

DISTRICT COUNCIL OF CEDUNA

	<u>Page</u>
Principal Financial Statements	
Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	5
Note 2 - Functions	12
Note 3 - Revenues	14
Note 4 - Expenses	16
Note 5 - Gain or Loss on Disposal of Assets	18
Note 6 - Current Assets	18
Note 7 - Non-Current Assets	19
Note 8 - Investment Property & Property, Plant & Equipment	20
Note 9 - Current Liabilities	21
Note 10 - Non-Current Liabilities	21
Note 11 - Reserves	22
Note 12 - Assets Subject to Restrictions	22
Note 13 - Statement of Cash Flows Reconciliation	23
Note 14 - Financial Instruments	24
Note 15 - Budget Comparison	26
Note 16 - Operating Leases	27
Note 17 - Superannuation	28
Note 18 - Regional Subsidiaries	28
Note 19 - Assets & Liabilities not Recognised	29
CEO Statement	30
Audit Report	31

DISTRICT COUNCIL OF CEDUNA

INCOME STATEMENT for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
REVENUES			
Rates - general	3	2,090,686	1,995,728
Rates - other	3	403,248	377,334
Statutory charges	3	52,555	67,700
User charges	3	724,153	633,501
Operating Grants & Subsidies	3	2,673,515	2,202,027
Investment Income	3	70,573	54,837
Reimbursements	3	154,936	143,549
Other Revenues	3	241,363	176,183
Gain on disposal of assets	5	79,965	165,361
Total Revenues		6,490,994	5,816,220
EXPENSES			
Employee Costs	4	1,896,312	1,487,690
Contractual Services	4	1,185,126	906,831
Materials	4	989,982	757,432
Finance Costs	4	110,670	121,918
Depreciation, Amortisation & Impairment	4	1,344,681	1,586,278
Other Expenses	4	295,712	558,221
Loss on disposal of assets	5	1,765	15,003
Total Expenses		5,824,248	5,433,373
OPERATING SURPLUS BEFORE CAPITAL AMOUNTS			
		666,746	382,847
Capital Grants, Subsidies & Monetary contributions	3	488,750	500,000
NET SURPLUS		1,155,496	882,847

DISTRICT COUNCIL OF CEDUNA

BALANCE SHEET

as at 30 June 2006

	Notes	2006 \$	2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,169,517	945,611
Trade & other receivables	6	387,989	253,038
Inventories	6	<u>22,365</u>	<u>315,482</u>
Total Current Assets		<u>1,579,871</u>	<u>1,514,131</u>
Non-current Assets			
Financial Assets	7	55,229	61,854
Property, Plant & Equipment	8	<u>31,727,152</u>	<u>30,242,169</u>
Total Non-current Assets		<u>31,782,381</u>	<u>30,304,023</u>
Total Assets		<u>33,362,252</u>	<u>31,818,154</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	968,632	560,686
Short-term Borrowings	9	2,594	-
Current portion of Long-term Borrowings	9	131,592	122,412
Short-term Provisions	9	<u>21,019</u>	<u>86,804</u>
Total Current Liabilities		<u>1,123,837</u>	<u>769,902</u>
Non-current Liabilities			
Long-term Borrowings	10	1,332,528	1,464,121
Long-term Provisions	10	<u>189,174</u>	<u>22,914</u>
Total Non-current Liabilities		<u>1,521,702</u>	<u>1,487,035</u>
Total Liabilities		<u>2,645,539</u>	<u>2,256,937</u>
NET ASSETS		<u>30,716,713</u>	<u>29,561,217</u>
EQUITY			
Accumulated Surplus		14,223,000	13,067,504
Asset Revaluation Reserve	11	<u>16,493,713</u>	<u>16,493,713</u>
TOTAL EQUITY		<u>30,716,713</u>	<u>29,561,217</u>

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

DISTRICT COUNCIL OF CEDUNA

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
ACCUMULATED SURPLUS			
Balance at end of previous reporting period		13,067,504	12,184,657
Net Result for Year		<u>1,155,496</u>	<u>882,847</u>
Balance at end of period		<u>14,223,000</u>	<u>13,067,504</u>
ASSET REVALUATION RESERVE			
	11		
Balance at end of previous reporting period		16,493,713	10,540,606
Gain on revaluation of property, plant & equipment		<u>-</u>	<u>5,953,107</u>
Balance at end of period		<u>16,493,713</u>	<u>16,493,713</u>
TOTAL EQUITY AT END OF REPORTING PERIOD			
		<u>30,716,713</u>	<u>29,561,217</u>

