

DISTRICT COUNCIL OF COOBER PEDY

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006



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DISTRICT COUNCIL OF COOBER PEDY

**OPERATING STATEMENT
FOR YEAR ENDING 30 JUNE 2006**

| | NOTE | 2006 \$ | 2005 \$ |
|---|------|-----------------------------|-----------------------------|
| OPERATING REVENUE | | | |
| Rates | | | |
| - General | | 809,659 | 774,671 |
| - Other | | 111,218 | 109,750 |
| Statutory Charges | 3 | 14,655 | 20,358 |
| User Charges | 4 | 4,458,870 | 4,223,250 |
| Operating Grants and Subsidies | 5 | 5,971,395 | 4,047,181 |
| Investment Income | | 19,020 | 26,731 |
| Gain on Disposal of Non-Current Assets | | 0 | 120,661 |
| Other | | 158,743 | 119,675 |
| Total Operating Revenue | | <u>11,543,558</u> | <u>9,442,276</u> |
| OPERATING EXPENSES | | | |
| Employee Costs | | 2,299,344 | 2,042,540 |
| Contractual Services | | 5,332,348 | 4,553,503 |
| Materials | | 711,123 | 1,551,290 |
| Finance Charges | | 124,941 | 156,657 |
| Depreciation | 6 | 1,176,814 | 1,713,971 |
| Loss on Disposal of Non-Current Assets | | 0 | 0 |
| Loss on Land Revaluation | | 0 | 421,454 |
| Other | | 1,424,676 | 585,435 |
| | | <u>11,069,246</u> | <u>11,024,849</u> |
| Operating Surplus before Capital Revenues | | <u>474,313</u> | <u>(1,582,572)</u> |
| CAPITAL REVENUES | | | |
| Capital Grants, Subsidies & Monetry Contributions | 5 | 8,773 | 44,267 |
| Operating Surplus/(Deficit) after Capital Revenues and before Extraordinary Items | | <u>483,086</u> | <u>(1,538,305)</u> |
| Extraordinary Items | | <u> </u> | <u> </u> |
| NET SURPLUS/(DEFICIT) RESULTING FROM OPERATIONS | | <u><u>483,086</u></u> | <u><u>(1,538,305)</u></u> |

This statement is to be read in conjunction with the accompanying notes.

DISTRICT COUNCIL OF COOBER PEDY**STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDING 30 JUNE 2006**

| | NOTE | 2006 \$ | 2005 \$ |
|--|------|--------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | 7 | 1,452,935 | 329,183 |
| Trade & Other Receivables | 8 | 633,306 | 768,279 |
| Inventories | 9 | 921,212 | 478,530 |
| TOTAL CURRENT ASSETS | | <u>3,007,453</u> | <u>1,575,992</u> |
| CURRENT LIABILITIES | | | |
| Trade & Other Payables | 12 | 2,475,103 | 1,604,138 |
| Current Portion of Long Term Borrowing | 13 | 298,013 | 998,039 |
| Short Term Provisions | 14 | 8,279 | 24,001 |
| TOTAL CURRENT LIABILITIES | | <u>2,781,395</u> | <u>2,626,178</u> |
| Net Current Assets/(Current Liabilities) | | 226,059 | -1,050,186 |
| NON-CURRENT ASSETS | | | |
| Trade & Other Receivables | 8 | 0 | 1,398 |
| Land | 10 | 662,812 | 662,812 |
| Buildings | 10 | 3,593,751 | 3,624,756 |
| Infrastructure | 11 | 12,378,813 | 13,081,080 |
| Plant & Equipment | 10 | 2,365,321 | 2,425,557 |
| Furniture & Fittings | 10 | 260,409 | 306,363 |
| TOTAL NON-CURRENT ASSETS | | <u>19,261,106</u> | <u>20,101,966</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 13 | 1,274,059 | 1,342,092 |
| Long Term Provisions | 14 | 90,270 | 69,938 |
| TOTAL NON-CURRENT LIABILITIES | | <u>1,364,329</u> | <u>1,412,030</u> |
| NET ASSETS | | <u><u>18,122,835</u></u> | <u><u>17,639,749</u></u> |
| EQUITY | | | |
| Accumulated Surplus | | 13,620,043 | 13,125,656 |
| Reserves | | 24,648 | 35,950 |
| Asset Revaluation | | 4,478,143 | 4,478,143 |
| TOTAL EQUITY | | <u><u>18,122,835</u></u> | <u><u>17,639,749</u></u> |

This statement is to be read in conjunction with the accompanying notes.

