

DISTRICT COUNCIL OF CEDUNA

General Purpose Financial Reports for the year ended 30 June 2007

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DISTRICT COUNCIL OF CEDUNA

INCOME STATEMENT for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
INCOME			
Rates	3	2,767,952	2,493,934
Statutory charges	3	48,134	52,555
User charges	3	866,480	724,153
Grants, subsidies and contributions	3	2,105,584	2,673,515
Investment income	3	59,378	70,573
Reimbursements	3	185,867	154,936
Other revenues	3	233,895	241,363
Total Revenues		<u>6,267,291</u>	<u>6,411,029</u>
EXPENSES			
Employee costs	4	1,952,084	1,986,678
Materials, contracts & other expenses	4	2,498,161	2,380,454
Finance costs	4	113,035	110,670
Depreciation, amortisation & impairment	4	1,513,250	1,344,681
Share of loss - joint ventures & associates	21		
Total Expenses		<u>6,076,529</u>	<u>5,822,483</u>
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS		190,761	588,546
Net gain (loss) on disposal or revaluation of assets	5	6,299	78,200
Amounts specifically for new or upgraded assets	3	654,056	488,750
Physical resources received free of charge	3	-	-
NET SURPLUS (DEFICIT)		<u>851,116</u>	<u>1,155,496</u>

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

DISTRICT COUNCIL OF CEDUNA

BALANCE SHEET as at 30 June 2007

	Notes	2007 \$	2006 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	744,641	1,169,517
Trade & other receivables	6	445,236	387,989
Other financial assets	6	-	-
Inventories	6	10,743	22,365
		<u>1,200,620</u>	<u>1,579,871</u>
Non-current Assets held for Sale			
Total Current Assets		<u>1,200,620</u>	<u>1,579,871</u>
Non-current Assets			
Financial Assets	7	48,163	55,229
Equity accounted investments in Council businesses	7	-	-
Investment Property	8	-	-
Infrastructure, Property, Plant & Equipment	8	33,704,458	31,727,152
Other Non-current Assets	7	-	-
Total Non-current Assets		<u>33,752,621</u>	<u>31,782,381</u>
Total Assets		<u>34,953,241</u>	<u>33,362,252</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9	914,278	968,632
Borrowings	9	227,894	134,186
Short-term Provisions	9	22,207	21,019
Other Current Liabilities	9	-	-
Total Current Liabilities		<u>1,164,379</u>	<u>1,123,837</u>
Non-current Liabilities			
Trade & Other Payables	9	-	-
Long-term Borrowings	9	2,021,175	1,332,528
Long-term Provisions	9	199,858	189,174
Other Non-current Liabilities	9	-	-
Total Non-current Liabilities		<u>2,221,033</u>	<u>1,521,702</u>
Total Liabilities		<u>3,385,412</u>	<u>2,645,539</u>
NET ASSETS		<u>31,567,829</u>	<u>30,716,713</u>
EQUITY			
Accumulated Surplus		14,330,276	13,054,283
Asset Revaluation Reserve	10	16,493,713	16,493,713
Other Reserves	10	743,840	1,168,717
TOTAL EQUITY		<u>31,567,829</u>	<u>30,716,713</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 2007

	2007 \$	2006 \$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	13,054,283	11,898,787
Net Result for Year	851,116	1,155,496
Transfers to Other Reserves	(130,566)	
Transfers from Other Reserves	555,443	
Balance at end of period	14,330,276	13,054,283
ASSET REVALUATION RESERVE		
	10	
Balance at end of previous reporting period	16,493,713	16,493,713
Gain on revaluation of infrastructure, property, plant & equipment	-	-
Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	-	-
Balance at end of period	16,493,713	16,493,713
OTHER RESERVES		
	10	
Balance at end of previous reporting period	1,168,717	
Transfers from Accumulated Surplus	130,566	
Transfers to Accumulated Surplus	(555,443)	
Balance at end of period	743,840	1,168,717
TOTAL EQUITY AT END OF REPORTING PERIOD	31,567,829	30,716,713
<i>Total of all revenues recognised directly in Equity</i>	-	-
<i>Total of all expenses recognised directly in Equity</i>	-	-
NET CHANGE IN EQUITY	-	-