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

DISTRICT COUNCIL OF CEDUNA

STATEMENT OF CASH FLOWS for the year ended 30 June 2006

	Notes	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Revenue		6,235,147	5,644,203
Investment income		70,573	54,837
GST collected		256,640	186,538
GST refunded by ATO		467,789	309,016
<u>Payments</u>			
Expenses		(4,113,039)	(3,637,954)
Finance Costs		(110,670)	(121,918)
GST paid on creditable acquisitions		(496,605)	(327,445)
GST remitted to ATO		(256,640)	(186,538)
Net Cash provided by Operating Activities		2,053,195	1,920,739
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Grants utilised for the acquisition or replacement of assets		488,750	500,000
Sale of replaced assets		386,323	376,710
Sale of real estate developments		374,348	205,361
Repayments of loans by community groups		6,212	5,824
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,417,895)	(1,114,668)
Expenditure on new/upgraded assets		(1,547,208)	(991,909)
Net Cash provided by (or used in) Investing Activities		(1,709,470)	(1,018,682)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		(122,413)	(327,843)
Net Cash provided by (or used in) Financing Activities		(122,413)	(327,843)
Net Increase (Decrease) in cash held		221,312	574,214
Cash & cash equivalents at beginning of period		945,611	371,397
Cash & cash equivalents at end of period		1,166,923	945,611

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

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999.

1.2 Compliance with International Financial Reporting Standards

AIFRS include certain specific provisions relating to not-for-profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 Financial Reporting by Local Governments also applies. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

The principal areas of non-compliance relate to the recognition of non-reciprocal revenues, the definition of value in use for the purposes of AASB 116 Impairments and the offsetting of revaluation increments and decrements within classes of assets, and are detailed more particularly below.

1.3 Application of AASB 1 First-time Adoption of AIFRS

These statements are the first District Council of Ceduna financial statements to be prepared in accordance with AIFRS and AASB1 First-time Adoption of AIFRS has been applied in their preparation. Previous financial statements have been prepared in accordance with the former Australian Generally Accepted Accounting Principles (GAAP) which differ in certain respects from AIFRS. When preparing these financial statements, Council has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, where Council has taken the exemption available under AASB1 to only apply AASB 132 and AASB 139 from 1 July 2005, the comparative figures have been restated to reflect these adjustments.

1.4 Historical Cost Convention

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

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

1 Basis of Preparation (continued)

1.5 Critical Accounting Estimates

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

2 The Local Government Reporting Entity

District Council of Ceduna is incorporated under the SA Local Government Act 1999 and has its principal place of business at 44 O'Loughlin Terrace, Ceduna. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated. Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount due constitutes an enforceable debt, whichever first occurs. Where grants, contributions and donations recognised as revenues 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 revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

4 Cash Assets 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 (as amended). 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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

6 Property, Plant & Equipment

6.1 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045.

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".

6.2 Initial Recognition

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

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. A capitalisation threshold of \$1,000 was applied during the year. No capitalisation threshold is applied to the acquisition of land or interests in land.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

6 Property, Plant & Equipment (continued)

6.4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 8.

6.5 Depreciation of Non-Current Assets

Other than land, all 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.

Buildings	25 to 80 years
Stormwater drainage	50 years
Common effluent drainage	15 to 50 years
Plant and equipment	5 to 20 years
Aerodrome infrastructure	20 to 30 years
Boat ramps and pontoons	25 to 50 years
Sealed car parking	30 years
Sealed roads	20 years
Unsealed roads	12 years
Footpaths	30 years
Traffic control devices	10 years
Playground and reserve equipment	15 years
Improvements to parks & gardens	10 to 30 years
Furniture, fittings and office equipment	2 to 10 years

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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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 by taking into account 100% of the nominal long service leave accrual amount for all employees at the reporting date. This basis for calculation provides an estimate of liability for employee benefits in excess of that determined by using 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.

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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

9 Employee Benefits (continued)

9.2 Superannuation (continued)

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2005/06; 9% in 2004/05). 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.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. 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 Fund's Defined Benefit 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 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.

10 Construction Contracts

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

11 Associated Entities

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

12 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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

13 GST Implications

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

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

14 Comparative Information & Transition to AIFRS

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

15 New Accounting Standards

Certain new accounting standards have been published that are not mandatory for the 30 June 2006 reporting period.