DISTRICT COUNCIL OF COOBER PEDY

**STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| ACCUMULATED SURPLUS | | |
| Balance as at 1 July 2005 | 13,125,656 | 14,639,911 |
| Net Surplus/(Deficit) | 483,086 | (1,538,305) |
| Revaluation Increment | | |
| Adjustments Previous Year | 0 | 0 |
| Transfer from/(to) Reserves | 11,302 | 24,050 |
| Balance as at 30 June 2006 | <u>13,620,044</u> | <u>13,125,656</u> |
| RESERVES | | |
| Breakaways Pass | | |
| Balance as at 1 July 2005 | 35,950 | 60,000 |
| Amount Transferred (to)/from Accumulated Surplus | <u>(11,302)</u> | <u>(24,050)</u> |
| Balance as at 30 June 2006 | <u>24,648</u> | <u>35,950</u> |
| Asset Revaluation Reserve | | |
| Revaluation Increment | <u>4,478,143</u> | <u>4,478,143</u> |
| TOTAL EQUITY | <u><u>18,122,835</u></u> | <u><u>17,639,749</u></u> |

This statement is to be read in conjunction with the accompanying notes.

DISTRICT COUNCIL OF COOBER PEDY

**STATEMENT OF CASH FLOWS
FOR YEAR ENDING 30 JUNE 2006**

| | NOTE | 2006 \$ | 2005 \$ |
|---|-------|-------------------------|-----------------------|
| Inflows (Outflows) | | | |
| Cash Flows From Operating Activities | | | |
| Receipts | | 12,306,877 | 9,381,231 |
| Interest Received | | 19,799 | 26,586 |
| GST Collected | | 388,187 | 394,410 |
| GST Refund from ATO | | 857,690 | 734,882 |
| Payments | | (9,923,144) | (7,904,464) |
| Interest Payments | | (140,609) | (182,554) |
| GST payments on purchases | | (867,825) | (812,118) |
| GST remitted to the ATO | | (423,120) | (379,057) |
| Net Cash Provided By (Used In) | | | |
| Operating Activities | | <u>2,217,855</u> | <u>1,258,916</u> |
| Cash Flows from Financing Activities | | | |
| Receipts | | | |
| Loans Received | | 230,000 | 0 |
| Community Group Loan Principal Repayments | | 2,533 | 2,763 |
| Payments | | | |
| Principal on Loans | | (998,059) | (820,366) |
| Net Cash Provided By (Used In) | | | |
| Financing Activities | | <u>(765,526)</u> | <u>(817,603)</u> |
| Cash Flows from Other Activities | | | |
| Receipts | | | |
| Capital Grants & Subsidies/Contributions | | 8,773 | 44,267 |
| Sale of Plant & Equipment | | 0 | 274,199 |
| Sale of Electricity Assets | | 0 | 0 |
| Payments | | | |
| Purchase of Land | | 0 | 0 |
| Purchase of Buildings | | (42,335) | (318,864) |
| Purchase of Infrastructure | | (62,908) | (278,162) |
| Purchase of Plant & Equipment | | (232,107) | (503,081) |
| Purchase of Electricity Assets | | 0 | 0 |
| Purchase of Water Assets | | 0 | 0 |
| Purchase of Furniture & Fittings | | 0 | 0 |
| Net Cash Provided By (Used In) | | | |
| Investing Activities | | <u>(328,578)</u> | <u>(781,642)</u> |
| Net Increase (Decrease) in Cash Held | | 1,123,752 | (340,328) |
| Cash at Beginning of Year | | 329,183 | 669,511 |
| Cash at End of Year | 15(a) | <u><u>1,452,935</u></u> | <u><u>329,183</u></u> |

This statement is to be read in conjunction with the accompanying notes.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 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 Coober Pedy 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.