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

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DISTRICT COUNCIL OF CEDUNA

CASH FLOW STATEMENT for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		6,207,912	6,959,576
Investment receipts		59,378	70,573
<u>Payments</u>			-
Operating payments to suppliers & employees		(4,537,910)	(4,866,284)
Finance payments		<u>(113,035)</u>	<u>(110,670)</u>
Net Cash provided by (or used in) Operating Activities		1,616,345	2,053,195
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Grants specifically for new or upgraded assets		654,056	488,750
Sale of replaced assets		391,076	386,323
Sale of real estate developments		-	374,348
Repayments of loans by community groups		6,625	6,212
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,514,744)	(1,417,895)
Expenditure on new/upgraded assets		<u>(2,360,589)</u>	<u>(1,547,208)</u>
Net Cash provided by (or used in) Investing Activities		(2,823,576)	(1,709,470)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		830,116	-
<u>Payments</u>			
Repayments of Borrowings		<u>(131,591)</u>	<u>(122,413)</u>
Net Cash provided by (or used in) Financing Activities		698,525	(122,413)
Net Increase (Decrease) in cash held		(508,706)	221,312
 Cash & cash equivalents at beginning of period		<u>1,166,923</u>	<u>945,611</u>
Cash & cash equivalents at end of period		<u>658,217</u>	<u>1,166,923</u>

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

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

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 Historical Cost Convention

Except where 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 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.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$0).

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, South Australia. 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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

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, 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 (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. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate held for resale

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

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

6 Infrastructure, 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".

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

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. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.4 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 infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.6 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.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with the allowed alternative treatment in AASB 1023 "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 4, and the amount (if any) of interest revenue offset against borrowing costs in Note 3.

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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

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.

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. For purposes of termination of employment, Council will pay employees one third of any accumulated hours of sick leave over and above a sick leave bank of 60 days or 456 hours.

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.

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 2006/07; 9% in 2005/06). 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. The rate is currently 6% (6% in 2005/2006) of superannuation salary. 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".

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities through membership of the Eyre Peninsula Local Government Association and Eyre Regional Development Board.

12 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

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

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 and UIG interpretations have been published that are not mandatory for the 30 June 2007 reporting period.

- 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 2006-1 *Amendments to AASB 121*
- AASB 2006-3 *Amendments to AASB 1045*
- AASB 2006-4 *Amendments to AASB 134*
- AASB 2007-1 *Amendments to AASB 2 arising from AASB Interpretation 11*
- AASB 2007-2 *Amendments to AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139 arising from AASB Interpretation 12*
- AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 arising from AASB 8*
- AASB 2007-4 *Amendments to AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038 arising from ED 151 and Other Amendments*
- Interpretation 10 *Interim Financial Reporting and Impairment*

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

- Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*
- Interpretation 12 *Service Concession Arrangements*
- Interpretation 129 *Disclosure – Service Concession Arrangements*

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 2007

Note 2 - FUNCTIONS

REVENUES		EXPENSES		OPERATING RESULT		GRANTS INCLUDED IN REVENUES		TOTAL	
								ASSETS HELD	
								2007	2006
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2007	2006	2007	2006
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,083,367	965,993	1,143,431	1,027,556	(60,064)	(61,563)	-	-	9,620,379	9,147,584
154,338	313,663	449,217	523,582	(294,879)	(209,919)	130,413	248,440	2,810,770	2,587,986
22,904	10,563	86,144	116,558	(63,240)	(105,995)	11,173	1,186	864,952	827,119
100,722	130,659	361,256	367,117	(260,534)	(236,458)	8,900	50,383	568,944	539,534
325,545	117,262	375,343	459,153	(49,798)	(341,891)	-	31,992	234,773	221,570
30,340	87,389	559,933	622,655	(529,593)	(535,266)	21,710	85,731	2,972,114	2,881,595
64,003	72,607	236,489	225,801	(172,486)	(153,194)	-	-	13,689	10,315
1,472,776	1,636,931	1,392,345	1,600,493	80,431	36,438	1,120,436	1,377,743	13,543,866	11,992,297
9,765	8,674	433,429	282,678	(423,664)	(274,004)	-	-	2,097,495	2,179,041
3,745	4,171	3,745	4,171	-	-	-	-	837,127	61,854
3,661,324	3,631,832	1,036,381	594,484	2,624,943	3,037,348	1,461,535	1,366,790	1,389,132	2,913,357
6,928,829	6,979,744	6,077,713	5,824,248	851,116	1,155,496	2,754,167	3,162,265	34,953,241	33,362,252