- AASB 2005-8 *Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132*
- AASB 7 *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB1, AASB4, AASB 1023 & AASB 1038*
- AASB 2005-6 *Amendments to AASB 121*
- AASB 2005-9 *Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132: Financial guarantee contracts*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 2005-10 *Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038: consequential amendments arising as a result of the release of AASB 7*
- AASB 2006-1 *Amendments to AASB 121: clarification regarding monetary items forming part of the net investment in a foreign operation.*

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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
REVENUES		EXPENDITURES		OPERATING RESULT		GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2006	2005	2006	2005
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Undertakings	1,003,224	1,027,556	943,258	(61,563)	59,966	-	-	9,147,584	9,263,436
Community Services	161,657	523,582	563,749	(209,919)	(402,092)	248,440	132,718	2,587,986	2,374,653
Culture	9,947	116,558	85,769	(105,995)	(75,822)	1,186	1,590	827,119	840,452
Economic Development	68,066	367,117	335,002	(236,458)	(266,936)	50,383	5,000	539,534	505,351
Environment	123,944	459,153	477,310	(341,891)	(353,366)	31,992	40,000	221,570	208,732
Recreation	17,496	622,655	544,679	(535,266)	(527,183)	85,731	14,418	2,881,595	2,872,667
Regulatory Services	83,043	225,801	237,389	(153,194)	(154,346)	-	-	10,315	12,037
Transport & Communication	1,435,544	1,600,493	1,464,491	36,438	(28,947)	1,377,743	1,221,326	11,992,297	10,770,864
Plant Hire & Depot/Indirect	3,989	282,678	279,217	(274,004)	(275,228)	-	-	2,179,041	2,031,568
Unclassified Activities	4,569	4,171	4,569	-	-	-	-	61,854	68,066
Council Administration	3,404,741	594,484	497,940	3,037,348	2,906,801	1,366,790	1,286,975	2,913,357	2,870,328
TOTALS	6,316,220	5,824,248	5,433,373	1,155,496	882,847	3,162,265	2,702,027	33,362,252	31,818,154

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 2 (continued) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business undertakings

Development of land for resale, private works, property portfolio, sewerage/steds, water supply and jet A1 refuelling.

Community services

Crime prevention, emergency services, fire protection, public order & safety, health services, aged services, children & youth services, community support, cemeteries, public conveniences and car parking.

Culture

Library services, cultural venues, heritage and other cultural services.

Economic development

Regional development, support for local businesses, tourism and other economic development.

Environment

Waste, recycling, waste disposal facility, coastal protection, stormwater & drainage, street cleaning, street lighting and other environmental services.

Recreation

Jetties, other marine facilities, parks & gardens, sports facilities and swimming centres.

Regulatory services

Dog & cat control, building control, town planning, health inspections, litter control, parking control and other regulatory services.

Transport

Aerodromes, footpaths & kerbings, construction & maintenance of roads, traffic management and other transport services.

Plant hire and depot costs

Plant operations and depot costs.

Unclassified activities

Activities not elsewhere classified.

Council administration

Administration activities not elsewhere classified, elected members, organisational, human resources, information technology, rates administration, occupancy and other council administration.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

NOTE 3 - REVENUES (continued)

	Notes	2006 \$	2005 \$
Operating Grants & Subsidies		2,673,515	2,202,027
Capital Grants & Subsidies		488,750	500,000
		<u>3,162,265</u>	<u>2,702,027</u>
<i>These grants have been utilised as follows:</i>			
- for the acquisition of new & upgraded assets		565,784	658,000
- for the renewal and replacement of existing assets		525,256	218,000
- for operating purposes		<u>2,071,225</u>	<u>1,826,027</u>
		<u>3,162,265</u>	<u>2,702,027</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		884,821	486,147
State government		2,247,160	2,215,880
Other		30,284	-
		<u>3,162,265</u>	<u>2,702,027</u>
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>		823,249	323,082
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Transport & Communication</i>		353,800	-
<i>Community Services</i>		173,605	148,737
<i>Recreation</i>		9,600	4,304
<i>Other</i>		8,139	414
		<u>545,144</u>	<u>153,455</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Transport & Communication</i>		429,664	500,000
<i>Community Services</i>		169,149	131,942
<i>Recreation</i>		36,720	14,418
<i>Economic Development</i>		24,905	4,115
<i>Other</i>		11,314	3,147
		<u>671,752</u>	<u>653,622</u>
<i>Unexpended at the close of this reporting period and held as restricted assets</i>		<u>949,857</u>	<u>823,249</u>
<i>Net increase (decrease) in restricted assets in the current reporting period</i>		<u>126,608</u>	<u>500,167</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 4 - EXPENSES

