)	9,169,532	13,332,204	1,804,115	(4,496,518)	10,639,801
Irrigation Systems		-	8,113,622	(445,895)	7,667,727	-	8,477,561	(503,768)	7,973,793
Buildings Level 2	2	6,215,000	-	(104,478)	6,110,522	6,215,000	31,612	(208,956)	6,037,656
Buildings Level 3	3	54,033,066	-	(34,268,237)	19,764,829	54,033,066	664,909	(35,151,196)	19,546,779
Playgrounds		1,707,840	-	(787,885)	919,955	1,707,840	97,630	(882,830)	922,640
Street Furniture		920,343	943,984	(541,027)	1,323,300	920,343	1,079,137	(613,489)	1,385,991
Roads & Footpaths	3	225,882,369	-	(97,452,276)	128,430,093	224,367,644	2,962,890	(99,601,604)	127,728,930
Runway Assets	3	9,319,371	-	(3,522,220)	5,797,151	9,319,371	-	(3,672,848)	5,646,523
Stormwater drainage	3	34,755,296	-	(13,155,455)	21,599,841	34,755,296	532,568	(13,521,455)	21,766,409
Plant & Equipment		-	4,529,027	(2,884,782)	1,644,245	-	5,539,428	(3,080,868)	2,458,560
Furniture & Fittings		-	3,958,055	(2,180,923)	1,777,132	-	4,013,904	(2,370,163)	1,643,741
Landfill assets		807,863	3,660,262	(2,654,878)	1,813,247	807,863	4,753,235	(3,001,235)	2,559,863
Other Assets		-	3,775,770	(2,774,001)	1,001,769	-	3,853,118	(2,883,759)	969,359
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		383,754,352	24,980,720	(164,934,729)	243,800,343	382,239,627	34,257,191	(169,988,689)	246,508,129
Comparatives		299,856,952	34,560,426	(113,192,433)	221,224,945	383,754,352	24,980,720	(164,934,729)	243,800,343

This Note continues on the following pages.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2014 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR \$								2015 \$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land Level 2	1,321,000	447,084	-	-	-	-	-	-	-	1,768,084
Land Level 3	35,460,000	-	-	-	-	-	-	-	-	35,460,000
Land Improvements	9,169,532	1,804,115	-	-	(333,846)	-	-	-	-	10,639,801
Irrigation Systems	7,667,727	-	363,940	-	(57,874)	-	-	-	-	7,973,793
Buildings Level 2	6,110,522	-	31,612	-	(104,478)	-	-	-	-	6,037,656
Buildings Level 3	19,764,829	-	664,909	-	(882,959)	-	-	-	-	19,546,779
Playgrounds	919,955	97,630	-	-	(94,945)	-	-	-	-	922,640
Street Furniture	1,323,300	135,153	-	-	(72,462)	-	-	-	-	1,385,991
Roads & Footpaths	128,430,093	-	2,962,890	(330,630)	(3,333,422)	-	-	-	-	127,728,930
Runway Assets	5,797,151	-	-	-	(150,628)	-	-	-	-	5,646,523
Stormwater drainage	21,599,841	-	532,568	-	(366,000)	-	-	-	-	21,766,409
Plant & Equipment	1,644,245	-	1,170,876	(23,196)	(333,365)	-	-	-	-	2,458,560
Furniture & Fittings	1,777,132	-	55,849	-	(189,239)	-	-	-	-	1,643,741
Landfill assets	1,813,247	609,501	483,472	-	(346,357)	-	-	-	-	2,559,863
Other Assets	1,001,769	-	86,191	(1,404)	(117,197)	-	-	-	-	969,359
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	243,800,343	3,093,483	6,352,307	(355,230)	(6,382,772)	-	-	-	-	246,508,129
Comparatives	221,224,945	2,714,650	10,415,634	(683,134)	(6,128,459)	-	-	-	16,256,707	243,800,343

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 2015

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

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

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

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

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

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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

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 Equipment	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – Masonry	50 to 100 years
Buildings – Other Construction	20 to 40 years
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 30 years
Sealed Roads – Structure	55 to 80 years
Unsealed Roads	10 to 20 years
Paving & Footpaths, Kerb & Gutter	15 to 65 years
Drains	70 to 100 years
Culverts	70 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 100 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the replacement cost basis.

Council's land and land improvements assets were independently valued by Opteon Pty Ltd and Tonkin Consulting as at 30 June 2014.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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

Level 3 classified land and land improvements assets relate to properties where there is an inability or restriction on Council to sell this asset on the open market.

Assets acquired since the last valuation have been recorded at cost.

Buildings

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

Buildings have been disclosed as either Fair Value hierarchy Level 2 valuations or as Fair Value hierarchy Level 3 valuations, in accordance with AASB 13 Fair Value Measurement.

Building valuations, disclosed as Level 2, are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Building valuations, disclosed as Level 3 have been determined to have no known market for these assets and they are valued at depreciated current replacement cost. This method involves the determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate. This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Assets acquired since the last valuation have been recorded at cost.