Business Undertakings
 Community Services
 Culture
 Economic Development
 Environment
 Recreation
 Regulatory Services
 Transport & Communication
 Plant Hire & Depot/Indirect
 Unclassified Activities
 Council Administration

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 (cont) - 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, Pest Control, Health Services, Senior Citizens Facilities, Aged Services, Children & Youth Services, Community Support, Cemeteries, Public Convenience & 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 and Gardens, Sports Facilities – Outdoor and Swimming Centres - Outdoor.

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Health Inspections, Litter Control, Parking Control and Other Regulatory Services.

Transport & Communication

Aerodrome, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – Roads (Formula Funded) and other Transport Services.

Plant Hire & Depot/Indirect

Plant Operations and Depot Costs

Unclassified Activities

Activities not elsewhere classified

Council Administration

Administration activities not elsewhere classified, Governance Elected Members, Organisational, Human Resources, Information Technology, Rates Administration, Occupancy, LGCC – General Purpose and Other Council Administration.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 3 - REVENUES

	Notes	2007 \$	2006 \$
RATES REVENUES			
<u>General Rates</u>		2,168,062	2,174,926
Less: Discretionary rebates, remissions & write offs		(66,441)	(84,240)
		2,101,621	2,090,686
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		100,850	-
Catchment Water Board Levy		-	53,665
Waste collection		186,257	-
Water supply		59,279	61,412
Community wastewater management schemes		319,758	288,557
		666,144	403,634
<u>Other Charges</u>			
Penalties for late payment		186	88
Legal & other costs recovered		-	-
		186	88
Less: Discretionary rebates, remissions & write offs			474
		\$ 2,767,952	\$ 2,493,934
STATUTORY CHARGES			
Development Act fees		11,055	15,404
Town planning fees		15,319	13,006
Animal registration fees & fines		15,507	16,233
Parking fines / expiation fees		3,409	121
Other registration fees		-	-
Other fines, penalties & expiations		30	2,573
Sundry		2,815	5,218
		48,134	52,555
USER CHARGES			
Cemetery/crematoria fees		12,935	15,581
Aviation landing fees & head taxes		275,029	227,117
Sales - Jet A1 fuel		261,940	221,924
Hall & equipment hire		9,187	8,777
Boat ramp fees		13,132	13,419
Oysterfest site fees		20,886	15,260
Water Supply		140,679	95,046
Rental income		83,866	80,113
Commercial refuse collection fees		32,715	31,020
Sundry		16,112	15,896
		866,480	724,153

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

NOTE 3 - REVENUES (continued)

	Notes	2007 \$	2006 \$
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		51,805	61,974
Banks & other		3,827	4,428
Loans to community groups		3,745	4,171
Investment property rental income		-	-
Premiums & discounts recognised		-	-
Unwinding of premiums & discounts		-	-
		59,378	70,573
REIMBURSEMENTS			
- for roadworks		33,212	4,000
- for private works		152,655	82,396
- by joint undertakings		-	-
- other		-	68,540
		185,867	154,936
OTHER REVENUES			
Insurance & other recoupments - infrastructure, property, plant & equipment		11,851	5,890
Rebates received		-	-
Sundry		222,045	235,473
		233,895	241,363
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts specifically for new or upgraded assets		654,056	488,750
Other grants, subsidies and contributions		2,105,584	2,673,515
		2,759,640	3,162,265
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		435,886	884,821
State government		2,323,754	2,247,160
Other		(0)	30,284
		2,759,640	3,162,265

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

NOTE 3 - REVENUES (continued)