	Notes	2006 \$	2005 \$
EMPLOYEE COSTS			
Salaries and Wages		1,978,343	1,764,831
Superannuation - defined contribution plan contributions		114,751	121,102
Superannuation - defined benefit plan contributions		56,548	42,255
Less: Capitalised and distributed costs		<u>(253,330)</u>	<u>(440,498)</u>
Total Operating Employee Costs		<u>1,896,312</u>	<u>1,487,690</u>
Total Number of Employees		42	36
<i>(Full time equivalent at end of reporting period)</i>			
CONTRACTUAL SERVICES			
Contractors & Consultants		1,155,324	879,706
Operating Lease Rentals - non-cancellable leases		<u>29,802</u>	<u>27,125</u>
		<u>1,185,126</u>	<u>906,831</u>
MATERIALS			
Materials - Other		349,265	220,248
Fuel		344,719	258,484
Water		189,974	179,047
Electricity		<u>106,024</u>	<u>99,653</u>
		<u>989,982</u>	<u>757,432</u>
FINANCE COSTS			
Interest paid to the LGFA		<u>110,670</u>	<u>121,918</u>
		<u>110,670</u>	<u>121,918</u>
			-
DEPRECIATION, AMORTISATION & IMPAIRMENT			
			-
Buildings		176,663	176,109
Infrastructure		979,699	1,149,707
Plant and Machinery		174,878	241,281
Infrastructure		<u>13,441</u>	<u>19,181</u>
		<u>1,344,681</u>	<u>1,586,278</u>

OTHER EXPENSES

Auditor's Remuneration

- Auditing the financial reports	7,300	6,470
- Other Services	-	-
Communications	41,474	41,686
Contributions and donations	104,430	70,613
Elected members' expenses	52,791	48,524
Election expenses	3,479	4,008
Insurances	114,776	96,205
Legal Expenses	20,145	19,529
Levies paid to government	69,865	71,107
Travel and accommodation	62,561	42,698
Workers' Compensation Insurance	90,366	75,035
Other	364,998	381,724
Capitalisation of plant and full cost attribution	<u>(636,473)</u>	<u>(299,378)</u>
	<u>295,712</u>	<u>558,221</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2006	2005
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	\$	\$
	Notes	
Proceeds from disposal	437,227	376,710
Less: Carrying amount of assets sold	<u>438,992</u>	<u>391,713</u>
Loss on disposal	<u>(1,765)</u>	<u>(15,003)</u>
 REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	374,348	205,361
Less: Carrying amount of assets sold	<u>294,383</u>	<u>40,000</u>
Gain on disposal	<u>79,965</u>	<u>165,361</u>
 NET TOTAL GAIN ON DISPOSAL OF ASSETS		
	<u>78,200</u>	<u>150,358</u>

Note 6 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS

Cash on Hand and at Bank	800	800
Deposits at Call	<u>1,168,717</u>	<u>944,811</u>
	<u>1,169,517</u>	<u>945,611</u>

TRADE & OTHER RECEIVABLES

Rates - General & Other	38,473	15,257
Accrued Revenues	1,869	2,057
Water supply	10,651	35,979
Fines	11,985	10,117
GST Recoupment	48,066	19,250
Prepayments	2,140	12,099
Loans to community organisations	6,625	6,212
Other	<u>268,180</u>	<u>152,067</u>
	<u>387,989</u>	<u>253,038</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 6 - CURRENT ASSETS (continued)

INVENTORIES	Notes	2006 \$	2005 \$
Fuel		22,365	21,099
Real Estate Developments		-	294,383
		22,365	315,482

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

Real Estate Developments

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

Other Properties surplus to requirements	-	294,383
Total Real Estate for Resale	-	294,383

Represented by:

Acquisition Costs	-	294,383
Total Real Estate for Resale	-	294,383

Note 7 - NON-CURRENT ASSETS

FINANCIAL ASSETS

Receivables

Loans to community organisations	55,229	61,854
	55,229	61,854

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 8 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2005				2006			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings	4,480,832	-	(176,109)	4,304,723	4,480,832	49,784	(352,772)	4,177,844
Infrastructure	18,472,415	1,662,743	(1,149,707)	18,985,451	18,472,415	4,065,237	(2,129,406)	20,408,246
Plant and Machinery	1,583,011	298,027	(223,148)	1,657,890	1,370,559	809,883	(332,320)	1,848,122
Furniture and fittings	61,759	8,107	(19,181)	50,685	61,759	18,663	(32,622)	47,800
Land	5,243,420	-	-	5,243,420	5,243,420	1,720	-	5,245,140
TOTAL PROPERTY, PLANT & EQUIPMENT	29,841,437	1,968,877	(1,568,145)	30,242,169	29,628,985	4,945,287	(2,847,120)	31,727,152
2005 Totals	12,414,964	18,474,053	(6,688,541)	24,200,476	29,841,437	1,968,877	(1,568,145)	30,242,169

	2005	CARRYING AMOUNT MOVEMENTS DURING YEAR				2006
	\$	\$				\$
	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Net Revaluation	CARRYING AMOUNT
Buildings	4,304,723	49,784	-	(176,663)	-	4,177,844
Infrastructure	18,985,451	2,402,494	-	(979,699)	-	20,408,246

	1					6
Plant and Machinery	1,657,890	804,102	(438,992)	(174,878)	-	1,848,122
Furniture and fittings	50,685	10,556	-	(13,441)	-	47,800
Land	5,243,420	1,720	-	-	-	5,245,140
TOTAL PROPERTY, PLANT & EQUIPMENT	30,242,169	3,268,656	(438,992)	(1,344,681)	-	31,727,152
2005 Totals	24,200,476	2,106,577	(431,713)	(1,586,278)	5,953,107	30,242,169

Revaluations

All property, plant and equipment (except for land under roads and land held for development and/or resale) were revalued on 01 July 2004. Land was revalued by the Valuer General, buildings and major structures by Maloney Field Services and all other assets by management.

Parks and gardens

The Council is situated in the far western region of South Australia. This region is susceptible to dry and harsh conditions. As a result of this climate, parks and garden establishment costs are not capitalised but rather expensed in the income statement in the year the expense is incurred.

Trees

The Council has a significant natural asset in trees. These assets add considerable value to the community; however, because they cannot be measured reliably, these assets have not been brought to account

Note 9 - CURRENT LIABILITIES

	2006	2005
	\$	\$
TRADE & OTHER PAYABLES		
Payments received in advance	6,533	10,312
Accrued expenses - employee benefits	214,242	190,861
Accrued expenses - other	746,443	349,755
Australian Taxation Office (<i>FBT liability</i>)	1,294	9,678
Deposits, Retentions & Bonds	120	80
	<u>968,632</u>	<u>560,686</u>
SHORT TERM BORROWINGS		
Bank overdraft	2,594	-
	<u>2,594</u>	<u>-</u>

The Council has an overdraft facility of \$100,000 with BankSA. The overdraft facility may be withdrawn at any time and may be terminated by the bank without notice. The current interest rate on the overdraft facility is 10.15 % p.a. (2005: 9.65% p.a.). The overdraft facility is secured over the general rates of the Council.

CURRENT PORTION OF LONG-TERM BORROWINGS

Loans - LGFA	131,592	122,412
	<u>131,592</u>	<u>122,412</u>

PROVISIONS

Employee Benefits (including oncosts)	21,019	86,804
	<u>21,019</u>	<u>86,804</u>

Note 10 - NON-CURRENT LIABILITIES

BORROWINGS

Loans - LGFA	1,332,528	1,464,121
	<u>1,332,528</u>	<u>1,464,121</u>

The Council has convertible cash advance debentures with the Local Government Finance Authority (LGFA) in the amount of \$350,000 which may be called upon as required. The current variable interest rate on these facilities is 6.75% (2005: 6.50%) p.a. paid quarterly in arrears. The total of the unutilised facilities at the reporting date is \$350,000 (2005: \$350,000). The Council also has fixed debentures with the LGFA at fixed interest rates having varying maturities. All borrowings are secured over the general rates of the Council.