Roads, Footpaths & Runways

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

Stormwater Drainage

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

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

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

Investment Property

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

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

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

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - LIABILITIES

		2015		2014	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		1,518,451	-	1,580,650	-
Payments received in advance		62,288	-	59,195	-
Accrued expenses - employee entitlements		162,985	-	375,862	-
Accrued expenses - other		98,343	-	72,859	-
Deposits, Retentions & Bonds		155,861	-	27,557	-
Other		13,513	-	35,719	-
		<u>2,011,441</u>	<u>-</u>	<u>2,151,842</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	-	7,100,000	-	7,702,085
Loans	106,985	356,889	109,973	463,874
	<u>106,985</u>	<u>7,456,889</u>	<u>109,973</u>	<u>8,165,959</u>

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

PROVISIONS

Employee entitlements (including oncosts)	2,253,427	105,320	2,062,767	105,832
Landfill Capping and Closure Provision	-	1,670,984	-	1,386,000
	<u>2,253,427</u>	<u>1,776,304</u>	<u>2,062,767</u>	<u>1,491,832</u>

Movements in Provisions - 2015 year only (current & non-current)

	Opening Balance	Additional amounts Recognised / (Derecognised)	Payments	Closing Balance
Cell 1 Capping	924,000	(324,517)	-	599,484
Cell 2 Capping	-	722,092	-	722,092
Post Closure Provision	462,000	(112,591)	-	349,409
Total	<u>1,386,000</u>	<u>284,984</u>	<u>-</u>	<u>1,670,984</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$	\$	\$	\$
Land Level 2	1,301,000	-	-	1,301,000
Land Level 3	21,838,329	-	-	21,838,329
Land Improvements	3,820,069	-	-	3,820,069
Buildings Level 2	3,072,704	-	-	3,072,704
Buildings Level 3	12,159,072	-	-	12,159,072
Playgrounds	984,250	-	-	984,250
Street Furniture	1,168,279	-	-	1,168,279
Roads & Footpaths	134,298,335	-	-	134,298,335
Runway Assets	10,083,417	-	-	10,083,417
Stormwater drainage	17,157,672	-	-	17,157,672
TOTAL	205,883,127			205,883,127
<i>Comparatives</i>	<i>189,626,420</i>	<i>16,256,707</i>	<i>-</i>	<i>205,883,127</i>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
Committed Funds Reserve	1,381,060	1,288,846	(1,403,891)	1,266,015
TOTAL OTHER RESERVES	1,381,060	1,288,846	(1,403,891)	1,266,015
<i>Comparatives</i>	<i>1,493,070</i>	<i>3,249,587</i>	<i>(3,361,597)</i>	<i>1,381,060</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 2015

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.

	2015	2014
	\$	\$
CASH & FINANCIAL ASSETS		
Unexpended amounts received from Federal Government	-	-
Unexpended amounts received from State Government	446,813	319,748
Unexpended amounts received from Developers	819,202	1,061,312
	<u>1,266,015</u>	<u>1,381,060</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015 \$	2014 \$
Total cash & equivalent assets	5	<u>652,589</u>	<u>1,730,758</u>
Balances per Cash Flow Statement		<u>652,589</u>	<u>1,730,758</u>

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

Net Surplus (Deficit)	2,500,417	(802,475)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,312,164	5,992,947
Net increase (decrease) in unpaid employee benefits	(22,729)	244,815
Change in allowances for under-recovery	(28,804)	9,886
Grants for capital acquisitions treated as Investing Activity	(1,147,691)	(2,277,330)
Net (Gain) Loss on Disposals	<u>327,652</u>	<u>385,335</u>
	7,941,009	3,553,178
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(541,767)	(297,981)
Net (increase) decrease in inventories	8,402	34,018
Net increase (decrease) in trade & other payables	72,476	(266,175)
Net increase (decrease) in other provisions	<u>284,984</u>	<u>106,000</u>
Net Cash provided by (or used in) operations	<u>7,765,104</u>	<u>3,129,040</u>

(c) Financing Arrangements

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

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

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 - FUNCTIONS

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Council Administration	25,746,506	20,201,071	5,534,947	5,059,276	20,211,559	15,141,795	5,906,387	1,879,293	40,844,344	40,526,576
Public Order & Safety	218,083	223,195	375,970	290,450	(157,887)	(67,255)	-	-	-	-
Health	44,322	54,006	214,717	156,617	(170,395)	(102,611)	11,987	19,800	-	-
Social Security & Welfare	861,880	1,015,886	1,307,182	1,434,355	(445,302)	(418,469)	192,699	253,855	-	-
Housing & Community	2,001,976	1,636,762	6,487,708	5,971,200	(4,485,732)	(4,334,438)	-	30,552	75,840,003	73,897,100
Environment	62,665	50,298	716,034	864,798	(653,369)	(814,500)	35,000	147,042	2,559,863	1,813,247
Sport & Recreation	434,039	355,431	4,232,971	4,094,163	(3,798,932)	(3,738,732)	420,319	348,898	969,359	1,001,769
Agriculture	-	-	69,758	21,484	(69,758)	(21,484)	-	-	-	-
Mining & Manufacturing	231,568	223,423	549,035	564,921	(317,467)	(341,498)	-	-	-	-
Transport & Communications	1,612,916	1,109,962	6,749,896	6,120,953	(5,136,980)	(5,010,991)	1,548,926	2,326,445	133,375,454	134,227,244
Economic Affairs	225,100	196,485	913,384	733,973	(688,284)	(537,488)	12,000	-	-	-
Other Purposes	67,067	49,239	2,674,142	2,498,038	(2,607,075)	(2,448,799)	-	-	-	-
TOTALS	31,506,122	25,115,758	29,825,744	27,810,228	1,680,378	(2,694,470)	8,127,318	5,005,885	253,589,023	251,465,936

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

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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

Housing & Community Amenities

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

Environment

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

Sport & Recreation

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

Agriculture

Pest Eradication Services.