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.

1.6 Rounding

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

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

2 The Local Government Reporting Entity

The District Council of Coober Pedy is incorporated under the SA Local Government Act 1999 and has its principal place of business at Lot 773 Hutchison Street, Coober Pedy. 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 as part of these notes.

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.

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.

5.2 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.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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. 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.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

| | |
|--------------------------------------|-----------------|
| Plant, Furniture & Equipment | |
| Office Equipment | 5 to 10 years |
| Office Furniture | 10 to 20 years |
| Vehicles and Road-making Equip | 5 to 8 years |
| Other Plant & Equipment | 5 to 15 years |
| Building & Other Structures | |
| Buildings – masonry | 50 to 100 years |
| Buildings – other construction | 20 to 40 years |
| Park Structures – masonry | 50 to 100 years |
| Park Structures – other construction | 20 to 40 years |
| Playground equipment | 5 to 15 years |
| Benches, seats, etc | 10 to 20 years |
| Infrastructure | |
| Sealed Roads – Surface | 15 to 25 years |
| Sealed Roads – Structure | 20 to 50 years |
| Unsealed Roads | 10 to 20 years |
| Paving & Footpaths, Kerb & Gutter | 80 to 100 years |
| Drains | 80 to 100 years |
| Culverts | 50 to 75 years |
| Bores | 20 to 40 years |
| Electricity Distribution | 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.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

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.

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.

DISTRICT COUNCIL OF COOBER PEDY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 Joint Ventures and Associated Entities

Council does not participate in cooperative arrangements with other Councils for the provision of services and facilities.

12 GST Implications

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

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

13 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.

14 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*
- > 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 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 2 - FUNCTIONS & ACTIVITIES OF COUNCIL

Listed below is a summary of the broad function and activities that the District Council of Coober Pedy is involved in. A description of each function is listed below.

Statement of Objective

The District Council of Coober Pedy is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

ADMINISTRATION

To effectively and efficiently co-ordinate resources and to manage Councils affairs, finance and administer operations in accordance with statutory requirements and to achieve maximum benefit for the community from available financial resources.

ELECTRICITY SUPPLY

To ensure that an efficient and effective electricity supply is maintained for the town of Coober Pedy.

WATER SUPPLY

To ensure that an adequate reticulated water supply is maintained to cater for the present and future need of the town of Coober Pedy

WASTEWATER

To maintain the current sewerage system in Coober Pedy to comply with the requirements of statutory services and to provide for future requirements

WORKS

To provide, maintain and develop a high standard of general services including dog control, parks, recreational facilities, maintenance of Council buildings, management of Coober Pedy Aerodrome and to provide and maintain an effective and safe road and street network (including drainage) to service present and future needs of the community.

COMMUNITY

To provide and maintain a high standard of community services and facilities including the swimming pool, fire prevention, promotion of tourism and economic development to cater for the growing cultural and recreational requirements of residents and visitors .

To plan for the orderly and balanced development of the District in accordance with statutory requirements so as to ensure that the District is attractive to present and future residents and visitors and to provide facilities to encourage positive development and employment in the areas of business, industry and tourism.