PROVISIONS

Employee Benefits (including oncosts)	189,174	22,914
Total Provisions	<u>189,174</u>	<u>22,914</u>

Note 11 - RESERVES

ASSET REVALUATION RESERVE	1/07/2005	Net Increments (Decrements)	1/07/2006
Opening balance	Notes \$ 16,493,713	\$ -	\$ 16,493,713
TOTAL	16,493,713	-	16,493,713
2005 Totals	10,540,606	5,953,107	16,493,713

PURPOSES OF RESERVE

Asset Revaluation Reserve

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

Note 12 - 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 raised.

	Notes	2006 \$	2005 \$
CASH & FINANCIAL ASSETS			
Other unexpended amounts from other levels of Government		949,857	801,179
Water scheme		186,833	185,308
Other		-	22,070
		1,136,690	1,008,557
RECEIVABLES			
Water scheme		12,368	35,593
Steds schemes		6,709	4,350
		19,077	39,943
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		1,155,767	1,048,500

Note 13 - RECONCILIATION TO CASH FLOW STATEMENT

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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2006 \$	2005 \$
Total Cash Assets	6	1,169,517	945,611
Less: Short-term borrowings	9	(2,594)	-
Balances per Statement of Cash Flows		<u>1,166,923</u>	<u>945,611</u>

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS BEFORE CAPITAL REVENUES

Net Surplus		666,746	382,847
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,344,681	1,586,278
Increase in unpaid employee benefits		123,856	37,496
Gain on disposal of assets		(79,965)	(165,361)
Loss on disposal of assets		<u>1,765</u>	<u>15,003</u>
		2,057,083	1,856,263
Adjusted for:			
Net (increase)/decrease in trade & other receivables		(134,538)	67,040
Net increase in inventories		(1,266)	(3,986)
Net increase in trade & other payables		<u>131,916</u>	<u>1,422</u>
Net Cash provided by (or used in) operations		<u>2,053,195</u>	<u>1,920,739</u>

FINANCING ARRANGEMENTS

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

Convertible Cash Advance Debentures	350,000	350,000
Bank Overdraft	100,000	100,000
Corporate Credit Cards	25,500	25,500

See note 9 for further detail on the Bank Overdraft and note 10 for further detail on the Convertible Cash Advance Debentures.

Note 14 - FINANCIAL INSTRUMENTS

INTEREST RATE RISK

The Council's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is set out below.

	Weighted average interest rate	Floating interest rate \$	Fixed interest rate			Non-interest bearing \$	Total \$
			1 Year or less \$	1 to 5 years \$	More than 5 years \$		
2006							
Financial assets							
Cash	0.0%	-	-	-	-	800	800
Deposits	5.5%	1,168,717	-	-	-	-	1,168,717
Receivables	6.6%	-	6,252	31,215	24,014	379,597	441,078
		1,168,717	6,252	31,215	24,014	380,397	1,610,595
Financial liabilities							
Borrowings	7.3%	-	131,592	566,915	765,613	-	1,464,120
Payables	0.0%	-	-	-	-	835,906	835,906
		-	131,592	566,915	765,613	835,906	2,300,026
2005							
Financial assets							
Cash	0.0%	-	-	-	-	800	800
Deposits	5.3%	944,811	-	-	-	-	944,811
Receivables	6.6%	-	6,212	29,266	32,588	234,727	302,793
		944,811	6,212	29,266	32,588	235,527	1,248,404
Financial liabilities							

Borrowings	7.2%	-	122,412	550,785	913,335	-	1,586,532
Payables	0.0%	-	-	-	-	369,825	369,825
		-	122,412	550,785	913,335	369,825	1,956,357

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 14 - FINANCIAL INSTRUMENTS (continued)

Credit risk exposures

Credit risk represents the loss that would be recognised if other parties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Council, which have been recognised in the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Council does not have significant exposure to any concentration of credit risk.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

Cash flows are discounted using standard valuation techniques and the applicable market yield having regard to the timing of cash flows. The carrying amount of bank terms deposits, accounts receivable, accounts payable and bank loans approximate net fair value.

Net fair value of financial assets and liabilities

The agreeable net fair values and carrying amounts of financial assets and financial liabilities are not materially different from those disclosed in the statement of financial position and in the notes to and forming part of the accounts.