	2007	2006
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>	832,723	823,249
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Transport & Communication</i>	576,509	353,800
<i>Community Services</i>	273,844	173,605
<i>Economic Development</i>	10,419	0
<i>Recreation</i>	41,538	9,600
<i>Other</i>	8,070	8,139
<i>Subtotal</i>	<u>910,380</u>	<u>545,144</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>	0	312,530
<i>Community Services</i>	152,997	169,149
<i>Recreation</i>	0	36,720
<i>Economic Development</i>	8,900	24,905
<i>Other</i>	0	11,314
<i>Subtotal</i>	<u>161,897</u>	<u>554,618</u>
<i>Unexpended at the close of this reporting period and</i>	<u>84,240</u>	<u>832,723</u>
 <i>Net increase (decrease) in restricted assets in the current reporting period</i>	 <u>-748,483</u>	 <u>9,474</u>




DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 4 - EXPENSES

	Notes	2007 \$	2006 \$
EMPLOYEE COSTS			
Salaries and Wages		1,704,502	1,978,343
Employee leave expense		254,276	
Superannuation - defined contribution plan contributions	20	149,625	114,751
Superannuation - defined benefit plan contributions	20	59,852	56,548
Workers' Compensation Insurance		101,258	90,366
Other			
Less: Capitalised and distributed costs		(317,429)	(253,330)
Total Operating Employee Costs		1,952,084	1,986,678
 Total Number of Employees		49	42
<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		7,850	7,300
Elected members' expenses		49,157	52,791
Election expenses		6,798	3,479
Operating Lease Rentals - non-cancellable leases	18		
- minimum lease payments		29,764	29,802
Subtotal - Prescribed Expenses		93,569	93,372
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		998,785	1,155,324
Energy		779,717	640,717
Maintenance		28,251	349,265
Legal Expenses		10,444	20,145
Levies paid to government - NRM levy		100,815	-
- Other Levies		15,698	69,865
Parts, accessories & consumables		470,881	-
Sundry			51,766
Subtotal - Other Materials, Contracts & Expenses		2,404,592	2,287,082
		2,498,161	2,380,454

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 4 - EXPENSES (cont)

	Notes	2007 \$	2006 \$
FINANCE COSTS			
Interest on short-term borrowings		-	-
Interest on Loans		<u>113,035</u>	<u>110,670</u>
		<u>113,035</u>	<u>110,670</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings		102,548	176,663
Infrastructure		1,214,931	979,699
Plant & Machinery		183,789	174,878
Furniture & Fittings		11,982	13,441
Land		-	
Less: Capitalised and distributed costs			
		<u>1,513,250</u>	<u>1,344,681</u>

Note 5 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2007 \$	2006 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Proceeds from disposal		391,074	437,227
Less: Carrying amount of assets sold		<u>384,775</u>	<u>438,992</u>
Gain (Loss) on disposal		<u>6,299</u>	<u>(1,765)</u>
 REAL ESTATE DEVELOPMENT ASSETS			
Proceeds from disposal		-	374,348
Less: Carrying amount of assets sold		<u>-</u>	<u>294,383</u>
Gain (Loss) on disposal		<u>-</u>	<u>79,965</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		 <u>\$ 6,299</u>	 <u>\$ 78,200</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 6 - CURRENT ASSETS

	Notes	2007 \$	2006 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		800	800
Deposits at Call		<u>743,841</u>	<u>1,168,717</u>
		<u>744,641</u>	<u>1,169,517</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		31,070	38,473
Accrued Revenues		1,670	1,869
Debtors - general		30,998	22,636
GST Recoupment		82,433	48,066
Prepayments		1,650	2,140
Loans to community organisations		7,066	6,625
Aged Care Facility Deposits		-	-
Sundry		<u>290,349</u>	<u>268,180</u>
Total		<u>445,236</u>	<u>387,989</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
		<u>445,236</u>	<u>387,989</u>
 OTHER FINANCIAL ASSETS			
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
 INVENTORIES			
Stores & Materials		10,743	22,365
Other		<u>-</u>	<u>-</u>
		<u>10,743</u>	<u>22,365</u>