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 2 - FUNCTIONS & ACTIVITIES OF COUNCIL (cont)

| FUNCTIONS & ACTIVITIES OF COUNCIL | 2006 | 2006 |
|--|------------------|---------------|
| ADMINISTRATION | \$ | % |
| Total Grants | 702,818 | |
| Total Other | 1,385,249 | |
| Total Revenue | <u>2,088,067</u> | <u>16.71%</u> |
| Total Expenses | <u>1,337,713</u> | <u>11.13%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | 750,354 | |
| COMMUNITY SERVICES | | |
| Total Grants | 282,141 | |
| Total Other | 145,979 | |
| Total Revenue | <u>428,119</u> | <u>3.43%</u> |
| Total Expenses | <u>888,392</u> | <u>7.39%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | (460,273) | |
| WASTEWATER | | |
| Total Grants | 10,923 | |
| Total Other | 132,961 | |
| Total Revenue | <u>143,883</u> | <u>1.15%</u> |
| Total Expenses | <u>107,743</u> | <u>0.90%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | 36,140 | |
| WORKS | | |
| Total Grants | 78,422 | |
| Total Other | 755,703 | |
| Total Revenue | <u>834,124</u> | <u>6.67%</u> |
| Total Expenses | <u>2,107,790</u> | <u>17.54%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | (1,273,666) | |
| WATER | | |
| Total Grants | - | |
| Total Other | 1,189,751 | |
| Total Revenue | <u>1,189,751</u> | <u>9.52%</u> |
| Total Expenses | <u>934,469</u> | <u>7.78%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | 255,282 | |
| ELECTRICITY | | |
| Total Grants | 4,905,865 | |
| Total Other | 2,907,308 | |
| Total Revenue | <u>7,813,173</u> | <u>62.52%</u> |
| Total Expenses | <u>6,637,925</u> | <u>55.25%</u> |
| Operation Surplus (Deficit) and Extra Ordinary Items | 1,175,248 | |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| FUNCTIONS & ACTIVITIES OF COUNCIL | 2006 | 2006 |
|--|-----------------------|-------------|
| | \$ | % |
| TOTAL | | |
| Total Grants | 5,980,168 | |
| Total Other | 6,516,951 | |
| Total Revenue | <u>12,497,118</u> | 100.00% |
| Total Expenses | <u>12,014,032</u> | 100.00% |
| Operation Surplus (Deficit) and Extra Ordinary Items | <u><u>483,086</u></u> | |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|---|-------|-------|
| | \$ | \$ |
| Note 3 - STATUTORY CHARGES | | |
| These are fees and charges from Regulatory Services. | | |
| These include:- | | |
| Dogs-Fees | 7,566 | 8,451 |
| Dogs-Fines | 170 | 3,120 |
| Parking-Fines | 0 | 6,565 |
| Development Act Fees | 6,919 | 8,132 |

Note 4 - USERS CHARGES

These are revenues from sale of Goods and Services or Rent of Property and Facilities.

These include:-

| | | |
|------------------------------|-----------|-----------|
| Administration Private Works | 1,787 | 2,860 |
| Rental Charges | 2,700 | 3,420 |
| Cemetery Fees | 650 | 1,136 |
| Mobile Garbage Bins | 3,920 | 5,360 |
| Swimming Pool Fees | 19,983 | 18,389 |
| Electricity Sales | 2,847,527 | 2,813,413 |
| Electricity Private Works | 16,629 | 33,655 |
| Electricity Connections | 9,626 | 12,958 |
| Water Sales | 1,183,783 | 1,012,580 |
| Water Connection Fees | 3,177 | 3,568 |
| Water Private Works | 13,478 | 3,142 |
| Sewerage Sales | 12,794 | 36,629 |
| Wastewater Private Works | 19,872 | 12,976 |
| Landing Fees | 33,273 | 8,697 |
| Private Works | 115,690 | 141,396 |
| Dugout Inspection Fees | 5,800 | 4,000 |
| Childcare Fees | 75,132 | 87,225 |
| Refuse Tip Fees | 2,625 | 8,763 |
| Commercial Bin Pickup | 55,953 | 20,726 |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|---|-------------|-------------|
| | \$ | \$ |
| Note 5 - GRANTS & SUBSIDIES | | |
| These include all General and Specific Purpose Grants & Subsidies from the State and Commonwealth Government | | |
| They Include:- | | |
| Commonwealth Grants Commission | 702,818 | 641,648 |
| Economic Development Grant | 0 | 0 |
| Mines & Energy Subsidy | 4,905,865 | 2,946,616 |
| Road Grant | 57,653 | 43,980 |
| Tourism Grant | 6,000 | 6,000 |
| Works Dept. Trainees Grant | 0 | 4,400 |
| Youth Grant | 0 | 640 |
| Roads to Recovery Grant | 0 | 94,161 |