Mining & Manufacture

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

Transport & Communication

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

Economic Affairs

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

Other Purposes

Infrastructure Support Services

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 - FINANCIAL INSTRUMENTS

Note: The above summary of contribution plans represents the total of Council's individual contribution. All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
	Terms & conditions: Deposits are returning fixed interest rates between 2.05% and 3.70% (2014: 2.75% and 4.10%). Short term deposits have an average maturity of 89 days and an average interest rates of 3.26% (2014: 60 days, 3.34%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2014: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.
	Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - other levels of government	Accounting Policy: Carried at nominal value.
	Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.
	Carrying amount: approximates fair value.
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & conditions: secured over future revenues, borrowings are repayable when due; interest is charged at fixed and variable rates between 4.25% and 5.33% (2014: 4.75% and 7.98%)
	Carrying amount: approximates fair value.
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

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

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	1,730,758	-	-	1,730,758	1,730,758
Receivables	1,659,199	-	-	1,659,199	1,696,207
Other Financial Assets	20,377	21,667	-	42,044	37,005
Total	3,410,334	21,667	-	3,432,001	3,463,970
Financial Liabilities					
Payables	1,703,121	-	-	1,703,121	1,703,121
Current Borrowings	139,249	-	-	139,249	109,973
Non-Current Borrowings	-	8,223,294	-	8,223,294	8,165,959
Total	1,842,370	8,223,294	-	10,065,664	9,979,053

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	8.82	-	8.97	-
Other Variable Rates	4.60	7,100,000	4.75	7,702,085
Fixed Interest Rates	5.33	463,874	5.33	573,847
		7,563,874		8,275,932

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 2015

Note 14 - COMMITMENTS FOR EXPENDITURE

	2015	2014
	Notes \$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land Improvements	-	-
Roads & Footpaths	-	1,048,234
Plant & Equipment	321,200	-
	<u>321,200</u>	<u>1,048,234</u>
These expenditures are payable:		
Not later than one year	321,200	1,048,234
Later than one year and not later than 5 years		
Later than 5 years	<u>321,200</u>	<u>1,048,234</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 15 - FINANCIAL INDICATORS

	2015	2014	2013
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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>	10%	(16%)	1%
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

	(3%)	(2%)	1%
--	------	------	----

*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</u>	31%	39%	10%
Total Operating Revenue			

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.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	85%	169%	107%
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

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

	2015 \$	2014 \$
Income	31,506,122	25,115,758
less Expenses	<u>29,825,744</u>	<u>27,810,228</u>
Operating Surplus / (Deficit)	1,680,378	(2,694,470)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	6,230,361	10,321,110
Depreciation, Amortisation and Impairment	(6,312,164)	(5,992,947)
Proceeds from Sale of Replaced Assets	<u>(27,577)</u>	<u>(53,922)</u>
	(109,380)	4,274,241
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	3,093,483	2,714,650
Amounts received specifically for New and Upgraded Assets	(1,147,691)	(2,277,330)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>(311,212)</u>
	1,945,792	126,108
Net Lending / (Borrowing) for Financial Year	<u>(156,034)</u>	<u>(7,094,819)</u>

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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:

	2015	2014
	\$	\$
Not later than one year	137,642	64,963
Later than one year and not later than 5 years	235,118	31,174
Later than 5 years	-	-
	<u>372,760</u>	<u>96,137</u>

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

THE CORPORATION OF THE CITY OF WHYALLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 350 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$19,641 (2014: \$37,005) at reporting date.

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

4. ENVIRONMENT

Council is responsible for the operations of the Mount Laura and previously the Newton Street landfill sites. The 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 2015. If applicable once identified the amount will be included and amortised on an annual basis.

5. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain 'greenhouse' gases commenced operation. The Council operates a landfill facility which emits, and will continue to emit gases of this type. Information currently available provides assurances that 'legacy emissions' from garbage placed in landfills prior to the commencement of the tax will not become liable to the tax.

The Carbon Tax was abolished on 17 July 2014 with it being effective as from 1 July 2014, therefore no liability for this tax to be recorded.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 20 - EVENTS OCCURING AFTER REPORTING DATE

There are no events occurring after balance date that impact on the contents 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 Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows 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 the City of Whyalla as of 30 June 2015, 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 12th day of October 2015,
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 2015

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 2015, 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



.....
Stephen Coates
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date:

30.09.15
.....

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 2015, 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 22nd day of September 2015