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

Note 7 - NON-CURRENT ASSETS

	Notes	2007 \$	2006 \$
FINANCIAL ASSETS			
Receivables			
Rates & General		-	-
Prepayments		-	-
Loans to community organisations		48,163	55,229
Aged Care Facility Deposits		-	-
Other		<u>-</u>	<u>-</u>
		<u>48,163</u>	<u>55,229</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
		<u>48,163</u>	<u>55,229</u>
 Other Financial Assets			
		<u>-</u>	<u>-</u>
TOTAL FINANCIAL ASSETS		<u>48,163</u>	<u>55,229</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 8 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2006				2007			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Buildings	4,480,832	49,784	(352,772)	4,177,844	4,530,616	26,039	(455,320)	4,101,335
Infrastructure	20,135,159	2,402,493	(2,129,406)	20,408,246	22,537,652	3,167,302	(3,344,337)	22,360,617
Plant & Machinery	1,370,559	809,883	(332,320)	1,848,122	1,722,283	645,396	(442,727)	1,924,952
Furniture & Fittings	61,759	18,663	(32,622)	47,800	80,422	36,596	(44,604)	72,414
Land	5,243,420	1,720	-	5,245,140	5,245,140	-	-	5,245,140
TOTAL PROPERTY, PLANT & EQUIPMENT	31,291,729	3,282,543	(2,847,120)	31,727,152	34,116,113	3,875,333	(4,286,988)	33,704,458
2006 Totals	29,841,437	1,968,877	(1,568,145)	30,242,169	31,291,729	3,282,543	(2,847,120)	31,727,152

This Note continues on the following pages.

	CARRYING AMOUNT MOVEMENTS DURING YEAR						2007	
	2006 \$ CARRYING AMOUNT	Additions	Disposals	Depreciation	Impairment	Blank	Net Revaluation	\$ CARRYING AMOUNT
Buildings	4,177,844	26,039	-	(102,548)	-	-	-	4,101,335
Infrastructure	20,408,246	3,167,302	-	(1,214,931)	-	-	-	22,360,617
Plant & Machinery	1,848,122	645,396	(384,777)	(183,789)	-	-	-	1,924,952
Furniture & Fittings	47,800	36,596	-	(11,982)	-	-	-	72,414
Land	5,245,140	-	-	-	-	-	-	5,245,140
TOTAL PROPERTY, PLANT & EQUIPMENT	31,727,152	3,875,333	(384,777)	(1,513,250)	-	-	-	33,704,458
2006 Totals	30,242,169	3,268,656	(438,992)	(1,344,681)	-	-	-	31,727,152

This Note continues on the following pages.

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 8 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost for the purposes of AIFRS.

Plant, Furniture & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis.

Land & Land Improvements

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1995 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Buildings & Other Structures

Pursuant to Council's election, buildings and other structures are recognised on the cost basis.

Infrastructure

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management scheme infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1995 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are: (here list useful lives of principal asset types)

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 9 - LIABILITIES

	Notes	2007		2006	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Payments received in advance		6,531	-	6,533	-
Accrued expenses - employee entitlements		270,083	-	214,242	-
Accrued expenses - other		636,241	-	746,443	-
Deposits, Retentions & Bonds		1,423	-	120	-
Other				1,294	-
		914,278	-	968,632	-
BORROWINGS					
Bank Overdraft		86,424	-	2,594	-
Short term draw down facility			-	-	-
Loans		141,470	1,191,059	131,592	1,332,528
Finance Leases	15	-	-	-	-
Other		-	830,116	-	-
		227,894	2,021,175	134,186	1,332,528

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

PROVISIONS

Employee entitlements (including oncosts)		22,207	199,858	21,019	189,174
Insurance Losses		-	-	-	-
Future reinstatement / restoration, etc		-	-	-	-
Other		-	-	-	-
		22,207	199,858	21,019	189,174

Movements in Provisions - 2007 year only (current & non-current)

	Employee Entitlements	Insurance Losses	Future Reinstatement	Other Provision
Opening Balance	210,193	0	0	0
Add Unwinding of present value discounts		0	0	0
Additional amounts recognised	11,872	0	0	0
(Less) Payments		0	0	0
Unused amounts reversed		0	0	0
Add (Less) Remeasurement Adjustments		0	0	0
Closing Balance	222,065	0	0	0

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 10 - RESERVES

ASSET REVALUATION RESERVE	1/07/2006	Net Increments (Decrements)	Transfers on Sale	30/06/2007
Notes	\$	\$	\$	\$
	16,493,713	-		16,493,713
Total Infrastructure, Property, Plant & Equipment	16,493,713			16,493,713
Available for Sale Investments				
TOTAL	16,493,713			16,493,713
2006 Totals	16,493,713			16,493,713