Capital Grants & Subsidies include:-

| | | |
|-------------------------|-------|--------|
| Tourism Building Grant | 0 | 44,267 |
| Childcare Capital Grant | 8,773 | 0 |

Note 6 - DEPRECIATION

| | | |
|-------------------------|------------------|------------------|
| Buildings | 73,340 | 116,891 |
| Furniture and Equipment | 45,954 | 22,959 |
| Plant and Equipment | 292,343 | 377,541 |
| Roads | 70,843 | 120,968 |
| Infrastructure Assets | 41,273 | 53,967 |
| Sewerage Asset | 14,846 | 14,172 |
| Water Assets | 172,052 | 244,550 |
| Electricity Assets | 462,830 | 759,930 |
| Stormwater Drains | 3,331 | 2,992 |
| | <u>1,176,814</u> | <u>1,713,971</u> |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|---|-------------|-------------|
| | \$ | \$ |
| Note 7 - CASH & CASH EQUIVALENTS | | |
| Cash at Bank | 1,376,588 | 112,162 |
| Cash at Bank Grants Account | 45,165 | 1,415 |
| Reserve Account | 24,648 | 35,950 |
| Investments - LGFA | 5,533 | 178,655 |
| Cash on Hand-Float | 600 | 600 |
| Cash on Hand-Petty Cash | 400 | 400 |
| | 1,452,935 | 329,182 |

The following restrictions have been imposed by Council resolutions or other external requirements

| | | |
|-----------------------------------|--------|--------|
| Roads to Recovery | 0 | 0 |
| Breakaways Pass Reserve | 18,698 | 30,000 |
| Breakaways Infrastructure Reserve | 5,950 | 5,950 |
| Tourism Building Grant | 0 | 0 |
| | 24,648 | 35,950 |

Note 8 - TRADE & OTHER RECEIVABLES

Current

| | | |
|---------------------------------|----------|----------|
| Rates Outstanding | 122,709 | 158,466 |
| Sundry Debtors | 96,688 | 86,900 |
| Water Debtors | 60,378 | 58,123 |
| Water Access Debtors | 63,895 | 71,008 |
| Electricity Debtors | 192,079 | 187,077 |
| Sewerage Debtors | 9,442 | 12,669 |
| GST Receivable | 140,068 | 1,283 |
| Accrued Interest | 421 | 1,200 |
| Prepayments | 0 | 242,794 |
| Loans - Motor Club | 1,622 | 2,757 |
| Rental Bonds-Elders Real Estate | 0 | 0 |
| Less Prov. For Doubtful Debts | (53,998) | (53,998) |
| | 633,306 | 768,279 |

Non-Current

| | | |
|-------------------|-----|-------|
| Loan-Motor Club | 0 | 1,398 |
| Receivables-Rates | 0 | 0 |
| | (0) | 1,398 |

Note 9 - INVENTORIES

Current

| | | |
|--------------------|---------|---------|
| Fuel and Materials | 921,212 | 478,530 |
| | 921,212 | 478,530 |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|--|-------------|-------------|
| | \$ | \$ |
| Note 10 - PROPERTY, PLANT AND EQUIPMENT | | |
| Land - independent valuation 2000 | 0 | 0 |
| Land - independent valuation 2005 | 662,812 | 662,812 |
| Land - Cost | 0 | 0 |
| | 662,812 | 662,812 |
| | | |
| Buildings - independent valuation 2000 | 0 | 0 |
| Buildings - Cost | 42,337 | 0 |
| Buildings - independent valuation 2005 | 3,624,756 | 3,624,756 |
| Less Accumulated Depreciation | (73,342) | 0 |
| | 3,593,751 | 3,624,756 |
| | | |
| Furniture and Equipment - independent valuation 2000 | 0 | 0 |
| Furniture and Equipment - Cost | 0 | 0 |
| Furniture and Equipment - independent valuation 2005 | 306,363 | 306,363 |
| Less Accumulated Depreciation | (45,954) | 0 |
| | 260,409 | 306,363 |
| | | |
| Plant and Equipment - independent valuation 2000 | 0 | 0 |
| Plant and Equipment - Cost | 232,107 | 0 |
| Plant and Equipment - independent valuation 2005 | 2,425,557 | 2,425,557 |
| Less Accumulated Depreciation | (292,343) | 0 |
| | 2,365,321 | 2,425,557 |
| | 6,882,293 | 7,019,488 |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Note 11 - INFRASTRUCTURE | | |
| Infrastructure - independent valuation 2000 | 0 | 0 |
| Infrastructure - Cost | 28,062 | 0 |
| Infrastructure - independent valuation 2005 | 797,401 | 797,401 |
| Less Accumulated Depreciation | <u>(41,273)</u> | <u>0</u> |
| | 784,190 | 797,401 |
| | | |
| Water Assets - independent valuation 2000 | 0 | 0 |
| Water Assets - Cost | 339 | 0 |
| Water Assets - independent valuation 2005 | 5,735,078 | 5,735,078 |
| Less Accumulated Depreciation | <u>(172,052)</u> | <u>0</u> |
| | 5,563,365 | 5,735,078 |
| | | |
| Electricity Assets - independent valuation 2000 | 0 | 0 |
| Electricity Assets - Cost | 0 | 0 |
| Electricity Assets - independent valuation 2005 | 3,560,233 | 3,560,233 |
| Less Accumulated Depreciation | <u>(462,830)</u> | <u>0</u> |
| | 3,097,403 | 3,560,233 |
| | | |
| Wastewater Assets - independent valuation 2000 | 0 | 0 |
| Wastewater Assets - Cost | 0 | 0 |
| Wastewater Assets - independent valuation 2005 | 494,882 | 494,883 |
| Less Accumulated Depreciation | <u>(14,846)</u> | <u>0</u> |
| | 480,036 | 494,883 |
| | | |
| Road Assets - independent valuation 2000 | 0 | 0 |
| Road Assets - Cost | 34,508 | 0 |
| Road Assets - independent valuation 2005 | 2,326,934 | 2,326,934 |
| Less Accumulated Depreciation | <u>(70,843)</u> | <u>0</u> |
| | 2,290,599 | 2,326,934 |
| | | |
| Stormwater Drain Assets - independent valuation 2000 | 0 | 0 |
| Stormwater Drain Assets - Cost | 0 | 0 |
| Stormwater Drain Assets - independent valuation 2005 | 166,551 | 166,551 |
| Less Accumulated Depreciation | <u>(3,331)</u> | <u>0</u> |
| | 163,220 | 166,551 |
| | | |
| Total Infrastructure | <u><u>12,378,813</u></u> | <u><u>13,081,080</u></u> |

The revaluation of all non-current assets was obtained by independent valuation and brought to account in the 2004/2005 Financial Statements. Refer Note 1 (d)

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

| | 2006 | 2005 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 12 - TRADE & OTHER CREDITORS | | |
| Current | | |
| Sundry Creditors | 1,389,112 | 1,310,184 |
| Accrued Interest on Loans | 28,281 | 43,949 |
| GST Payable | 184,573 | 0 |
| Payroll Liabilities | 72,024 | 0 |
| Accrued Wages | 49,112 | 55,220 |
| Subsidy Paid in Advance | 752,000 | 0 |
| Ozemail Partner Program | 0 | 0 |
| Provision for Annual Leave | 184,574 | 194,785 |
| | <u>2,475,103</u> | <u>1,604,138</u> |
| | | |
| Note 13 - LOANS | | |
| Current | | |
| Secured by Floating Charge | | |
| Debentures - LGFA | <u>298,012</u> | <u>998,039</u> |
| | <u>298,012</u> | <u>998,039</u> |
| | | |
| Non-Current | | |
| Secured by Floating Charge | | |
| Debentures - LGFA | <u>1,274,059</u> | <u>1,342,092</u> |
| | <u>1,274,059</u> | <u>1,342,092</u> |
| | | |
| Note 14 - PROVISIONS | | |
| Current | | |
| Employee Benefits - Long Service Leave | <u>8,279</u> | <u>24,001</u> |
| | <u>8,279</u> | <u>24,001</u> |
| | | |
| Non-Current | | |
| Employee Benefits - Long Service Leave | <u>90,270</u> | <u>69,938</u> |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 15 - NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

| | 2006 | 2005 |
|-------------|------------------|----------------|
| | \$ | \$ |
| Cash Assets | <u>1,452,935</u> | <u>329,183</u> |

**Reconciliation of Net Cash Provided By
Operating Activities to Net Profit or
Loss/Result**

| | | |
|--|------------------|------------------|
| Net Profit or Loss/Result | 483,086 | (1,538,305) |
| Adjustments Previous Year | 0 | 0 |
| Revaluation Reserve | 0 | 421,454 |
| Depreciation | 1,176,814 | 1,713,971 |
| (Increase)/Decrease in Receivables | 133,835 | 110,707 |
| (Profit)/Loss on Sale of Asset | 0 | (120,661) |
| (Increase)/Decrease in Inventories | (442,682) | 130,782 |
| Increase/(Decrease) in Payables | 870,965 | 726,454 |
| Increase/(Decrease) in Employee Provisions | 4,610 | 74,916 |
| Capital Grants | (8,773) | (44,267) |
| (Increase)/Decrease in Pre-Paid Expenses | | (216,135) |
| Net Cash from Operating Activities | <u>2,217,855</u> | <u>1,258,916</u> |

Note 16 - CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments

Payable within 1 Year

| | | |
|-------------------|---|---|
| Plant & Equipment | 0 | 0 |
|-------------------|---|---|

Note 17 - CONTINGENT LIABILITIES

Council does not have any contingent liabilities at the end of the reporting period.

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 18 - TRUST FUNDS

Funds held at balance date over which the Council has no control and which are not included in the financial statements are as follows:

| | Balance 1-Jul-05 | Amounts Received | Amounts Paid | Balance 30-Jun-06 |
|-------------------------------|-----------------------------|-----------------------------|-------------------------|------------------------------|
| | \$ | \$ | (\$) | \$ |
| ELECTRICITY BONDS | 89,187 | 27,820 | 19,882 | 97,125 |
| WATER BONDS | 28,885 | 7,000 | 5,793 | 30,092 |
| TRUST STAFF AMENITIES | 1,585 | 707 | 1,044 | 1,248 |
| TRUST TRANSFER ACCOUNT | 0 | | 926 | (926) |
| BALANCE | <u>119,657</u> | <u>35,527</u> | <u>27,645</u> | <u>127,539</u> |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 19 - STATEMENT OF ORIGINAL BUDGET COMPARED TO ACTUAL RESULTS

| | ADOPTED BUDGET | ACTUAL RESULTS | VARIATION TO BUDGET |
|--|---------------------------|---------------------------|--------------------------------|
| | \$ | \$ | \$ |
| Expenses | | | |
| Employee Costs | 2,086,032 | 2,299,344 | (213,312) |
| Contractual Services | 4,722,502 | 5,332,348 | (609,846) |
| Materials | 782,553 | 711,123 | 71,430 |
| Finance Charges | 125,851 | 124,941 | 910 |
| Depreciation | 1,035,000 | 1,176,814 | (141,814) |
| Loss on Disposal of Non-Current Assets | 0 | 0 | 0 |
| Loss on Asset Revaluation on Land | 0 | 0 | 0 |
| Other | 711,355 | 1,424,676 | (713,321) |
| Capital Expenditure | 0 | 0 | 0 |
| TOTAL EXPENDITURE | 9,463,293 | 11,069,246 | (1,605,953) |
| Receipts | | | |
| Rates | | | |
| -General | 1,019,840 | 809,659 | 210,181 |
| -Other | 110,000 | 111,218 | (1,218) |
| Statutory Charges | 22,750 | 14,655 | 8,095 |
| User Charges | 4,233,858 | 4,458,870 | (225,012) |
| Operating Grants and Subsidies | 3,963,946 | 5,971,395 | (2,007,449) |
| Investment Income | 25,500 | 19,020 | 6,480 |
| Gain on Disposal of Non-Current Assets | 0 | 0 | 0 |
| Other | 124,620 | 158,743 | (34,123) |
| TOTAL REVENUE | 9,500,514 | 11,543,559 | (2,043,045) |
| Capital Revenue | 35,000 | 8,773 | 26,227 |
| TOTAL | 72,221 | 483,086 | (410,865) |

DISTRICT COUNCIL OF COOBER PEDY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR YEAR ENDING 30 JUNE 2006**

Note 20 - Financial Instruments Disclosure

Interest Rate Risk Exposure

The Councils exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities at variable interest rates as Council intends to hold fixed rate assets and liabilities to maturity.

Fixed Interest Rate

| | Weighted Avg. Interest Rate | Floating Interest Rate | 1 Year or less | 1 to 5 Years | More than 5 Years | Non Interest Bearing | Total |
|------------------------------|--|---------------------------------------|---------------------------|-------------------------|------------------------------|-------------------------------------|--------------|
| 2006 | | | | | | | |
| Financial Assets | | | | | | | |
| Cash | 4.00% | 1,446,401 | | | | 1,000 | 1,447,401 |
| Deposits | 5.50% | 5,533 | | | | | 5,533 |
| Receivables | | | 1,622 | 0 | | 631,684 | 633,306 |
| | | 1,451,934 | 1,622 | 0 | 0 | 632,684 | 2,086,240 |
| Financial Liabilities | | | | | | | |
| Borrowings | 6.73% | | 298,012 | 957,410 | 316,650 | | 1,572,072 |
| Creditors & Accruals | | | | | | 2,475,103 | 2,475,103 |
| | | | 298,012 | 957,410 | 316,650 | 2,475,103 | 4,047,175 |

| | Weighted Avg. Interest Rate | Floating Interest Rate | 1 Year or less | 1 to 5 Years | More than 5 Years | Non Interest Bearing | Total |
|------------------------------|--|---------------------------------------|---------------------------|-------------------------|------------------------------|-------------------------------------|--------------|
| 2005 | | | | | | | |
| Financial Assets | | | | | | | |
| Cash | 3.00% | 149,527 | | | | 1,000 | 150,527 |
| Deposits | 5.25% | 178,655 | | | | | 178,655 |
| Receivables | | | 2,760 | 1,398 | | 765,519 | 769,677 |
| | | 328,182 | 2,760 | 1,398 | | 766,519 | 1,098,859 |
| Financial Liabilities | | | | | | | |
| Borrowings | 7.93% | | 998,039 | 981,327 | 360,763 | | 2,340,129 |
| Creditors & Accruals | | | | | | 1,604,138 | 1,604,138 |
| | | | 998,039 | 981,327 | 360,763 | 1,604,138 | 3,944,267 |

DISTRICT COUNCIL OF COOBER PEDY

FINANCIAL REPORT

FOR YEAR ENDING 30 JUNE 2006

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Trevor McLeod, the person for the time being occupying the position of Chief executive Officer of the District Council of Coober Pedy, do hereby state that the financial statements for the council for the 2005/06 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* made under that Act.

Signed on the Thirteenth day of December 2006

Trevor McLeod
Chief Executive Officer

ADOPTION STATEMENT

Laid before the District Council of Coober Pedy and adopted on

CHIEF EXECUTIVE OFFICER

MAYOR