



DISTRICT COUNCIL OF FRANKLIN HARBOUR



ANNUAL REPORT 2007/2008

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INTRODUCTION

This Annual Report is a brief summary of the activities of the District Council of Franklin Harbour for the 2007/2008 financial year, pursuant to Section 131 of the Local Government Act, 1999.

This report should be read in conjunction with the Annual Information Statement, and Council's 2007/2008 Annual Financial Statements.

COUNCIL STRUCTURE

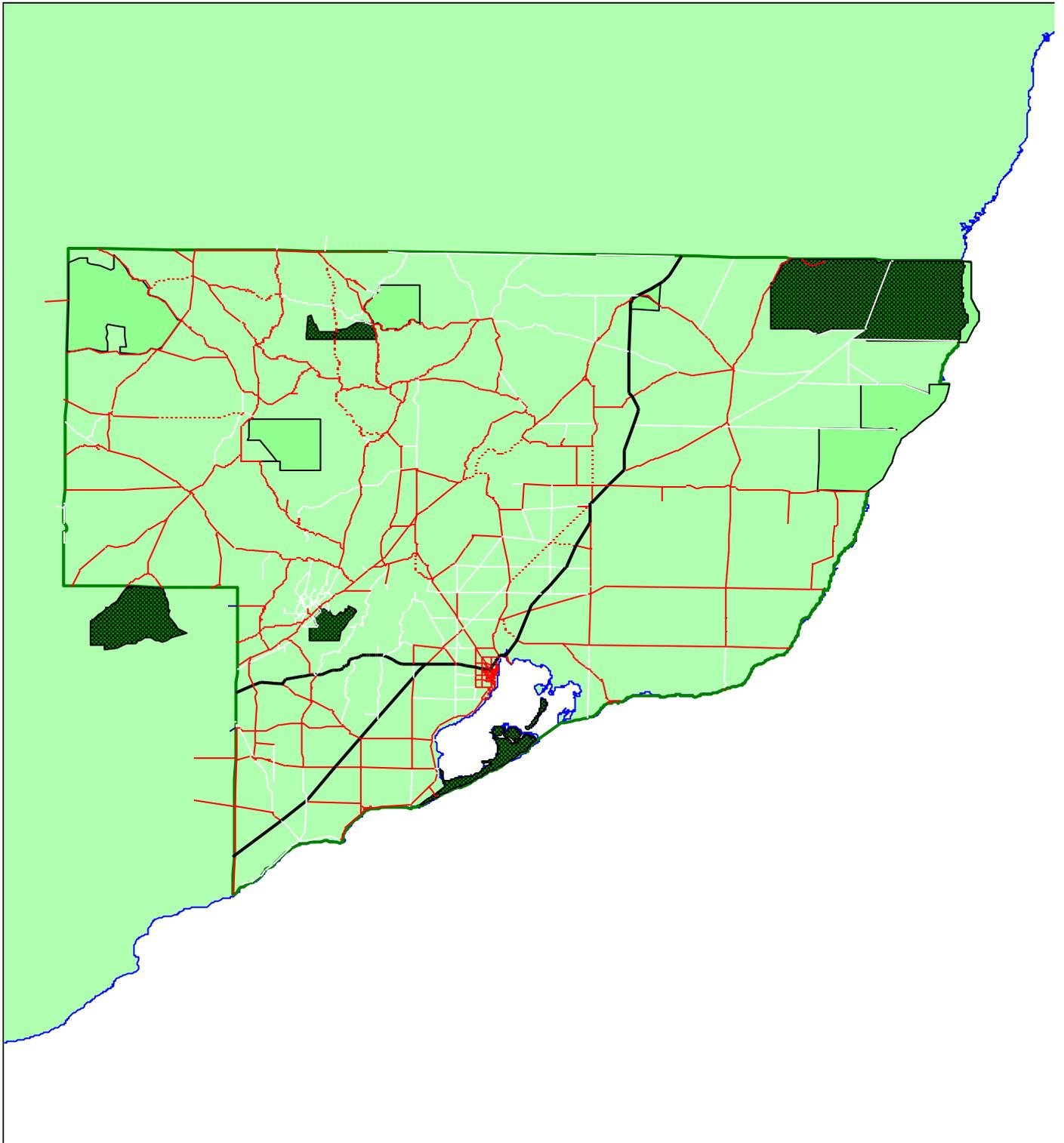
The District Council of Franklin Harbour has six elected members who serve a four year term. The next Council elections are scheduled for November 2010.

The Elected Members of Council are:-

Cr EE Elleway	Cr AJ Kaden
Cr AF Wildman	Cr RW Udy
Cr AW Zerna	Cr GF Jackson

Meeting times and contact details for Elected Members are included in the Information Statement included in this report.

The elected members determine Council policies and programmes, which are implemented by Council's Senior Managers and the workforce as per the decision making structure represented in the Annual Information Statement. The Senior Managers are the Chief Executive Officer Bruce Francis, and the Works Manager, Michael Perkins.



CHIEF EXECUTIVE OFFICER'S REPORT

The 2007/2008 financial year resulted in an operating surplus of \$101,054- following a very busy year for Council and staff. The Financial Statements were prepared in the new standard format required by Regulations, and were prepared for the first time in many years without the assistance of our Auditors, as now required by the Local Government Act.

All assets, including roads, reserves, parks and gardens etc have been recognised in Council's Financial Statements as required by AIFRS.

Once again the past year has been a very difficult one for Council's Administration staff, with the never ending demands for greater community consultation in all of our operations placing extreme work loads on staff, to the extent that Council had no other option than to advertise for an additional staff resource in the way of a Corporate Services Manager. The new position, to commence early in the new financial year, will take some of the work load from both the Chief Executive Officer and the Works Manager.

The construction and sealing of the Lucky Bay road has been the major project for Council in the 2007/2008 financial year, with the \$1,935,000- project delayed early on due to hold ups with design data, vegetation clearance approvals and major redesign of the Wilton road intersection. The project is now well on track at the end of the financial year, and scheduled for completion in September or early October. It was most unfortunate that Council lost the services of the majority of our most experienced plant operators to the mining industry just prior to the commencement of this job, however the opportunities provided for our younger employees proved their ability to learn and adapt, with outstanding success. They are all to be congratulated on their efforts.

The Spencer Gulf Ferry service has had a significant impact on the local economy, with the new, larger ferries increasing the number of crossings and the volume of traffic through our town, district and region. The completion of the sealing of the Lucky Bay road will allow the operators to pursue more of the transport industry to use the service.

The mining boom has had some very positive impacts for this area, with the expanded operations of the Iron Duke mine providing a number of additional jobs for local people. The Iron Duke mine is by far the largest employer for this area, and contributes significantly to the local economy. The proposal to develop the Bungalow Iron Ore deposit to the north west of Cowell prompted Council to commence a thorough review of our development Plan, particularly the provision of residential land and rural fringe land. Unfortunately the process is a lengthy one and it will take some time to work through the issues, but it is very important that Council and the community are aware of the potential impact that the proposed Development could have on Cowell and on the whole district.

B.A. Francis
CHIEF EXECUTIVE OFFICER



STRATEGIC MANAGEMENT PLAN

In accordance with the provisions of Section 122 of the Local Government Act 1999, Council has developed a Strategic Plan, and following widespread Community Consultation, the plan was adopted by Council at its August 2002 meeting, and reviewed in the Budget deliberations each year since.

The Strategic Plan provides a focus for Council's operations, and provides the Vision, Goals and Objectives of our community.

The Franklin Harbour Strategic Plan

<u>Vision:</u>	A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base.
<u>Mission Statement</u>	The District Council of Franklin Harbour will provide our community with: <ul style="list-style-type: none">◆ A High standard of essential services in an efficient manner◆ Positive leadership◆ Representation of our needs to the wider population◆ Stimulus for economic growth◆ Sound management of our valuable natural environment
<u>Core Values</u>	The District Council of Franklin Harbour will be recognised for its: <ul style="list-style-type: none">◆ Customer Service◆ Ethical Behaviour◆ High Staff Satisfaction◆ Contribution to the Community◆ Continuous Improvement◆ Teamwork◆ Strategic Decision making

Operational Summary 2007/2008

Objective	Goals for 2007/2008	Progress 2007/2008
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Goal 1 – Maximise the benefit to the community from improved community services.

1.01.03	Continue to support the efforts of the Cowell Community Health & Aged Care	Achieved - ongoing. Active representative on local Board of management.
1.03	Provide high quality sporting and recreational facilities	<u>ACHIEVED</u>
1.04	Support the development and retention of the area's youth	<u>ACHIEVED</u>
1.03.03	Establish bicycle trails in appropriate locations along the coast.	<u>Not Achieved</u> - Still in planning stage.
1.06.03	Support ongoing activities of the Franklin Harbour Community Developments Group to identify opportunities for community development projects.	Achieved - ongoing. Council has a close working relationship with FHCDG. Projects such as Boardwalk progressing.

Goal 2– To foster a diverse and growing economic base that results in an increase in employment and population

2.01.12	Encourage the development of boat cruises on Franklin Harbour	Not Achieved – exploring opportunities with private enterprise
2.01.14	Support the development of Lucky Bay to Wallaroo ferry link	Achieved - Ferry service commenced December 2006, and operating very successfully.
2.06.04	Seal Cowell to Kimba Road – Stage 6	Not Achieved – additional works required to seal the Lucky Bay Road.
2.09.02	Work closely with regional organisations to ensure a substantial and reliable supply of power and water.	Achieved - ongoing. Numerous meetings with ETSA Utilities. Successfully lobbied for upgrade of power supply for Cowell.

Goal 3 – Maintain our high quality living environment

3.01.01	Establish a common effluent system that includes the reuse of waste water	Partly Achieved - Received seed funding through LGA for preliminary design work for Community Wastewater Management Scheme.
3.02.02	Develop Foreshore Management Plans for populated foreshore areas.	<u>Not Achieved</u> - Opportunity to progress this matter in Coastal Planning review.

3.07.01	Establish or improve playground equipment at appropriate locations.	Achieved - additional playground equipment purchased for foreshore playground.
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Goal 4 - A Professional, effective and customer oriented organisation playing the lead role in community development.

4.01.04	Ensure the ongoing review of Council's Strategic Plan.	Achieved - Plan reviewed in Budget process.
4.03.02	Review the plant replacement program.	Achieved - Program reviewed in 5 year Works and Machinery Plan.

Goals for 2008/2009

Objectives	Goals for 2008/2009
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Goal 1 – Maximise the benefit to the community from improved community services.

1.03.03	Establish bicycle trails in appropriate locations along the coast.	
1.06.02	Investigate options to improve local access to community services eg. Centrelink services.	

Goal 2– To foster a diverse and growing economic base that results in an increase in employment and population

2.01.01	Continue to support and further develop a multi-function visitor information centre linked to the aquaculture industry, fishing, environment, farming, local history and mining.	
2.06.07	Provide support for the further development of the Lucky Bay ferry terminal	
2.07.03	Ensure suitable policies for the development of identified areas are incorporated into the Development Plan.	
2.08.05	Promote the establishment of a local business association.	

Goal 3 – Maintain our high quality living environment

3.02.02	Develop Foreshore Management Plans for populated foreshore areas	
3.01.01	Establish a community waste water management scheme that includes the reuse of waste water.	
3.04.01.1	Foster and maintain a good working relationship with Indigenous leaders in the region	
3.05.01	Complete main street project including undergrounding of power	

Goal 4 – A professional, effective and customer oriented organisation playing the lead role in community development

4.01.05	Ensure that minority groups have equal access to Council services	
4.06.02	Support community groups in the preparation of funding submissions	

REGISTERS

Council has compiled the following Registers in accordance with the provision of the Local Government Act 1999:-

- * Register of Public Roads
- * Register of Community Land
- * Register of Interests – Elected Members
- * Register of Allowances and Benefits
- * Register of Interests – Senior Staff
- * Register of Salaries
- * Register of By-Laws

CODES OF PRACTICE

Council has adopted the following Codes of Practice in accordance with the Provisions of the Local Government Act :-

- * Code of Conduct for Employees
- * Code of Conduct for Council Members
- * Code of Practice for Public Access to Council and Committee Meetings and to Minutes and Documentation.

POLICY MANUAL

Council has adopted the following policies which form Council's Policy Manual:-

- * Building Inspection Policy
- * Occupational Health, Safety & Welfare and Injury Management Policy
- * Occupational Health, Safety & Welfare Consultation Policy
- * Accident/Incident Reporting Policy
- * Emergency Facilities and Procedures Policy
- * Hazardous/Dangerous Substances Policy
- * Asbestos Policy
- * Confined Space policy
- * Training Policy
- * Personal Protection Equipment policy
- * Inclement Weather Policy
- * Isolated/Remote Work policy
- * Non Smoking Policy
- * Aids/Hepatitis B Policy
- * Manual Handling Policy

- * Rating Policy
- * Competitive Tendering, Contracting Out of Services, Purchasing, Sale and disposal of land and other Assets Policy
- * Rural Salt Drainage Policy
- * Roadside Vegetation Management Policy
- * Council Members and Staff Insurance Policy
- * Licences Issue Policy
- * Council Seal policy
- * Travel and Accommodation Policy
- * Public Consultation Policy
- * Internal Control Policy

These Policies are reviewed regularly

MEMBERS ALLOWANCES

The following Members Allowances have been determined for the term of the current Council:-

Mayor	\$7,280- per annum
Deputy Mayor	\$2,300- per annum
Councillors	\$1,820- per annum

Allowances are payable quarterly in arrears.

SENIOR EXECUTIVE OFFICERS REMUNERATION

Council's Senior Executive Officers are as follows:-

Chief Executive Officer – Francis	BA	MOA; SO 3.3 + EBA L.G. Superannuation scheme 9% of Salary Telephone Provision Additional Superannuation Contributions
Works Manager – MG Perkins		MOA; AS 6.3 + EBA LG Superannuation Scheme 9% of Salary Subsidised House Rental Telephone Provision

Council's Fringe Benefit Tax Liability for the year ended 31 March 2008 in respect to the above benefits was \$1129-.

RATES REBATES

Section 23(4) of the Local Government (Implementation) Act 1999, required Council to submit to the presiding members of both Houses of Parliament a report relevant to rate rebates for retirement villages and related matters.

During the 2007/2008 Financial Year, No applications for rebates of rates under Section 166(1)(h) of the Local Government Act 1999 were received.

SUBSIDIARIES

Council has not established any Subsidiaries pursuant to Section 42 of the Local Government Act, 1999.

APPLICATION OF COMPETITION PRINCIPLES

During the 2007/2008 Financial Year, Council has not conducted any significant business activities or maintained any By-Laws which require reporting pursuant to the Revised Clause 7 Statement on the Application of Competition Principles to Local Government under the Competition Principles Agreement.

CONFIDENTIALITY PROVISIONS

Pursuant to the provisions of Section 90 (2) of the Local Government Act 1999, a Council or Council Committee may order that the public be excluded from attendance at a meeting in order to receive, consider or discuss a matter confidentially. Section 91 (7) of the Local Government Act 1999 provides that a Council may keep a document or minutes of such consideration, review or discussion confidential.

Neither of these provisions were used by Council during the 2007/2008 financial year.

ELECTOR REPRESENTATION

The District Council of Franklin Harbour comprises six (6) elected members. Council's representation quota (electors per member) is 205. The average representation quota for councils of a similar size and type is 150.

Council completed a review of Elector Representation and composition pursuant to Section 12(4) of the Local Government Act 1999, as amended, in January 2006. Council is required to conduct such a review at least once every eight years.

Public notice of the review was given via the placement of notices in the Government Gazette, the Advertiser and the local Eyre Peninsula Tribune, and a period of six weeks was provided for written submission to be made to Council. Any person or organisation making a submission was given the opportunity to appear personally or by representation before Council.

Council was obliged to consider any submissions received prior to preparing a report on its proposal for Elector Representation and composition. That report was again publicly notified with a further period of three weeks given for public comment and further submissions. The final report and proposal then required the approval and endorsement of the State Electoral Commission.

INTERNAL REVIEW OF COUNCILS ACTIONS

Pursuant to Section 270 of the Local Government Act 1999, Council has established procedures for the review of decisions of the Council, employees of the Council or other persons acting on behalf of the Council.

In accordance with Section 270(8) of the Act, Council reports that no applications for review of decisions were received for the 2007/2008 financial year.

COMMUNITY LAND MANAGEMENT PLANS

All land except roads held as at 1st January 2000 is classified as “community land” unless Council resolves to exclude it from that classification. The intention behind the legislation is that Council, in consultation with the community, should determine which land should or should not be classified as community land.

Where the land is under the care, control and management of a Council, but is not owned by the Council, the Council cannot resolve to exclude the land from classification as community land without the approval of the relevant Minister.

Management Plans are required for land that is, or is to be, occupied under a lease of licence of land that has been, or is to be, specifically modified or adapted for the benefit or enjoyment of the community. Such plans have to be prepared for land held as at 1st January 2000 by the 1st January 2005, and land acquired after 1st January 2000, as soon as practicable after the requirement for the plan arises.

A person must not use community land for a business purpose unless the use is approved by Council. The Council cannot approve the use of community land for a business purpose contrary to the provisions of the management plan.

As required under the Local Government (Implementation) Regulations 1999, Council completed a register of all Council and Community lands prior to the 1st January 2003. Community Land Management Plans were completed in January 2006.

ADMINISTRATION AND FINANCE

Finance

Rates, Income and Expenditure are fully reported in the Annual Financial Statements, which are included with this annual report.

Human Resources

A range of Human Resource issues have been addressed during the year:-

- a/ Training and Development - Council actively supports the ongoing training of elected members and employees, and will continue to access appropriate programs offered by accredited training providers.
- b/ Equal Employment Opportunities - Council has adopted appropriate policies and procedures to comply with the legislative requirements of E.E.O.
- c/ Occupational Health and Safety – Council has maintained its maximum rebate status under the Local Government Association Workers Compensation Scheme, and with the co-operation and dedication of our workforce, Council has further extended the period of no claims on the scheme to more than 13 years.

Council Appointments

The term of the new Council commenced from 11 November 2006, for a four year term.

The December 2006 Council meeting elected the following:-

Mayor	Councillor Eddie Elleway
Deputy Mayor	Councillor Gavin Jackson

The appointments are for a four year term.

The next periodical election is scheduled for November 2010.

Freedom of Information

This information summary is published by the District Council of Franklin Harbour in accordance with the requirements of the Freedom of Information Act 1991.

Council welcomes enquiries under the Freedom of Information Act.

Policy and Administrative Documents

The District Council of Franklin Harbour policies and administrative documents are listed separately in this Annual Report, and include:

- Ordinary Council Meeting Agendas
- Committee Minutes
- Council Bylaws
- Policy Manual
- Annual Financial Statements
- Development Plan
- Committee Agendas
- Budget Statements
- Ordinary Council Meeting Minutes
- Annual Report
- Assessment Book

These documents are available for public inspection at the Council office between 9am and 5pm Monday to Friday. Members of the public may also purchase copies of these documents at the prescribed fee, from the Chief Executive Officer.

Information Statement

The District Council of Franklin Harbour publishes an Information Statement on its requirements under the Freedom of Information Act. The most recent Statement was published in 2006 and a copy appears elsewhere in this report.

Freedom of Information enquiries or requests must be addressed to:

The Chief Executive Officer
District Council of Franklin Harbour
PO Box 71
COWELL SA 5602

Certificates Issued Under Section 65zy

No Certificates relating to FOI requests were issued under the Freedom of Information Act 1991, in the 12 months to 30 June 2008.

WORKS MANAGERS REPORT

Road Construction

Councils plant and staff have been heavily focused on sealing of the Lucky Bay Road. It is anticipated the project will be complete before Christmas resulting in 11 km of new seal in approximately 10 months.

Initial set backs with design, native vegetation clearances and a loss of four of our long term staff have been overcome to produce a road that is the equal or better than any other on Eyre Peninsula. This tight deadline has resulted in little other construction work being undertaken this year.

Refuse Site

Council this year constructed and commissioned a recycling shed at the refuse site. Steel , timber, plastic, greenwaste and concrete are recycled where possible. This is a significant improvement from previous practices and is required for the refuse site to remain EPA compliant.

Pt Gibbon

As part of the freeholding process a common effluent system is being installed. Once external providers complete power and telemetry connections the system will be commissioned.

General

Patrol Grading, Kerbing, Footpaths, District & Town Signage, Mowing, Slashing, Refuse Site Upgrade, Bitumen Patching etc is ongoing.

Plant

This year Council employed a full time mechanic to control the maintenance of its fleet. This allows a faster turn around with servicing and maintenance increasing availability.

Plant purchased this year includes:

UD Nissan Primemover 425

Edillie Engineers offset Stone Roller

Works Managers Vehicle

Mitsubishi Town Truck

Generator - Cowell Recycling Shed

3T Vibe Roller Second Hand

Hyster Forklift Second Hand

Tipping Dog Trailer Second Hand - Lucky Bay Transfer Station

Baler Second Hand - Cowell Recycling Shed

P152 (Water Tanker) rebuild of the tank. This included an epoxy lining inside the tanks.

Rainfall

The rain fall has let us down for the third year in a row, but considering the lack of rain our road network is stable. Rainfall recordings for Cowell:

2006	291.1 mm
2007	221.0 mm
2008	158.9 mm

Here's hoping for a wetter 2008/2009

Michael Perkins

WORKS MANAGER

2007/2008 HIGHLIGHTS AND EVENTS

2007/2008 Budget and Rates

The Council meeting held on 12 July adopted the 2007/2008 Budget and declared the rates for the new financial year.

The Budget includes total revenue of \$2,896,234 – which includes special local Roads Grant of \$450,000 – for the continuation of the Cowell to Kimba Road. Major capital expenditure items are Local Road Construction of \$456,000, Cowell to Kimba Road construction \$675,000 and purchase of plant and equipment \$350,000. Total rate revenue to be raised is budgeted at \$786,734 – which represents an increase of approximately 4.9% over the 2006/2007 rate revenue collected.

COWELL CHAMBER OF COMMERCE

From initial meetings by local business proprietors a steering committee was formed to investigate the feasibility of a Chamber of Commerce in Cowell. Council welcomed the formation of the Chamber and has appointed the Mayor as its representative.

COMMUNITY WASTEWATER MANAGEMENT SCHEME (CWMS)

Council received funding for a design study as the first step in the implementation of a CWMS for the town of Cowell. Once concept plans are finalised a timeframe for construction will be considered.

CENTREX METALS - BUNGALOW DEPOSIT

Representatives from Centrex Metals Limited attended the December meeting of Council to briefly outline their plans to develop their mineral tenement known as The Bungalow deposit.

They indicated that the deposit has very good potential to develop and mine the magnetite mineral contained in the deposit, and advised that a Chinese Company have invested in the project.

It is proposed to carry out extensive drilling operations on the site over the next two years to further “prove up” the deposit.

OFFICE RENOVATIONS

During the year there have been some significant changes to the front office in the Council building. The old partitions have been removed to allow power and data cables to be routed under the floor. This has removed a number of Occupational Health and Safety issues that were present in the old office configuration.

New desks and furnishings have been installed and the office repainted and carpeted.

WASTE MANAGEMENT/WASTE RECYCLING

The District Council of Franklin Harbour has been working cooperatively with the City of Whyalla and the District Councils of Cleve and Kimba to meet the increasingly stringent requirements of the Environment Protection Authority (EPA) and Zero Waste SA, in the management of our refuse disposal site and in implementing waste recycling programs.

In order to formalise these activities the Councils sought legal advice regarding the best method of managing the functions, through either a formal regional subsidiary under the Local Government Act or some other process.

The legal advice received recommended that the four Councils enter into a Memorandum of Understanding (MOU) which would outline the activities to be undertaken, and the way the group would manage those activities.

The August Council meeting accepted the legal advice, and resolved to enter into a Memorandum of Understanding with the other three Councils in the form of the draft MOU provided.

COUNCIL STAFF

Council this year lost the services of four outside employees, Kingsley Smith, Ron Dunn, John Smith and Peter Lock, who between them have contributed more than 110 years of service.

It is unfortunate to lose four experienced operators in such a short period of time, particularly with a full program of road construction ahead, but it provides the opportunity for some of Council's other employees to progress to more responsible positions.

TITLE OF PRINCIPAL OFFICER

The May Council meeting resolved pursuant to Section 96 (2) of the Local Government Act to change the title of the Principal Officer to Chief Executive Officer in lieu of District Clerk.

The title of Chief Executive Officer (or CEO) is now the predominate title used for the position in Local Government, and removes some misunderstanding particularly when dealing with Commonwealth Government Departments etc.

TITLE OF PRINCIPAL MEMBER

Following a period of public consultation, the December meeting of Council resolved pursuant to Section 51 (1) (b) of the Local Government Act 1999, to change the titles of Principal Members of the Council to Mayor and Deputy Mayor as from 1st January 2008.

The move brings this Council into line with the majority of other Councils in the State.

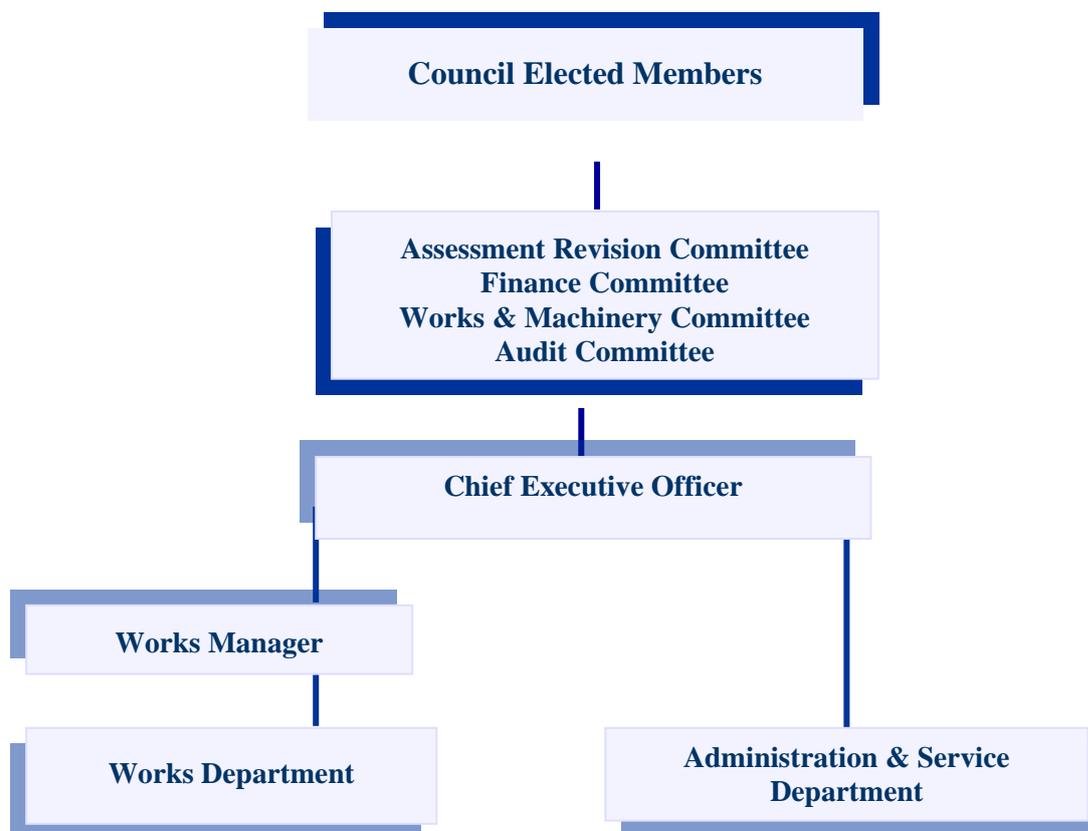
BUILDING DEVELOPMENT STATISTICS

During 2007/2008 financial year there were 71 developments lodged for Council approval. These include: -

•	19 New and Relocated Dwellings	\$2,533,453-
•	15 Residential Units/Cabins	\$810,000-
•	7 Commercial Buildings/Extensions	\$9,085,000-
•	19 Domestic Extensions/Renovations	\$217,585-
•	29 Garage/Carports	\$292,730-
	Total Development	<u>\$12,938,768-</u>

ANNUAL INFORMATION STATEMENT

The Council's Structure And Functions



Council's overall structure is set out in the above chart and is based around two departments. The senior management team comprises the Chief Executive Officer and the Works Manager.

The Administration and Services Department has a staff of three, and is based in the Council Office, 6 Main Street, Cowell SA 5602. The Works Department has a staff of eleven, and is based at the Council Depot, Schumann Road Cowell SA 5602.

Council's functions are governed by the provisions of the Local Government Act, 1999, and are grouped as follows:-

ADMINISTRATION
PUBLIC ORDER AND SAFETY
HEALTH
SOCIAL SECURITY AND WELFARE
HOUSING AND COMMUNITY AMENITIES
PROTECTION OF THE ENVIRONMENT N.E.C.
SPORT AND RECREATION
FUEL AND ENERGY
AGRICULTURAL SERVICES
MINING, MANUFACTURING AND CONSTRUCTION
TRANSPORT AND COMMUNICATION
ECONOMIC AFFAIRS
OTHER PURPOSES

Council is involved in these functions to varying degrees, determined by Community demand and legislative requirements.

The Effect Of Council's Functions On The Public

All of Council's functions have a direct impact on the residents of this district. Service provision functions such as road construction and maintenance, library services, and refuse collection have a direct effect on the users of those services. Legislative functions such as Building Control, Dog Control and Planning provisions also have an effect on all residents, but in a less obvious way.

The elected members of Council determine the policies and functions of Council within the provisions of the Local Government Act. The Senior Management team provides advice to the elected members, and oversee the implementation of the policies and functions determined by Council, within the overall Budget adopted by Council.

Public Participation In Council Policy Development

Members of the public have access to the elected members of Council. There are six elected members who are elected for a four year term. Councillors represent the whole of the district (ie. no wards), and following each election they elect a Mayor from within their number.

The elected members are:-

Mayor	Cr Eddie ELLEWAY	Yabmana	8628 5037
Deputy Mayor	Cr Gavin JACKSON	Mt Millar Via Cowell	8628 5028
	Cr Tony KADEN	Mitchellville, Cowell	8629 2283
	Cr Bob UDY	10 Clothier Cres, Cowell	8629 6053
	Cr Frank WILDMAN	15 Kimba Rd, Cowell	8629 6075
	Cr Allan ZERNA	Cowell	8629 2088

Council holds regular monthly meetings scheduled for the second Wednesday of each month. Agenda notices are prepared during the week prior to the Council meeting, and members of the public may submit correspondence to Council for inclusion on the agenda provided such correspondence is received no later than the Thursday prior to the Council meeting.

Council's Standing Committees meet on an irregular basis as required:-

COMMITTEE

Assessment Revision Committee
Finance Committee
Works and Machinery Committee
Audit Committee

MEMBERSHIP

The Whole Council
The Whole Council
Crs. Udy, Jackson and Elleway
Crs Elleway, Kaden, and Udy and Mr Robert ` Norris (I M)

Submissions can be made direct to elected members on any issue, or presented by correspondence. In addition, deputations can address Council meetings by prior arrangement with elected members or the Chief Executive Officer. Council meetings are open to the public, however some confidential matters may be discussed in camera. Members in the Public Gallery may address Council meetings at the discretion of the Mayor.

Description Of The Kind Of Documents Held By Council

The District Council of Franklin Harbour holds the following kinds of documents:-

Hard Copy Files

A/ Policy and Administrative Documents

1. Ordinary Council Meeting and Development Assessment Panel Meeting Agendas - these summarise the business to be dealt with at each ordinary Council meeting.
2. Ordinary Council Meeting and Development Assessment Panel Meeting Minutes - these record the business and resolutions of each ordinary Council Meeting.
3. The Policy Manual - this records the general policies and delegated authorities of Council.
4. Council's Strategic Plan – provides a focus for Council's operations and provides the Vision, Goals and Objectives of our community.
5. The Budget Statement - this is the annual Budget adopted for the current financial year as the basis for setting rates.
6. Annual Financial Statements - these record financial results and position of Council each financial year.
7. Council By-Laws - a record of By-Laws adopted by Council pursuant to the provisions of the Local Government Act.
8. The Annual Report - this is an annual report of Council's activities for the information of residents and other interested parties.
9. The Assessment Book - which details property ownership and valuation records.
10. The Development Plan - this details Planning and Zoning policies which guide the Development Assessment Panel in development matters pursuant to the Development Act.

B/ General Correspondence

These are items of correspondence on a range of functional matters dealt with by Council.

These documents are filed and stored in the Council Office, except for very early minute books which are held by the State Archives.

As General Correspondence items become out of date, they may be disposed of in accordance with procedures recommended by the Local Government Records Management Group.

Computerised Information Files

1. Property Information files are held on Council's computer system.
2. Financial and Accounting Information - is processed and stored on Council's computer system.

This information is backed up on Computer tapes and stored in the Council strongroom. This information is also available on hard copy.

Council Policy Documents from Policy Manual

The policy and Administrative Documents identified above, are available for public inspection at the Council Office between 9.00am - 5.00pm Monday to Friday. Members of the public may also purchase copies of these documents from the Freedom of Information Officer. Council's Annual Reports, Meeting Agendas and Minutes are available on Council's Website at: www.franklinharbour.sa.gov.au

To access documents (other than policy and Administrative Documents available as above) concerning the personal affairs of an applicant for verification or amendment, it is necessary to apply in writing to:-

The Freedom of Information Officer

District Council of Franklin Harbour

6 Main Street

COWELL SA 5602

Telephone (08) 86292019

Fax (08) 86292152

Email: council@franklinharbour.sa.gov.au

No certificates relating to FOI requests were issued under Section 65zy of the Local Government Act in the twelve months to 30 June 2008.

B.A. Francis

CHIEF EXECUTIVE OFFICER

2007-2008 Annual Business Plan

The purpose of this Plan is to address the activities Council intends to undertake in the ensuing 2007/2008 financial year to achieve its objectives, and the measures both financial and non-financial it will use to assess this.

The Council will measure performance against objectives by the successful completion of all projects on time and within Budget.

It has and will continue to be a main goal of Council to expand the economic well being of the Community and to provide quality services. At the same time this has to be done keeping in mind Council's limited human and financial resources. As such Council needs to continue to provide value for money and effectiveness of service delivery.

PREAMBLE

Council is currently developing a range of long term management plans which supplement and run alongside Council's 5 year Strategic Plan. The Strategic Plan's objectives are listed on page 2. The current Strategic plan has just undergone a major review.

These other complimentary plans are called the ten year long term Financial Management Plan and the ten-year Infrastructure and Asset Management plan. Such plans will assist Council in renewing/replacing its major assets and Infrastructure and the Long Term Financial plan will help Council adequately fund assets now and in to the future. This will ensure Council's financial sustainability.

Financial sustainability of Local Government

An independent major inquiry into the sustainability of the long-term financial performance and position of Councils in South Australia has been completed with many recommendations for changes to improve Local Governments short and long term financial sustainability.

It was pleasing to report that this Council was placed in the **"Sustainable with a substantial margin of comfort" financial sustainability category**. It has been suggested that the implementation of these recommendations will maintain Council's present good financial health and sustainability in the longer term.

Council Services and Responsibilities

Councils are required to provide certain services under various Acts of Parliament including the Local Government Act. The District Council of Franklin Harbour also provides a number of other services.

Required Services

These are some of the Services that Councils must provide for:

Planning, Building and Development, Environmental Health Services, Fire Prevention, Dog & Cat Management.

Other Services

In addition to the above the District Council of Franklin Harbour provides the following types of services for the benefit of the Ratepayers and the Community -:

Street Lighting, Roads Construction & Maintenance, Waste Management Facilities, Health Services, School/Community Libraries Support, Recreation facilities, Reserves and picnic areas, Playgrounds, Accommodation, Town rubbish collection and Town recycling, Tourism, Economic Development and Cemeteries.

How does Council determine what services it will provide?

Council's Strategic and other Long Term Plans outline the longer-term objectives and priorities for the Community. These Plans plus the Council Budget, determine the infrastructure needs and services Council will provide, including the costs required to deliver those services.

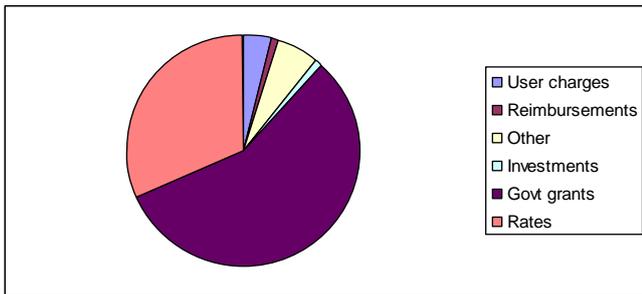
Council adopted the Strategic Plan in May 2002 following extensive Community consultation. A further comprehensive review of the Plan was completed in March 2007. The full list of the achievements from the previous year is available in Council's Annual Report available from the Office or at www.franklinharbour.sa.gov.au.

How does Council pay for all these Services?

Council has limited options to pay for these services. It receives substantial State and Federal grants and subsidies. Council can raise income by some fee paying activities (eg hire of community facilities, maintenance fees, private works and rentals. However, Council's primary source of raising income is a property-based tax - Council Rates.

Council's Revenue

Council rate revenue makes up approximately 32% of annual revenue. Other sources of income include government grants 57%, investments 1%, user charges 4%, reimbursements 1%, other 6%.



How does Council determine what rates I will pay?

Council adopts the Site Values as provided by the State Government Valuer Generals Department on all properties in the Council District. Council determines what revenue is required for Council operations in the District for each financial year in the form of a Council Budget. Differential rates in the dollar are then declared by Council for all properties in the area. Differential rates are based on the locality of the property.

For example - : a property has a site value of \$100,000 and Council declares a rate in the dollar (2006/2007) of 0.7800 cents that property will pay \$100,000 x 0.7800cents = \$780.00.

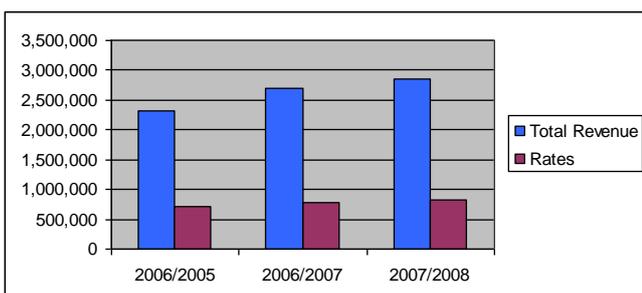
In the last four years site value on properties in the Council area has risen 123.46%. This does not mean that the Council rates will increase by this percentage.

Council reduces or increases the rate in the dollar to meet revenue requirements. In 2006/2007 Council reduced the rural rate in the dollar by 10.85%.

In 2006/2007 Council's rate revenue was \$784,500 and it is proposed that in 2007/2008 financial year an approximate 3% increase (CPI) will apply to raise rate revenue this year of approximately \$808,035 excluding new development.

The 2007/2008 Financial Year will see the first inclusion of the Mt Millar Wind Farm development in the district valuation. Council estimates that this new development will contribute new rate income of approximately \$9,500 which will increase the 2007/2008 rate revenue to \$817,535.

Revenue and Rates Revenue for financial years 2005/06 – 2006/07 and proposed for 2007/08



Council's main objectives for the 2007/2008 financial year

In accordance with objective 2.06 "Provide appropriate infrastructure for economic development", the following major activities and works are planned - Seal the next 4km section of the Cowell to Kimba road at estimated cost of \$675,000-, these funds comprise substantial federal government grant funds through the Road to Recovery Program of \$614,000-.

The second stage of the Main Street upgrade is also planned for 2007/2008 now that the power line undergrounding has been completed. A section of Schumann Rd from Smith Road to Lincoln Highway is planned to be sealed at approximate cost of \$45,000-.

Other road construction works proposed for 2007/2008 include re-sheeting of sections of Schultz road, Scenic Highway, Cowell to Mangalo road, Guidera road and Beach road at approximate cost of \$145,000-. Footpath construction (objective 3.06) includes a section from the Post Office to Chase Street for approximately \$25,000-.

Plant replacement in accordance with Council's 5 year Works and Machinery plan will be the replacement of two vehicles (Toyota Camry and Toyota Prado) and the purchase of a second hand 3 tonne Vibe Roller for approximately \$25,000-.

In accordance with objectives 3.01 "Effectively manage the waste of the area", Council is required to meet the tough new guidelines introduced by the Environment Protection Authority (EPA) for the operation of Waste Disposal sites. Costs in this area have increased significantly in recent years, and 2007/2008 will see the doubling of the levy applied by the EPA for disposal of waste to landfill.

Objective 3.09 propose to "Implement best practice stormwater management techniques" and in 2007/2008 Council will receive \$100,000- seed funding from the joint Local Government Association/State Government Community Wastewater Management Scheme (CWMS) for the town of Cowell. In conjunction with that work Council proposes to have an Engineering Consultant investigate all opportunities to incorporate stormwater interception and re-use with the CWM Scheme.

For a full breakdown of Councils proposed Capital Expenditure, Operating Expenditure and Capital and Operating Income please refer to the Budget documents.

A full copy of this Annual Business Plan and budget is available for viewing at the Council Office 6 Main St, Cowell during normal office hours, and also available on Council's Website at www.franklinharbour.sa.gov.au

Rating Policy Information for 2007/2008

In setting its rates for the 2007/2008 financial year the Council is considering the following:

- The current economic climate and relevant factors such as inflation and interest rates.
- The specific issues faced by our community, which are the effects of the drought and the previous impact of poor seasons for the farming community.
- The need to continue to replace and upgrade infrastructure assets that include both plant and machinery and our road network.
- The objective of attracting and continuing to attract and support business activity to generate economic development.
- Council's strategic plan and the meeting of those objectives.
- The budget for the 2007/2008 financial year and the long-term financial plans.
- Householders, businesses and primary producers.
- The broad principal of achieving equity in the distribution of rates.
- Minimising the level of general rates required by levying fees and charges for goods and services where that is possible.
- Setting fees and charges to recover the full cost of operating or providing the services of goods, with provision for concessions to those members of the community unable to readily meet the full cost.
- Taking into account increases on Council valuations by the Valuer-General.

Prior to the adoption of this Annual Business Plan, a draft document was made available to all ratepayers as part of the Public Consultation process in accordance with Council's Consultation Policy. Written

feedback and comments were invited, and time was set aside at Council's June meeting to hear any submissions on the draft plan prior to its adoption.

METHOD USED TO VALUE LAND

The Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The District Council of Franklin Harbour has decided to continue to use site value as the basis for valuing land within its Council area. Council considers that the method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth and site value provides a fair indicator of overall property value.
- The distribution of property values throughout the Council area is such that some ratepayers will pay more and some less depending on fluctuations of property value. Please note that Council is only proposing to increase its rate revenue by approximately 3% in line with CPI this year. (Excluding new development - Mt Millar Wind Farm).

ADOPTION OF VALUATIONS

The Council will consider and adopt the valuations made by the Valuer – General effective as at 1 July 2007. If a ratepayer is dissatisfied with the valuation made by the Valuer – General then the ratepayer may object to the Valuer – General in writing, within 60 days of receiving notification of the valuation, explaining the basis for the objection to **State Valuation Office, GPO Box 1354, Adelaide SA 5001** Email objections@saugov.sa.gov.au

BUSINESS IMPACT STATEMENT

The Council has considered the impact of rates on all businesses in the Council area, and in particular primary production. Council has also considered the equity of the distribution of the rate burden between Ratepayers; Council's policy on facilitating local economic development; current local, state and national economic conditions; changes in the valuation of business and primary production properties; and specific Council projects for the coming year and specific infrastructure maintenance issues.

COUNCIL'S REVENUE RAISING POWERS

All land within a Council area, except for land specifically exempt (eg Crown land, Council occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Council Office, 6 Main St Cowell.

GENERAL RATES

The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate that applies to all rateable property.

DIFFERENTIAL GENERAL RATES

In accordance with the provisions of Section 153 of the Local Government Act 1993 Council has decided to impose differential general rates on the following properties, based on locality.

All land located within the township of Cowell

- There are approximately 610 rateable properties in the township areas and these properties will contribute approximately \$210,090- (26%) of rate revenue.

All land located within the Lucky Bay Shack area

- There are 117 rateable properties in the Lucky Bay Shack area and these properties will contribute approximately \$40,400- (5%) of rate revenue.

All land located within the Port Gibbon Shack area

- There are 16 rateable properties in the Port Gibbon Shack area and these properties will contribute approximately \$4780- (1%) of rate revenue.

All land located in the remainder of the district

- There are approximately 310 rateable properties in the remainder of the district and these properties will contribute approximately \$552,765 (68%) of rate revenue.

Please Note: the above totals and percentages do not include new development from the Mt Millar Wind Farm which will contribute an additional approximate rate component of \$9,500

The locality of the land is used as the factor to levy differential rates. If a ratepayer believes that a particular property has been wrongly identified by the Council as to its location then they may object to the Council within 21 days of being notified. A ratepayer may discuss the matter with the District Clerk on 86 292 019 in the first instance.

It is important to note that the lodgement of an objection does not change the due date for payment of rates.

Minimum Rate

Council is proposing a minimum rate of \$275.00 as opposed to \$265.00 set last year. The minimum rate is levied against the whole of an allotment and only one minimum rate is levied against two or more pieces of adjoining land owned by the same owner and occupied by the same occupier. Council considers it is appropriate that all rateable properties make a contribution to the cost of creating and maintaining physical infrastructure as well as other Services provided by Council.

Service Charge

The Council provides a weekly household refuse collection service in the towns of Cowell, Port Gibbon, and Lucky Bay. The full cost of operating this service for this financial year is budgeted to be \$76,000-. Council will recover this cost through a service charge of \$120- for each occupied residential property in Cowell and Port Gibbon. The Lucky Bay rental charge has been set at \$100- and a component of that rental charge is to cover the permanent and seasonal refuse collection service.

LATE PAYMENT OF RATES

- The Local Government Act provides that Councils impose a fine of 2% on any instalment unpaid after the due date. At the expiration of each full month from the due date, interest is charged at the prescribed percentage of the total in arrears and unpaid rates. This does not include interest from previous months.

Council issues a final notice for payment of rates when rates are overdue ie, unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice then the Council may refer the debt to a debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates Council applies the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

In order to raise the funds required for this years Budget Council is considering an increase of rate revenue by approximately 3%.

Council collects and pays on behalf of the State Government a Natural Resources Management Levy that replaces the previous Eyre Peninsula Catchment Water Management levy and the levy Council used to pay to the Animal and Plant Control Board. This levy is shown on the Council rate notice. Council has budgeted \$90,200 for 2007/2008. The previous year the actual levy was \$48,210. The Government will advise Council of the actual amount to be raised this year.

In 2006/2007 Council's rate revenue was \$784,500 and it is proposed that an approximate 3% increase apply to rate revenue in 2007/2008 to approximately \$808,035.

Council has considered the impact of the approximately 3% increase in rate revenue and the relatively poor harvest and weighed that up with the increasing costs of providing services.

Rate Concessions

Recipients of the following cards or income may be eligible for Council Rate concessions:

- Holders of current Centre Link or Veteran Affairs, Pension Cards Gold Card, (TPI, EDA, WW) and State Concession Card apply through Revenue SA on 1300650950.
- Self - funded retirees who hold a current Seniors Card apply through Revenue SA on 1300366150.
- Centre Link allowances and low income earners who qualify can apply through their local CYFS Office.

Ratepayers should not withhold payment of Rates that are due as penalties apply to overdue rates. A refund will be paid to the eligible person if Council is advised that a concession applies and the Rates have already been paid.

Postponement of Rates for Seniors

New Section 182A of the Local Government Act 1999, that allows eligible Senior Ratepayers to postpone a proportion of their council rates each financial year commencing 2007-08, provides for a threshold amount of rates that cannot be postponed. The threshold is set at \$500.00 or if a pension concession is provided that would be reduced to a \$310.00 threshold annually. The outstanding Rates will attract interest (ie the scheme is non-concessional) and will remain a charge on the property until property is sold or that person no longer lives on the property or becomes ineligible to continue the postponement. For further information and details please contact the District Clerk, District Council of Franklin Harbour PO Box 71, Cowell SA 5602 or 86292 019

Payment of Rates

The Council has decided that the payment of rates will be by four instalments due on 15 September 2007, 15 December 2007, 15 March 2008 and 15 June 2008.

Payment can be made at the Council Office, 6 Main Street, Cowell during normal office hours 9.00am to 5.00pm Monday to Friday, by cash or cheque or can be made by post to PO Box 71, Cowell SA 5602 by cheque or money order payable to the District Council of Franklin Harbour. Payments may also be made by direct Bank Transfer, and any one wishing to use this facility should contact the Council Office on 8629 2019. Payment can also be made by cash or credit card through Bill Express at participating Newsagencies.

Sale of Land for Non-payment of Rates

The Local Government Act 1999 provides that Council may sell any property where the Rates have been in arrears for three years or more.

The Council is required to notify the owner of the land of its intention to sell the land. Provide the owner with details of the outstanding amounts and advise the owner of its intention to sell the land if payment is not received within one month.

Except in extraordinary circumstances or approval has been granted for postponement of Rates the Council enforces the sale of land for non-payment of Rates.

Rebate of Rates

The Local Government Act 1999 requires Council's to rebate the rates payable on some land. Specific provision is made for land used for Health Services, Community Services, Religious purposes, Public cemeteries and Education institutions.

The Council under Section 166 of the Local Government Act 1999 may apply discretionary rebates.

Difficulty in paying Rates

Rates are payable in full or by four separate quarterly instalments.

However Section 182 of the Local Government Act 1999 permits the Council on the application of a Ratepayer to partially or wholly remit Rates or to postpone Rates on the basis of hardship.

If any Ratepayer is experiencing financial difficulties and would like to discuss an alternative agreeable payment plan this flexibility is also available.

Contact the District Council of Franklin Harbour on 86292019 for a confidential discussion.

Annual Business Plan and Budget

A full copy of the Budget and Annual Business plan are available for inspection at no charge at the principal office 6 Main St, Cowell or can be purchased for \$5 at the Council Office.

Adopted on 13/06/2007

Signed – B.A. Francis, CHIEF EXECUTIVE OFFICER



DISTRICT COUNCIL

OF

FRANKLIN HARBOUR

FINANCIAL STATEMENTS

**For The Year Ending
30 JUNE 2008**

District Council of Franklin Harbour

INCOME STATEMENT for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
INCOME			
Rates	2	875,439	834,311
Statutory charges	2	43,172	33,354
User charges	2	92,733	100,549
Grants, subsidies and contributions	2	1,145,671	1,147,763
Investment income	2	73,476	22,945
Reimbursements	2	11,183	39,862
Other income	2	56,224	15,219
Total Income		<u>2,297,898</u>	<u>2,194,003</u>
EXPENSES			
Employee costs	3	574,299	450,012
Materials, contracts & other expenses	3	690,935	865,566
Finance costs	3	12,723	3,705
Depreciation, amortisation & impairment	3	918,887	893,214
Total Expenses		<u>2,196,844</u>	<u>2,212,497</u>
OPERATING SURPLUS / (DEFICIT)		101,054	(18,494)
Net gain (loss) on disposal or revaluation of assets	4	(5,381)	(849)
Amounts received specifically for new or upgraded assets	2	1,134,791	1,354,545
NET SURPLUS / (DEFICIT)		<u>1,230,464</u>	<u>1,335,202</u>

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

District Council of Franklin Harbour

BALANCE SHEET as at 30 June 2008

ASSETS	Notes	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	5	1,538,896	589,000
Trade & other receivables	5	257,100	1,090,271
Inventories	5	396,548	391,582
Total Current Assets		<u>2,192,544</u>	<u>2,070,853</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	15,487,480	14,284,699
Other Non-current Assets	6	35,703	35,703
Total Non-current Assets		<u>15,523,183</u>	<u>14,320,402</u>
Total Assets		<u>17,715,727</u>	<u>16,391,255</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	330,940	178,605
Borrowings	8	38,455	50,379
Provisions	8	35,000	35,000
Total Current Liabilities		<u>404,395</u>	<u>263,984</u>
Non-current Liabilities			
Borrowings	8	108,172	146,627
Provisions	8	96,491	104,439
Total Non-current Liabilities		<u>204,663</u>	<u>251,066</u>
Total Liabilities		<u>609,058</u>	<u>515,050</u>
NET ASSETS		<u>17,106,669</u>	<u>15,876,205</u>
EQUITY			
Accumulated Surplus		8,313,134	7,082,670
Asset Revaluation Reserve	9	8,793,535	8,793,535
Other Reserves	9	-	-
TOTAL EQUITY		<u>17,106,669</u>	<u>15,876,205</u>

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

District Council of Franklin Harbour

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	2008 \$	2007 \$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	7,082,670	5,747,468
Net Surplus / (Deficit) for Year	1,230,464	1,335,202
Transfers to Other Reserves	-	-
Transfers from Other Reserves	-	-
Balance at end of period	8,313,134	7,082,670
 ASSET REVALUATION RESERVE	 9	
Balance at end of previous reporting period	8,793,535	8,793,535
Gain on revaluation of infrastructure, property, plant & equipment	-	-
Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	-	-
Balance at end of period	8,793,535	8,793,535
 OTHER RESERVES	 9	
Balance at end of previous reporting period	-	-
Transfers from Accumulated Surplus	-	-
Transfers to Accumulated Surplus	-	-
Balance at end of period	-	-
 TOTAL EQUITY AT END OF REPORTING PERIOD	17,106,669	15,876,205
 <i>Total of all revenues recognised directly in Equity</i>	<i>-</i>	<i>-</i>
<i>Total of all expenses recognised directly in Equity</i>	<i>-</i>	<i>-</i>
NET CHANGE IN EQUITY	-	-

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

District Council of Franklin Harbour

CASH FLOW STATEMENT

for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		3,333,924	2,121,016
Investment receipts		66,853	18,314
<u>Payments</u>			
Operating payments to suppliers & employees		(1,542,695)	(1,243,676)
Finance payments		(12,723)	(3,705)
Net Cash provided by (or used in) Operating Activities		1,845,359	891,949
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,134,791	454,545
Sale of replaced assets		29,091	52,901
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(62,910)	(375,555)
Expenditure on new/upgraded assets		(1,946,056)	(911,634)
Net Cash provided by (or used in) Investing Activities		(845,084)	(779,743)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	100,000
<u>Payments</u>			
Repayments of Borrowings		(50,379)	(44,765)
Net Cash provided by (or used in) Financing Activities		(50,379)	55,235
Net Increase (Decrease) in cash held		949,896	167,441
Cash & cash equivalents at beginning of period		589,000	421,559
Cash & cash equivalents at end of period		1,538,896	589,000

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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 certificate under clause 11 of the Local Government (Financial Management) Regulations 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.

2 The Local Government Reporting Entity

District Council of Franklin Harbour is incorporated under the SA Local Government Act 1999 and has its principal place of business at 6 Main Street Cowell. 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 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

6 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 which expire 30 June 2008. As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008**

Note 1 - Significant Accounting Policies (cont)

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are 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

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.

6.4 Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below.

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

Plant, Furniture & Equipment

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

Buildings & 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

<i>Sealed Roads – Surface</i>	<i>15 to 25 years</i>
<i>Sealed Roads – Structure</i>	<i>20 to 50 years</i>
<i>Unsealed Roads</i>	<i>10 to 20 years</i>
<i>Bridges – Concrete</i>	<i>80 to 100 years</i>
<i>Paving & Footpaths, Kerb & Gutter</i>	<i>80 to 100 years</i>
<i>Drains</i>	<i>80 to 100 years</i>
<i>Culverts</i>	<i>50 to 75 years</i>
<i>Reticulation Pipes – PVC</i>	<i>70 to 80 years</i>
<i>Reticulation Pipes – other</i>	<i>25 to 75 years</i>
<i>Pumps & Telemetry</i>	<i>15 to 25 years</i>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - Significant Accounting Policies (cont)

6.5 Impairment

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - Significant Accounting Policies (cont)

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 2007/08; 9% in 2006/07). 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 9% (9% in 2006/2007) 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".

11 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.

12 Comparative Information

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

13 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period.

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 123 Borrowing Costs
- AASB 1004 Contributions
- AASB 1050 Administered Items
- AASB 1051 Land Under Roads
- AASB 1052 Disaggregated Disclosures
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 2 - INCOME

	Notes	2008 \$	2007 \$
RATES REVENUES			
<u>General Rates</u>		825,495	789,262
Less: Discretionary rebates, remissions & write offs		(5,444)	(7,427)
		820,051	781,835
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		52,003	49,363
		52,003	49,363
<u>Other Charges</u>			
Penalties for late payment		3,385	3,113
		3,385	3,113
		875,439	834,311
STATUTORY CHARGES			
Development Act fees		41,089	31,033
Animal registration fees & fines		2,083	2,321
		43,172	33,354
USER CHARGES			
Cemetery/crematoria fees		1,633	990
Hall & equipment hire		16,835	30,918
Shack area fees		17,933	16,766
Rubbish collection fees		56,332	51,875
		92,733	100,549
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		73,375	22,868
Banks & other		101	77
		73,476	22,945

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 2 - INCOME (continued)

	Notes	2008 \$	2007 \$
REIMBURSEMENTS			
- for private works		<u>11,183</u>	<u>39,862</u>
		<u>11,183</u>	<u>39,862</u>
OTHER INCOME			
Sundry		<u>56,224</u>	<u>15,219</u>
		<u>56,224</u>	<u>15,219</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		<u>1,134,791</u>	<u>1,354,545</u>
Other grants, subsidies and contributions		<u>1,145,671</u>	<u>1,147,763</u>
		<u>2,280,462</u>	<u>2,502,308</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		<u>1,327,048</u>	<u>2,497,763</u>
State government		<u>934,791</u>	<u>4,545</u>
Other		<u>18,623</u>	<u>0</u>
		<u>2,280,462</u>	<u>2,502,308</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 2 - INCOME (continued)

	Notes	2008 \$	2007 \$
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		1,004,545	164,129
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		(900,000)	(164,129)
<i>Heritage & Cultural Services</i>		(104,545)	
<i>Subtotal</i>		(1,004,545)	(164,129)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		208,608	900,000
<i>Heritage & Cultural Services</i>			104,545
<i>Subtotal</i>		208,608	1,004,545
<i>Unexpended at the close of this reporting period and held as restricted assets</i>		208,608	1,004,545
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		(795,937)	840,416

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 3 - EXPENSES

	Notes	2008 \$	2007 \$
EMPLOYEE COSTS			
Salaries and Wages		612,629	557,000
Employee leave expense		70,994	76,043
Superannuation - defined contribution plan contributions	20	57,397	35,955
Superannuation - defined benefit plan contributions	20	23,444	28,934
Workers' Compensation Insurance		16,849	13,675
Less: Capitalised and distributed costs		(207,014)	(261,595)
Total Operating Employee Costs		574,299	450,012
Total Number of Employees		15	14
<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		4,300	3,000
- Other Services		2,500	600
Elected members' expenses		27,938	29,990
Election expenses		311	2,375
Subtotal - Prescribed Expenses		35,049	35,965
<u>Other Materials, Contracts & Expenses</u>			
Electricity		29,075	29,134
Fuel & oil		201,588	159,246
Legal Expenses		2,951	11,548
Levies paid to government - NRM levy		51,196	49,210
Parts, accessories & consumables		371,076	580,463
Subtotal - Other Materials, Contracts & Expenses		655,886	829,601
		690,935	865,566

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 3 - EXPENSES (cont)

	Notes	2008 \$	2007 \$
FINANCE COSTS			
Interest on overdraft and drawdown		-	3
Interest on Loans		12,723	8,470
Less: Capitalised and distributed costs		-	(4,768)
		12,723	3,705
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		110,268	112,452
Infrastructure		707,497	667,482
Plant & Equipment		178,264	181,455
Furniture & Fittings		16,040	16,893
Less: Capitalised and distributed costs		(93,182)	(85,068)
		918,887	893,214

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2008	2007
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	29,091	52,901
Less: Carrying amount of assets sold	34,472	53,750
Gain (Loss) on disposal	(5,381)	(849)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(5,381)	(849)

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 5 - CURRENT ASSETS

	Notes	2008 \$	2007 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		60,300	97,205
Deposits at Call		1,468,596	491,795
Short Term Deposits & Bills, etc		<u>10,000</u>	<u> </u>
		1,538,896	589,000
TRADE & OTHER RECEIVABLES			
Rates - General & Other		112,895	94,725
Accrued Revenues		14,119	907,496
GST Recoupment		41,465	14,932
Prepayments		18,131	16,318
Sundry		<u>70,490</u>	<u>56,800</u>
		257,100	1,090,271
INVENTORIES			
Stores & Materials		36,232	31,266
Real Estate Developments		<u>360,316</u>	<u>360,316</u>
		396,548	391,582

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

Real Estate Developments

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

<i>Residential</i>	<u>360,316</u>	<u>360,316</u>
<i>Total Real Estate for Resale</i>	<u>360,316</u>	<u>360,316</u>
 <i>Represented by:</i>		
<i>Acquisition Costs</i>	<u>360,316</u>	<u>360,316</u>
<i>Total Real Estate for Resale</i>	<u>360,316</u>	<u>360,316</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

	2007				2008			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	1,271,482	-	-	1,271,482	1,271,482	-	-	1,271,482
Land Improvements	-	-	-	-	-	-	-	-
Buildings & Other Structures	2,028,513	-	(112,452)	1,916,061	2,028,513	53,108	(222,720)	1,858,901
Infrastructure	7,588,876	4,174,466	(2,534,334)	9,229,008	7,588,876	6,213,775	(3,241,831)	10,560,820
Plant & Equipment	-	2,676,176	(886,184)	1,789,992	-	2,767,994	(1,061,711)	1,706,283
Furniture & Fittings	-	291,626	(213,470)	78,156	-	319,504	(229,510)	89,994
TOTAL PROPERTY, PLANT & EQUIPMENT	10,888,871	7,142,268	(3,746,440)	14,284,699	10,888,871	9,354,381	(4,755,772)	15,487,480
<i>2007 Totals</i>	10,888,871	5,952,514	(2,811,843)	14,029,542	10,888,871	7,142,268	(3,746,440)	14,284,699
<i>This Note continues on the following pages.</i>								

District Council of Franklin Harbour
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2007	CARRYING AMOUNT MOVEMENTS DURING YEAR				2008
	\$	\$				\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	CARRYING AMOUNT
	New/Upgrade	Renewals				
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT &						
Land	1,271,482	-	-	-	-	1,271,482
Buildings & Other Structures	1,916,061	32,138	20,970	-	(110,268)	1,858,901
Infrastructure	9,229,008	1,973,366	65,943	-	(707,497)	10,560,820
Plant & Equipment	1,789,992	59,848	69,179	(34,472)	(178,264)	1,706,283
Furniture & Fittings	78,156	27,878	-	-	(16,040)	89,994
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	14,284,699	2,093,230	156,092	(34,472)	(1,012,069)	15,487,480
<i>2007 Totals</i>	14,029,542	911,634	375,562	(53,757)	(978,282)	14,284,699
<i>This Note continues on the following pages.</i>						

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost 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 2006 at current replacement cost. Additions are recognised at cost.

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 2004 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 2004 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2004 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 8 - LIABILITIES

	Notes	2008		2007	
		\$	Non-current	\$	Non-current
TRADE & OTHER PAYABLES		Current		Current	
Goods & Services		211,461		53,858	
Accrued expenses - employee entitlements		119,479		124,747	
		<u>330,940</u>	-	<u>178,605</u>	-
BORROWINGS		Current	Non-current	Current	Non-current
Loans		38,455	108,172	50,379	146,627
		<u>38,455</u>	<u>108,172</u>	<u>50,379</u>	<u>146,627</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS		Current	Non-current	Current	Non-current
Employee entitlements (including oncosts)		35,000	96,491	35,000	104,439
		<u>35,000</u>	<u>96,491</u>	<u>35,000</u>	<u>104,439</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/07/2007	Net Increments (Decrements)	Transfers on Sale	30/06/2008
	Notes	\$	\$	\$	\$
Land		963,582			963,582
Buildings & Other Structures		1,927,163			1,927,163
Infrastructure		5,902,790			5,902,790
- Roads, bridges, footpaths					
Total Infrastructure, Property, Plant & Equipment		8,793,535			8,793,535
TOTAL		8,793,535			8,793,535
	2007 Totals	8,793,535			8,793,535
OTHER RESERVES		1/07/2007	Transfers to Reserve	Transfers from Reserve	30/06/2008
NIL					
TOTAL OTHER RESERVES					
	2007 Totals				

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.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

		2008	2007
CASH & FINANCIAL ASSETS	Notes	\$	\$
Unexpended amounts received from State Government		<u>208,608</u>	<u>104,545</u>
		<u>208,608</u>	<u>104,545</u>
RECEIVABLES			
Unexpended grant received from Federal Government		<u>0</u>	<u>900,000</u>
		<u>0</u>	<u>900,000</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>208,608</u>	<u>1,004,545</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

		2008	2007
	Notes	\$	\$
Total cash & equivalent assets	5	1,538,896	589,000
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		1,538,896	589,000

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

Net Surplus (Deficit)		1,230,464	1,335,202
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		918,887	978,282
Net increase (decrease) in unpaid employee benefits		(13,216)	(6,443)
Grants for capital acquisitions treated as Investing Activity		(1,134,791)	(1,354,545)
Net (Gain) Loss on Disposals		5,381	849
		1,006,725	953,345
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		833,171	(49,089)
Net (increase) decrease in inventories		(4,966)	9,217
Net increase (decrease) in trade & other payables		10,429	(21,524)
Net Cash provided by (or used in) operations		1,845,359	891,949

(c) Financing Arrangements

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

Corporate Credit Cards	4,000	4,000
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District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Council Administration	1,657,844	1,445,466	221,410	243,210	1,436,434	1,202,256	674,908	610,620	2,192,544	2,070,853
Public Order and Safety	2,083	102,321	41,199	45,712	(39,116)	56,609		100,000		
Health			3,378	2,941	(3,378)	(2,941)				
Housing and Community Amenities	124,232	96,626	414,938	312,085	(290,706)	(215,459)	9,091	9,090		
Protection of the Environment	25,771	63	25,170	21,006	601	(20,943)	25,700			
Recreation and Culture	23,068	42,685	205,831	202,815	(182,763)	(160,130)				
Mining and Manufacture	12,071	8,549	19,552	15,877	(7,481)	(7,328)				
Transport and Communication	417,349	428,902	1,227,626	1,162,233	(810,277)	(733,331)	1,552,140	1,782,598	15,523,183	14,320,402
Economic Affairs	145	-	10,027	28,036	(9,882)	(28,036)				
Other Purposes	35,335	69,391	27,713	178,582	7,622	(109,191)				
TOTALS	2,297,898	2,194,003	2,196,844	2,212,497	101,054	(18,494)	2,261,839	2,502,308	17,715,727	16,391,255

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

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

Operation and maintenance of Council Chambers, Mayor's Parlour and plant and equipment.
Operation of resources for the efficient administration of Council's functions.

Public Order and Safety

Supervision of various By-laws, fire prevention, dog control, crime prevention and state emergency services.

Health

Food control, immunisation services and contributions to the Health Care Committee.

Housing and Community Amenities

Maintenance of housing rented to tenants, refuse collection services, operation of refuse and recycling depot, administration of town planning, stormwater drainage, public conveniences, cemetery, street lighting, street cleaning and other community development amenities.

Protection of the Environment

Coastal protection, foreshores, boatramp facilities and other environment.

Recreation and Culture

Maintenance of halls, various parks and gardens, reserves, ovals and other sporting facilities, playgrounds, contribution to community library and administration of arts and cultural services.

Mining and Manufacture

Administration of Building Act and the Development Act.

Transport and Communication

Construction and maintenance of roads, drainage works, footpaths, parking facilities and signs.
Management of the aerodrome.

Economic Affairs

Pest control services, tourism, agriculture.

Other purposes

Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<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 7.9% (2007: 0% and 6%). Short term deposits have an average maturity of 24 hours and an average interest rates of 6.8% (2007: 24 hours, 6%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment)</p>	<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 10.25 % (2007: 9.75%) 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>
<p>Receivables - Fees & other charges</p>	<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>
<p>Receivables - other levels of government</p>	<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>
<p>Liabilities - Creditors and Accruals</p>	<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>
<p>Liabilities - Interest Bearing Loans</p>	<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 5.55% and 7.20% (2007: 5.55% and 6.72%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2008	Floating Interest Rate \$	≤ 1 year \$	<u>Fixed interest maturing in</u> > 1 year > 5 years ≤ 5 years \$		Non- interest bearing \$	Total \$
Financial Assets						
Fair Value through P&L						
Cash Assets	1,528,596	10,000			300	1,538,896
Loans & Receivables						
Receivables					224,850	224,850
Total	1,528,596	10,000	-	-	225,150	1,763,746
<i>Weighted Average Interest Rate</i>	<i>6.70%</i>	<i>7.90%</i>				
Financial Liabilities						
Payables					211,461	211,461
Current Borrowings		38,455				38,455
Non-Current Borrowings			108,172		-	108,172
Total	-	38,455	108,172	-	211,461	358,088
<i>Weighted Average Interest Rate</i>		<i>7.00%</i>	<i>7.00%</i>			
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,528,596	(28,455)	(108,172)	-	13,689	1,405,658

2007	Floating Interest Rate \$	≤ 1 year \$	<u>Fixed interest maturing in</u> > 1 year > 5 years ≤ 5 years \$		Non- interest bearing \$	Total \$
Financial Assets						
Fair Value through P&L						
Cash Assets	588,700				300	589,000
Loans & Receivables						
Receivables					166,457	166,457
Total	588,700	-	-	-	166,757	755,457
<i>Weighted Average Interest Rate</i>	<i>6.00%</i>					
Financial Liabilities						
Payables					53,858	53,858
Current Borrowings	-	50,379				50,379
Non-Current Borrowings			146,627		-	146,627
Total	-	50,379	146,627	-	53,858	250,864
<i>Weighted Average Interest Rate</i>		<i>6.80%</i>	<i>6.80%</i>			
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	588,700	(50,379)	(146,627)	-	112,899	504,593

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 13 (cont) - FINANCIAL INSTRUMENTS

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of Council's financial instruments - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either Council incomes or expenditures.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2008 \$	2007 \$
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		<u>4,300</u>	<u>4,300</u>
		<u>4,300</u>	<u>4,300</u>
These expenditures are payable:			
Not later than one year		<u>4,300</u>	<u>4,300</u>
		<u>4,300</u>	<u>4,300</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 15 - FINANCIAL INDICATORS

	2008	2007	2006
<p>These Financial Indicators have been calculated in accordance with <i>Information Paper 9 - Local Government Financial Indicators</i> 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.</p>			
Operating Surplus	101,054	(18,494)	54,257
<p><i>Being the operating surplus (deficit) before capital amounts.</i></p>			
Operating Surplus Ratio			
<u>Operating Surplus</u>	12%	(2%)	7%
<p>Rates - general & other less NRM levy</p> <p><i>This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.</i></p>			
Net Financial Liabilities	(1,186,938)	(1,164,221)	(74,959)
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i></p>			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	-53%	-54%	-3%
<p>Total Operating Revenue less NRM levy</p>			
Interest Cover Ratio			
<u>Net Interest Expense</u>	(2.8%)	(0.9%)	(0.4%)
<p>Total Operating Revenue less NRM levy less Investment Income</p>			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	4%	36%	51%
<p>Depreciation Expense</p> <p><i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i></p>			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u>	75%	78%	82%
<p>Gross value of depreciable assets</p> <p><i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.</i></p>			

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

All Councils in South Australia voluntarily have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2008	2007
	\$	\$
Operating Revenues	2,297,898	2,194,003
<i>less</i> Operating Expenses	(2,196,844)	(2,212,497)
Operating Surplus / (Deficit)	101,054	(18,494)
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	62,910	375,555
<i>less</i> Depreciation, Amortisation and Impairment	(918,887)	(893,214)
<i>less</i> Proceeds from Sale of Replaced Assets	(29,091)	(52,901)
	(885,068)	(570,560)
<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>	1,946,056	911,634
<i>less</i> Amounts received specifically for New and Upgraded Assets	(1,134,791)	(454,545)
	811,265	457,089
Net Lending / (Borrowing) for Financial Year	174,857	94,977

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 17 – SUPERANNUATION

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

The Scheme's accumulation category, Local Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Scheme.

The Scheme's Defined Benefit Plan is a multi-employer sponsored plan. As the Scheme's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable 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 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 20 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

POTENTIAL INSURANCE LOSSES

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

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

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

LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

District Council of Franklin Harbour

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2008

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Bruce Alfred FRANCIS, the person for the time being occupying the position of Chief Executive Officer of The District Council of Franklin Harbour, do hereby state that the Financial Statements of the Council for the year ended 30 June 2008 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.



Bruce Alfred FRANCIS

CHIEF EXECUTIVE OFFICER

Dated this ^{25th} day of ~~August~~ 2008

ADOPTION STATEMENT

Laid before the District Council of Franklin Harbour and adopted on
the ^{27th} day of ~~August~~ NOVEMBER 2008.

Edsel Ernest ELLEWAY

MAYOR



District Council of Franklin Harbour

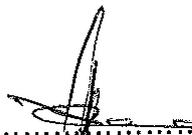
ANNUAL FINANCIAL STATEMENTS

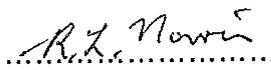
FOR THE YEAR ENDED 30 June 2008

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Franklin Harbour for the year ended 30 June 2008, the Council's Auditor, John D. Ewen & Associates, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

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


.....
Bruce Alfred FRANCIS
CHIEF EXECUTIVE OFFICER


.....
Robert Lloyd NORRIS
PRESIDING MEMBER
AUDIT COMMITTEE

Date:

JOHN D. EWEN & ASSOCIATES

ABN 16 054 953 693

Chartered Accountant

John David Ewen F.C.A.

Level 11, 90 King William Street
Adelaide, SA, 5000

Tel: (08) 8231 2172
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Mobile: 0407 718 404
Email: info@ewen.com.au
www.ewen.com.au

MURRAY BRIDGE OFFICE: By Appointment
127 Swanport Road, Murray Bridge

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF FRANKLIN HARBOUR

We have audited the accompanying Financial Report of the District Council of Franklin Harbour which comprises the balance sheet as at 30 June 2008 and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Chief Executive Officer's declaration as set out on pages 1 – 37.

THE CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY FOR THE FINANCIAL REPORT

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 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

Our responsibility is to express an opinion on the financial report based on my audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S INDEPENDENCE DECLARATION

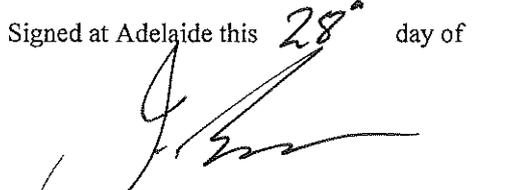
In conducting our audit we have complied with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 1999* and the Australian professional accounting bodies.

AUDIT OPINION

In our opinion the financial report of the District Council of Franklin Harbor is properly drawn up:

- a) To give a true and fair view of :
 - i) the Council's state of affairs as at 30 June 2008 and changes in equity resulting from operations and cashflows for the year ended on that date.
 - ii) the other matters required by the Local Government Act 1999 to be dealt with in the financial statements.
- b) According to the Local Government Act 1999, together with the Local Government Act 1999 (Financial Management) Regulations 1999 made under that Act; and
- c) According to Australian Accounting Standards and mandatory professional reporting requirements.

Signed at Adelaide this 28th day of August 2008



JOHN D EWEN
JOHN D EWEN & ASSOCIATES
CHARTERED ACCOUNTANT

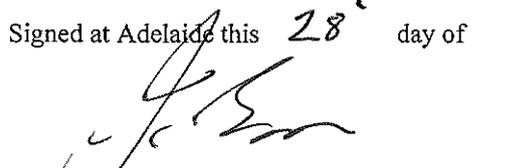
AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration Under Section 16A of the Local Government (Financial Management) Regulations 1999 to The Members of the District Council of Franklin Harbor.

I confirm that, for the audit of the financial statements of the District Council of Franklin Harbor for the year ended 30 June 2008, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.

Signed at Adelaide this 28th day of August 2008



JOHN D EWEN
JOHN D EWEN & ASSOCIATES
CHARTERED ACCOUNTANT