OTHER RESERVES	1/07/2006	Transfers to Reserve	Transfers from Reserve	30/06/2007
STEDS Ceduna/Thevenard		35,796		35,796
Ceduna/Koonibba Water	186,833	63,124	(9,566)	240,391
ATSIC Koonibba Water Subsidy	124,133	14,474		138,607
Foreshore Toilet	24,713	-	-	24,713
Roads to Recovery	285,299	17,172	-	302,471
Long Service Leave	37,945	-	(37,945)	-
Ceduna General	509,794	-	(507,932)	1,862
TOTAL OTHER RESERVES	1,168,717	130,566	(555,443)	743,840
2006 Totals	652,536	577,821	(61,640)	1,168,717

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 and available-for-sale financial assets.

STEDS Ceduna/Thevenard - For future maintenance and capital replacement/upgrades to the Ceduna/Thevenard STEDS. 15 year Financial plan adopted by Council

Ceduna/Koonibba Water - For future maintenance and capital replacement/upgrades.

ATSIC Koonibba Water Subsidy - To provide water subsidy to Koonibba Aboriginal Community to ensure they pay only statewide water charge (ie SA Water rates instead of Council fees and charges).

Foreshore Toilet - For construction or major upgrade of public conveniences in Ceduna/Thevenard.

Roads to Recovery - To be expended on specific roads - amounts received in advance with works not yet completed.

Ceduna General - For general expenditure.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 11 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2007 \$	2006 \$
CASH & FINANCIAL ASSETS			
Other unexpended amounts from other levels of Government		84,240	832,723
STEDs scheme		240,391	186,833
Other		-	-
		324,631	1,019,556
RECEIVABLES			
Water Scheme		11,876	12,368
STEDS Scheme		6,359	6,709
		18,235	19,077
INVENTORIES & OTHER ASSETS			
		-	-
		-	0
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
		-	-
		-	0
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		342,866	1,038,633

Unexpended Government amounts - Youth Centre Playground, ICC Funding for various youth programs, Bush Breakaway, Managing emergencies.

STEDS/Water Schemes - For future maintenance and capital replacement/upgrades to the Ceduna/Thevenard STEDS. 15 year Financial plan adopted by Council.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 12 - 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 Statement of Financial Position as follows:

	Notes	2007 \$	2006 \$
Total cash & equivalent assets	6	744,641	1,169,517
Less: Short-term borrowings	BS	(86,424)	(2,594)
Balances per Cash Flow Statement		658,217	1,166,923

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

Net Surplus (Deficit)	197,060	666,746
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,513,250	1,344,681
Net increase (decrease) in unpaid employee benefits	67,713	123,856
Net (Gain) Loss on Disposals	(6,299)	(78,200)
	1,771,724	2,057,083
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(56,806)	(134,538)
Net (increase) decrease in inventories	11,622	(1,266)
Net (increase) decrease in other current assets	-	-
Net increase (decrease) in trade & other payables	(110,195)	131,916
Net increase (decrease) in other provisions	-	-
Net increase (decrease) in other liabilities	-	-
Net Cash provided by (or used in) operations	1,616,345	2,053,195

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
- Physical resources received free of charge	3	-	-
- Non-cash grants & contributions		-	-
<i>Amounts recognised in Income Statement</i>		-	-
- Finance Leases		-	-
- Land taken over for non-payment of Rates		-	-

(d) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	25,500	25,500

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0% and 6% (2006: 0% and 5.52%). Short term deposits have an average maturity of 24hrs and an average interest rates of 6.0% (2006: 24hrs, 5.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 9.75% (2006: 9.25%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Loans	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 6.5% and 8.75% (2006: 6.52% and 8.75%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2007	Floating	Fixed interest maturing in			Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≥ 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$
Financial Assets						
Fair Value through P&L						
Cash Assets	744,641	-	-	-	-	744,641
Other Financial Assets	-	-	-	-	-	-
Loans & Receivables						
Receivables	-	7,066	28,647	19,516	434,850	490,079
Other Financial Assets	-	-	-	-	-	-
Total	744,641	7,066	28,647	19,516	434,850	1,234,720
<i>Weighted Average Interest Rate</i>	<i>6.00%</i>	<i>6.55%</i>	<i>6.55%</i>	<i>6.55%</i>		
Financial Liabilities						
Payables	-	-	-	-	7,954	7,954
Short-term Borrowings	86,424	-	-	-	-	86,424
Borrowings	-	971,586	503,282	687,777	-	2,162,645
Total	86,424	971,586	503,282	687,777	7,954	2,257,023
<i>Weighted Average Interest Rate</i>	<i>10.40%</i>	<i>7.22%</i>	<i>7.22%</i>	<i>7.22%</i>		
NET FINANCIAL ASSETS (LIABILITIES)	658,217	(964,520)	(474,635)	(668,261)	426,896	(1,022,303)

2006	Floating	Fixed interest maturing in			Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≥ 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$
Financial Assets						
Fair Value through P&L						
Cash Assets	1,168,717	-	-	-	800	800
Other Financial Assets	-	-	-	-	-	1,168,717
Loans & Receivables						
Receivables	-	6,625	31,215	24,014	377,355	439,209
Other Financial Assets	-	-	-	-	-	-
Total	1,168,717	6,625	31,215	24,014	378,155	1,608,726
<i>Weighted Average Interest Rate</i>	<i>5.50%</i>					
Financial Liabilities						
Payables	-	-	-	-	7,947	7,947
Short-term Borrowings	-	-	-	-	-	-
Borrowings	-	131,592	566,915	765,613	-	1,466,714
Total	-	131,592	566,915	765,613	7,947	1,474,661
<i>Weighted Average Interest Rate</i>	<i>7.30%</i>					
NET FINANCIAL ASSETS (LIABILITIES)	1,168,717	(124,967)	(535,700)	(741,599)	370,208	134,065

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 13 (cont) - FINANCIAL INSTRUMENTS

Credit 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 provision for doubtful debts. Except as detailed in Notes 6 & 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Reconciliation of Financial Assets & Liabilities

	2007	2006
	\$	\$
Net financial assets from above		
Financial Assets	1,234,720	1,608,726
Financial Liabilities	<u>2,257,023</u>	<u>1,474,661</u>
	<u>(1,022,303)</u>	<u>134,065</u>
Non-financial assets and liabilities		
Accrued Revenues	1,670	1,869
Prepayments	1,650	2,140
Inventories	10,743	22,365
Investments in Associates	0	-
Investment Property	0	-
Property, Plant & Equipment	33,704,458	31,727,152
Other Assets	0	0
Accrued Expenses	(906,324)	(960,685)
Provisions	(222,065)	(210,193)
Other liabilities	0	0
	<u>32,590,132</u>	<u>30,582,648</u>
Net Assets per Balance Sheet	<u>31,567,829</u>	<u>30,716,713</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2007 \$	2006 \$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land		-	-
Buildings		-	-
Plant & Equipment		-	-
		-	-
These expenditures are payable:			
Not later than one year		-	-
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		-	-
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Waste Management Services		60,000	-
Patrol Grading		46,406	-
Employee Remuneration Contracts		1,533,140	-
Other - Visitor Information Centre		413,070	-
		2,052,616	-
These expenditures are payable:			
Not later than one year		397,410	-
Later than one year and not later than 5 years		888,636	-
Later than 5 years		766,570	-
		2,052,616	-

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 - FINANCIAL INDICATORS

2007
2006
2005

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	190,761	588,546	382,847
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Being the operating surplus (deficit) before capital amounts .

Operating Surplus Ratio

<u>Operating Surplus</u>	7%	24%	17%
Rates - general & other less NRM levy			

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

Net Financial Liabilities

	2,147,372	1,032,804	996,434
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	34%	16%	18%
Total Operating Revenue less NRM levy			

Interest Cover Ratio

<u>Net Interest Expense</u>	1.7%	1.6%	1.2%
Total Operating Revenue less NRM levy less Investment Income			

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	74%	77%	47%
Depreciation Expense			

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.

Asset Consumption Ratio

<u>Carrying value of depreciable assets</u>	87%	90%	94%
Gross value of depreciable assets			

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

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DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 - UNIFORM PRESENTATION OF FINANCES

The Local Government Association's General Meeting in March 2006 resolved that a high level summary of both operating and capital investment activities of each council be prepared on a uniform and consistent basis, thereby enabling more meaningful comparisons between councils.

It also is intended that annual budgets and long-term financial plans be summarised on the same basis.

A feature of the arrangement is that it facilitates the reporting of a standard set of key financial indicators of the Council's financial sustainability – all of which are shown in Note 15 above.

	2007	2006
	\$	\$
Operating Revenues	6,267,291	6,411,029
<i>less</i> Operating Expenses	<u>(6,076,529)</u>	<u>(5,822,483)</u>
Operating Surplus / (Deficit) before Capital Amounts	190,761	588,546
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,514,744	1,417,895
<i>less</i> Depreciation, Amortisation and Impairment	(1,513,250)	(1,344,681)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(391,076)</u>	<u>(386,323)</u>
	(389,582)	(313,109)
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	2,360,589	1,547,208
<i>less</i> Amounts received specifically for New and Upgraded Assets	(654,056)	(488,750)
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	(374,348)
	<u>1,706,533</u>	<u>684,110</u>
Net Lending / (Borrowing) for Financial Year	<u>(1,126,190)</u>	<u>217,545</u>

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis where ever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 3.

Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 3. 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:

	2007	2006
	\$	\$
Not later than one year	16,648	-
Later than one year and not later than 5 years	37,101	-
Later than 5 years	21,899	-
	75,648	-

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.

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

No lease contains any escalation clause.

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

	2007	2006
	\$	\$
Not later than one year	13,091	14,843
Later than one year and not later than 5 years	31,241	2,677
Later than 5 years	-	-
	44,332	17,520

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 18 – 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 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.

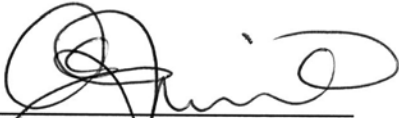
Council makes employer contributions to the defined benefit category of the Scheme at rates determined by the Trustee on the advice of the Scheme's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett 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.

DISTRICT COUNCIL OF CEDUNA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

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 of the Council for the year ended 30 June 2007 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.

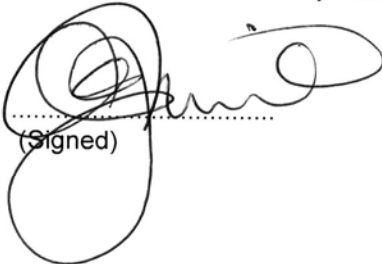


Anthony John Irvine
CHIEF EXECUTIVE OFFICER

Dated this 6th day of November 2007

Chief Executive Officer's Certificate of Compliance - Auditor Independence

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 certify (for the purposes of Regulation 16A(2) of the Local Government (Financial Management) Regulations 1999) that the Council's auditor, John D Ewen, has not been engaged by the Council to provide services to the Council outside of the scope of the audit functions prescribed by the Local Government Act 1999 - noting that for the 2006/07 financial year only that the prescribed auditor independence requirements have been in operation and effect only from 25 January 2007.



(Signed)

6/11/07

(Dated)

ADOPTION STATEMENT

Laid before the District Council of Ceduna and adopted on
the 21st day of November 2007.



Allan Suter
MAYOR

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

REPORT ON THE FINANCIAL REPORT

I have audited the accompanying Financial Report of the District Council of Ceduna which comprises the balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officers Statement.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL REPORT

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999. This responsibility includes establishing 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

My responsibility is to express an opinion on the financial report based on my audit. I conducted my 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or 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 Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENCE

In conducting my audit I have complied with the independence requirements of Australian Professional Ethical Pronouncements.

AUDIT OPINION

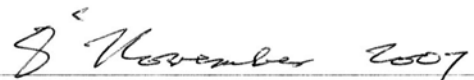
In my opinion:

The financial report of the District Council of Ceduna is in accordance with the Local Government Act 1999 including:

- a. giving a true and fair view of the Council's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999.



JOHN D EWEN
JOHN D EWEN & ASSOCIATES
CHARTERED ACCOUNTANT



Date