Note 15 - COMPARISON OF BUDGET AND ACTUAL OPERATING RESULTS

	Notes	2006		2005	
		BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES		\$	\$	\$	\$
Business undertakings		945,286	965,993	899,659	1,003,224
Community services		435,455	313,663	59,040	161,657
Culture		8,000	10,563	8,000	9,947
Economic development		93,500	130,659	65,500	68,066
Environment		136,154	117,262	134,332	123,944
Recreation		104,030	87,389	28,318	17,496
Regulatory services		55,630	72,607	51,176	83,043
Transport		1,389,277	1,636,931	1,152,273	1,435,544
Plant hire & depot costs		6,640	8,674	-	3,989
Unclassified activities		4,170	4,171	4,746	4,569
Council administration		3,542,031	3,631,832	3,361,548	3,404,741
TOTAL REVENUE		6,720,173	6,979,744	5,764,592	6,316,220
EXPENSES					
Business undertakings		943,824	1,027,556	956,752	943,258
Community services		551,368	523,582	509,199	563,749
Culture		251,168	116,558	84,250	85,769
Economic development		352,755	367,117	340,849	335,002
Environment		392,838	459,153	483,561	477,310
Recreation		484,245	622,655	656,102	544,679
Regulatory services		232,308	225,801	253,724	237,389
Transport		1,670,183	1,600,493	1,457,477	1,464,491
Plant hire & depot costs		460,539	282,678	131,341	279,217
Unclassified activities		4,170	4,171	4,570	4,569
Council administration		790,687	594,484	449,859	497,940
TOTAL EXPENSES		6,134,085	5,824,248	5,327,684	5,433,373
SURPLUS					
		586,088	1,155,496	436,908	882,847

Note 16 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various land, buildings, plant and other facilities that are available for hire or lease in accordance with the published revenue policy. Rentals received from such leases are disclosed as Rental income, Oysterfest site fees or Hall & equipment hire in Note 3.

Council has no lessees under non-cancellable lease agreements and as a result no lessee commitments exist.

Lease payment commitments of Council

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

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

The leases permit Council, at expiry of the lease, to elect to re-lease or return 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:

	2006 \$	2005 \$
Not later than one year	14,843	29,802
Later than one year and not later than 5 years	<u>2,677</u>	<u>17,520</u>
	<u>17,520</u>	<u>47,322</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 17 – SUPERANNUATION

Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme (the Scheme). The Scheme has two categories of membership, each of which is funded differently.

The Scheme's accumulation category, <Local Super>, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). 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 Scheme.

The Scheme's Defined Benefit Plan is a multi-employer sponsored plan. As the Scheme'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 under AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Scheme at rates determined by the Trustee on the advice of the Scheme's Actuary. On the basis of the results of 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 2002, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities.

Note 18 – REGIONAL SUBSIDIARIES - SECTION 200

	2006	2005
Contributions paid include the following:	\$	\$
- Eyre Regional Development Board (ERDB)	29,380	29,380
- Eyre Peninsula Local Government Association (EPLGA)	10,076	10,076

Council is a member of the ERDB which is a regional economic development authority charged with the responsibility of facilitating economic growth and activity in the Eyre region.

Council is a member of the EPLGA which is a regional local government representative body charged with the responsibility of representing the interests of its member Councils.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

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.

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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

CHIEF EXECUTIVE OFFICER'S STATEMENT

I, Anthony John Irvine, the person for the time being occupying the position of Chief Executive Officer of the District Council of Ceduna do hereby state that the financial statements for the 2005/2006 financial year are to the best of my knowledge presented fairly and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 1999* made under that Act.

(Signed)

(Dated)

ADOPTION STATEMENT

Laid before the Elected Members of the District Council of Ceduna and adopted on

(Dated)

Ken McCarthy, Mayor

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

INDEPENDENT AUDIT REPORT TO THE MAYOR AND COUNCILLORS OF THE DISTRICT COUNCIL OF CEDUNA

Scope

I have audited the financial statements of the District Council of Ceduna for the financial year ended **30 June 2006** as set out on pages **1 – 30**.

The Chief Executive Officer is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and the *Local Government Act 1999*, so as to present a view of the entity which is consistent with my understanding of its financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of the District Council of Ceduna are properly drawn up:

a. So as to give a true and fair view of:

- (i) The Council's state of affairs as at **30 June 2006** and its operating result for the year ended on that date; and
- (ii) The other matters required by Chapter 8 of the *Local Government Act 1999* to be dealt with in the accounts;

b. In accordance with the provisions of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999*; and

c. In accordance with Statements of Accounting Concepts and applicable Accounting Standards.

JOHN D EWEN
Chartered Accountant
Auditor

Date: