

District Council of Robe

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
1. Council Certificate	2
2. Principal Financial Statements:	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
3. Notes to and forming part of the Principal Financial Statements	7
4. Independent Auditor's Report – Financial Statements	34
5. Independent Auditor's Report – Internal Controls	35
6. Certificates of Audit Independence	
Council Certificate of Audit Independence	36
Audit Certificate of Audit Independence	37

General Purpose Financial Statements
for the year ended 30 June 2021

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Robert Moir
Acting Chief Executive Officer
13 October 2021



Alison Nunan
Mayor
13 October 2021

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	5,556	5,415
Statutory Charges	2b	205	142
User Charges	2c	1,139	1,140
Grants, Subsidies and Contributions	2g	559	581
Investment Income	2d	7	14
Reimbursements	2e	43	55
Other income	2f	216	201
Total Income		7,725	7,548
Expenses			
Employee costs	3a	2,781	2,546
Materials, Contracts and Other Expenses	3b	3,006	2,800
Depreciation, Amortisation and Impairment	3c	2,177	2,183
Finance Costs	3d	1	2
Total Expenses		7,965	7,531
Operating Surplus / (Deficit)		(240)	17
Asset Disposal & Fair Value Adjustments	4	(51)	(96)
Amounts Received Specifically for New or Upgraded Assets	2g	172	20
Net Surplus / (Deficit)		(119)	(59)
Total Comprehensive Income		(119)	(59)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	894	1,017
Trade & Other Receivables	5b	300	378
Inventories	5c	38	38
Total current assets		<u>1,232</u>	<u>1,433</u>
Non-current assets			
Financial Assets	6	9	24
Infrastructure, Property, Plant & Equipment	7a(i)	91,080	91,287
Total non-current assets		<u>91,089</u>	<u>91,311</u>
TOTAL ASSETS		<u>92,321</u>	<u>92,744</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	498	751
Borrowings	8b	12	12
Provisions	8c	531	526
Total Current Liabilities		<u>1,041</u>	<u>1,289</u>
Non-Current Liabilities			
Trade & Other Payables	8a	2,462	2,498
Borrowings	8b	-	12
Provisions	8c	37	45
Total Non-Current Liabilities		<u>2,499</u>	<u>2,555</u>
TOTAL LIABILITIES		<u>3,540</u>	<u>3,844</u>
Net Assets		<u>88,781</u>	<u>88,900</u>
EQUITY			
Accumulated surplus		14,840	15,260
Asset revaluation reserves	9a	72,839	72,839
Other reserves	9b	1,102	801
Total Council Equity		<u>88,781</u>	<u>88,900</u>
Total Equity		<u>88,781</u>	<u>88,900</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

District Council of Robe

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021				
Balance at the end of previous reporting period	15,260	72,839	801	88,900
Net Surplus / (Deficit) for Year	(119)	–	–	(119)
Total comprehensive income	(119)	–	–	(119)
Transfers between Reserves	(301)	–	301	–
Balance at the end of period	14,840	72,839	1,102	88,781
2020				
Balance at the end of previous reporting period	14,532	72,839	1,588	88,959
Net Surplus / (Deficit) for Year	(59)	–	–	(59)
Total comprehensive income	(59)	–	–	(59)
Transfers between Reserves	787	–	(787)	–
Balance at the end of period	15,260	72,839	801	88,900

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Rates		5,539	5,427
Statutory Charges		205	109
User Charges		1,151	1,316
Grants, Subsidies and Contributions (operating purpose)		615	581
Investment Receipts		7	13
Reimbursements		48	55
Other Receipts		796	154
<u>Payments</u>			
Payments to Employees		(2,780)	(2,598)
Payments for Materials, Contracts & Other Expenses		(3,791)	(2,624)
Finance Payments		(1)	(18)
Net cash provided by (or used in) Operating Activities	10b	1,789	2,415
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		172	20
Sale of Replaced Assets		12	128
Sale of Surplus Assets		-	11
Repayments of Loans by Community Groups		15	15
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,338)	(1,724)
Expenditure on New/Upgraded Assets		(695)	(968)
Net cash provided (or used in) Investing activities		(1,834)	(2,518)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Robe Marina deposits		-	8
<u>Payments</u>			
Repayments of Borrowings		(12)	(11)
Repayment of Bonds & Deposits		(66)	-
Net Cash provided by (or used in) Financing Activities		(78)	(3)
Net Increase (Decrease) in Cash Held		(123)	(106)
plus: Cash & Cash Equivalents at beginning of period		1,017	1,123
Cash and cash equivalents held at end of period	10a	894	1,017
Additional Information:			
Total Cash, Cash Equivalents & Investments		894	1,017

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Principal Financial Statements
for the year ended 30 June 2021

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Income	12
3	Expenses	14
4	Asset Disposal & Fair Value Adjustments	15
5	Current Assets	16
6	Non-Current Assets	16
7	Infrastructure, Property, Plant & Equipment & Investment Property	17
8	Liabilities	21
9	Reserves	22
10	Reconciliation to Statement of Cash Flows	23
11(a)	Functions	24
11(b)	Components of Functions	25
12	Financial Instruments	26
13	Capital Expenditure and Investment Property Commitments	29
14	Financial Indicators	30
15	Uniform Presentation of Finances	31
16	Superannuation	32
17	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	32
18	Related Party Transactions	33

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 13 October 2021

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Estimates and assumptions

COVID-19 had no significant impact on Council operations in 2020/21. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

(2) The Local Government Reporting Entity

District Council of Robe is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at Royal Circus, Robe. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

(3) Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$142,638	\$141,164	+ \$1,474
2019/20	\$140,526	\$145,703	- \$5,177
2020/21	\$144,143	\$146,897	- \$2,754

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

(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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

(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.

(6) Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

6.3 Materiality

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

Examples of capitalisation thresholds applied during the year are given below in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

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

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

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

(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 other than grants 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".

(9) Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 0.34% (2020, 0.34%)

Weighted avg. settlement period 1 years (2020, 1 years)

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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 Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

(10) 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.

(11) New accounting standards and UIG interpretations

New and amended standards and interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

Amendments to AASB 16 Covid-19 Related Rent Concessions

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the consolidated financial statements of the Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	4,118	4,016
Less: Mandatory Rebates	(19)	(19)
Less: Discretionary Rebates, Remissions & Write Offs	(130)	(126)
Total General Rates	3,969	3,871
Other Rates (Including Service Charges)		
Natural Resource Management Levy	227	223
Waste Collection	427	412
Community Wastewater Management Systems	913	897
Total Other Rates (Including Service Charges)	1,567	1,532
Other Charges		
Penalties for Late Payment	20	12
Total Other Charges	20	12
Total Rates	5,556	5,415
(b) Statutory Charges		
Development Act Fees	145	96
Health & Septic Tank Inspection Fees	33	22
Animal Registration Fees & Fines	13	15
Other Licences, Fees & Fines	14	9
Total Statutory Charges	205	142
(c) User Charges		
Cemetery/Crematoria Fees	7	5
Aged Home Income	56	54
Hall & Equipment Hire	5	4
Sundry	12	7
Robe Marina	310	337
Childcare Fees	503	490
Garbage Fees	30	46
Caravan Park Fees	143	143
Health Centre Rent	20	10
Boatramp Fees	11	9
Tourism Sales	42	35
Total User Charges	1,139	1,140

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	6	11
- Banks & Other	-	1
- Loans to Community Groups	1	2
Total Investment Income	7	14
(e) Reimbursements		
Private Works	13	11
Income Protection	20	42
Other	10	2
Total Reimbursements	43	55
(f) Other income		
Sundry	73	58
Augmentation Fee	63	47
Boatshow Income	48	47
Childcare Sponsor Fee	23	30
Contribution to Fireworks	-	5
Diesel Fuel Rebate	9	14
Total Other income	216	201
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	172	20
Total Amounts Received Specifically for New or Upgraded Assets	172	20
Untied - Financial Assistance Grant	144	150
Roads to Recovery	109	109
Library and Communications	4	4
Sundry	15	28
Childcare Grant	287	290
Total Other Grants, Subsidies and Contributions	559	581
Total Grants, Subsidies, Contributions	731	601
The functions to which these grants relate are shown in Note 11.		
(i) Sources of grants		
Commonwealth Government	568	399
State Government	163	202
Total	731	601

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		2,415	2,259
Employee Leave Expense		116	107
Superannuation - Defined Contribution Plan Contributions	16	188	154
Superannuation - Defined Benefit Plan Contributions	16	23	39
Workers' Compensation Insurance		76	73
Less: Capitalised and Distributed Costs		(37)	(86)
Total Operating Employee Costs		2,781	2,546
Total Number of Employees (full time equivalent at end of reporting period)		26	27
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		20	18
Bad and Doubtful Debts		(4)	1
Elected Members' Expenses		81	77
Election Expenses		1	13
Subtotal - Prescribed Expenses		98	109
(ii) Other Materials, Contracts and Expenses			
Maintenance		906	823
Legal Expenses		68	54
Levies Paid to Government - NRM levy		228	224
Professional Services		298	328
Sundry		488	266
Robe Marina		154	173
Fuels & Oils		61	88
Garbage Collection and Disposal		596	562
Childcare Expenses		109	173
Subtotal - Other Material, Contracts & Expenses		2,908	2,691
Total Materials, Contracts and Other Expenses		3,006	2,800

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings & Other Structures	365	363
Infrastructure		
- Stormwater Drainage	26	26
- Roads	1,269	1,282
- Bridges	3	3
- Footways	26	25
- Marina Development	108	91
- Common Effluent	174	161
Plant, Machinery & Equipment	196	209
Furniture & Fittings	10	21
Other Community Assets	-	2
Subtotal	2,177	2,183
Total Depreciation, Amortisation and Impairment	2,177	2,183

(d) Finance Costs

Interest on Loans	1	2
Total Finance Costs	1	2

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	12	128
Less: Carrying Amount of Assets Sold	(63)	(224)
Gain (Loss) on Disposal	(51)	(96)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	-	11
Less: Carrying Amount of Assets Sold	-	(11)
Gain (Loss) on Disposal	-	-
Net Gain (Loss) on Disposal or Revaluation of Assets	(51)	(96)

Notes to the Financial Statements
for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	521	33
Deposits at Call	373	984
Total Cash & Cash Equivalent Assets	894	1,017

(b) Trade & Other Receivables

Rates - General & Other	241	224
Accrued Revenues	2	2
Debtors - General	55	158
Loans to Community Organisations	15	15
Subtotal	313	399
Less: Allowance for Doubtful Debts	(13)	(21)
Total Trade & Other Receivables	300	378

(c) Inventories

Stores & Materials	38	38
Total Inventories	38	38

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

Note 6. Non-Current Assets

\$ '000	2021	2020
Financial Assets		
Receivables		
Loans to Community Organisations	9	24
Subtotal	9	24
Total Receivables	9	24
Total Financial Assets	9	24

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property

(a(i)) Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/06/20				Asset movements during the reporting period						as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000															
Land - Community	3	21,317	–	–	21,317	–	–	–	–	–	–	21,317	–	–	21,317
Land - Other	2	3,832	–	–	3,832	–	–	–	–	–	–	3,832	–	–	3,832
Buildings & Other Structures	2	9,408	1,270	(4,471)	6,207	18	71	2	(234)	–	–	9,329	1,360	(4,628)	6,061
Buildings & Other Structures	3	6,386	286	(3,450)	3,222	150	–	–	(131)	–	–	6,386	436	(3,581)	3,241
Infrastructure															
- Stormwater Drainage	3	2,262	95	(1,571)	786	119	–	–	(26)	–	–	2,262	215	(1,598)	879
- Roads	3	75,279	2,175	(33,274)	44,180	134	836	46	(1,269)	–	–	74,881	3,145	(34,191)	43,835
- Bridges	3	134	–	(23)	111	–	–	–	(3)	–	–	134	–	(26)	108
- Footways	3	1,010	16	(327)	699	–	–	–	(26)	–	–	1,010	16	(353)	673
- Marina Development	3	3,806	21	(559)	3,268	–	154	2	(108)	–	–	3,804	175	(667)	3,312
- Common Effluent	3	10,059	1,934	(5,828)	6,165	254	–	–	(174)	–	–	10,059	2,188	(6,002)	6,245
Plant, Machinery & Equipment		–	3,137	(1,806)	1,331	–	259	15	(196)	–	–	–	3,366	(1,987)	1,379
Furniture & Fittings		–	126	(94)	32	20	19	–	(10)	–	–	–	165	(104)	61
Library Stock		–	243	(242)	1	–	–	–	–	–	–	–	243	(242)	1
Other Community Assets		–	175	(39)	136	–	–	–	–	–	–	–	175	(39)	136
Total Infrastructure, Property, Plant & Equipment		133,493	9,478	(51,684)	91,287	695	1,339	65	(2,177)	–	–	133,014	11,484	(53,418)	91,080
Comparatives		134,229	7,600	(50,816)	91,013	968	1,724	(235)	(2,183)	–	–	133,493	9,478	(51,684)	91,287

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

	\$
Office Furniture & Equipment	1,000
Other Plant & Equipment	1,000
Buildings - new construction/extensions	1,000
Park & Playground Furniture & Equipment	1,000
Road construction & reconstruction	1,000
Paving & Footpaths, Kerb & Gutter	1,000
Drains & Culverts	1,000
Reticulation Extensions	1,000

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment

Office Equipment	3 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equipment	3 to 8 years
Other Plant & Equipment	5 to 20 years

Building & Other Structures

Buildings - masonry	15 to 100 years
Buildings - other construction	15 to 50 years
Park Structures - masonry	30 to 100 years
Park Structures - other construction	30 to 80 years
Playground Equipment	15 years
Benches, Seats, etc	10 to 25 years

Infrastructure

Sealed Roads - Surface	20 to 100 years
Sealed Roads - Structure	100 to 400 years
Unsealed Roads	20 to 100 years
Bridges - Concrete	50 to 60 years
Paving & Footpaths, Kerb & Gutter	20 to 400 years
Drains	3 to 90 years
Culverts	50 to 400 years
Bores	80 years
Reticulation Pipes - PVC	70 to 80 years
Reticulation Pipes - Other	50 to 60 years
Pumps & Telemetry	20 years

Other Assets

Library Books	4 to 20 years
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Land & Land Improvements

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

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.

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2018 by Mitch Ekonomopoulos AAPI of AssetVal Pty Ltd.

Infrastructure

Transportation assets were valued as at 1 July 2018 by Mitch Ekonomopoulos AAPI of AssetVal Pty Ltd. at depreciated current replacement cost based on actual costs incurred during the reporting period ended 30 June 2017 and 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by 1 July 2018 by Mitch Ekonomopoulos AAPI of AssetVal Pty Ltd. at depreciated current replacement cost based on actual costs incurred during the reporting period ended 30 June 2017 and 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Notes to the Financial Statements for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property (continued)

Community wastewater management system infrastructure was valued as at 1 July 2018 by Mitch Ekonomopoulos AAPI of AssetVal Pty Ltd. at depreciated current replacement cost based on actual costs incurred during the reporting period ended 30 June 2017 and 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Marina development infrastructure was valued as at 1 July 2018 by Mitch Ekonomopoulos AAPI of AssetVal Pty Ltd. at depreciated current replacement cost based on actual costs incurred during the reporting period ended 30 June 2017 and 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant & Equipment

These assets are recognised on the cost basis.

All other Assets

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables				
Goods & Services	222	-	334	-
Payments Received in Advance	149	-	55	-
Accrued Expenses - Employee Entitlements	39	-	28	-
Accrued Expenses - Other	13	-	187	-
Deposits, Retentions & Bonds	34	-	100	-
Premiums Received in Advance Marina	41	2,462	47	2,498
<u>TOTAL Trade and Other Payables</u>	<u>498</u>	<u>2,462</u>	<u>751</u>	<u>2,498</u>

(b) Borrowings

Loans	12	-	12	12
<u>TOTAL Borrowings</u>	<u>12</u>	<u>-</u>	<u>12</u>	<u>12</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	531	37	526	45
<u>TOTAL Provisions</u>	<u>531</u>	<u>37</u>	<u>526</u>	<u>45</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

\$ '000	as at 30/06/20				as at 30/06/21
	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	21,115	—	—	—	21,115
Buildings & Other Structures	5,838	—	—	—	5,838
Infrastructure	41,822	—	—	—	41,822
Plant, Machinery & Equipment	4,064	—	—	—	4,064
Total Asset Revaluation Reserve	72,839	—	—	—	72,839
Comparatives	72,839	—	—	—	72,839

\$ '000	as at 30/06/20				as at 30/06/21
	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
CED Maintenance Reserve	541	289	—	—	830
Contribution Reserve	34	—	—	—	34
Childcare Reserve	225	12	—	—	237
Road Safety Group Reserve	1	—	—	—	1
Total Other Reserves	801	301	—	—	1,102
Comparatives	1,588	1,747	(2,534)	—	801

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

CED Maintenance Reserve

CED Maintenance Reserve is for future asset replacement and capital maintenance

Contribution Reserve

Contribution Reserve is open space monies required under legislation to be held in reserve

Childcare Reserve

Childcare Reserve is for the future requirements for asset replacement and Employee benefits

Road Safety Group

Road Safety Group is money transferred upon the wind up of the Robe Road Safety Group for the purposes of Road Safety in Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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(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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Total Cash & Equivalent Assets	5	894	1,017
Balances per Statement of Cash Flows		894	1,017

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

Net Surplus/(Deficit)		(119)	(59)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		2,177	2,183
Grants for capital acquisitions treated as Investing Activity		(172)	(20)
Net (Gain) Loss on Disposals		51	96
		1,937	2,200
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		86	131
Change in Allowances for Under-Recovery of Receivables		8	(7)
Net (Increase)/Decrease in Inventories		-	41
Net (Increase)/Decrease in Other Assets		(16)	-
Net Increase/(Decrease) in Trade & Other Payables		(223)	126
Net Increase/(Decrease) in Unpaid Employee Benefits		(3)	(76)
Net Cash provided by (or used in) operations		1,789	2,415

(c) Financing Arrangements

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

Corporate Credit Cards	20	12
LGFA Cash Advance Debenture Facility	1,950	1,150

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

Notes to the Financial Statements
for the year ended 30 June 2021

Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 11(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$ '000										
Functions/Activities										
Administration	5,660	5,539	1,932	1,966	3,728	3,573	14	32	2,829	2,842
Public Order & Safety	21	19	89	78	(68)	(59)	-	-	5	5
Health	53	32	111	82	(58)	(50)	-	-	13	13
Social Security & Welfare	870	835	850	830	20	5	287	290	584	587
Housing & Community Amenities	109	113	1,294	1,191	(1,185)	(1,078)	-	-	4,090	4,109
Protection of the Environment	-	26	30	91	(30)	(65)	-	26	566	569
Sports & Recreation	31	23	720	669	(689)	(646)	19	4	18,124	18,207
Mining Manufacturing & Construction	145	98	231	169	(86)	(71)	-	-	-	-
Transport & Communication	251	238	1,900	1,779	(1,649)	(1,541)	239	229	52,988	53,231
Economic Affairs	544	559	597	563	(53)	(4)	-	-	10,814	10,864
Other Purposes NEC	41	66	211	113	(170)	(47)	-	-	2,308	2,317
Total Functions/Activities	7,725	7,548	7,965	7,531	(240)	17	559	581	92,321	92,744

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11(b). Components of Functions

The activities relating to Council functions are as follows:

Administration

General and office operations not attributable to another specific activity, rates and elected members expenses.

Public Order & Safety

Supervision of various by-laws, fire prevention and animal control.

Health

Food control, operation of community health programs and health centre.

Social Security & Welfare

Childcare, aged services, youth services, community welfare and aged homes.

Housing & Community Amenities

Rubbish collection services, operation of tip, effluent drainage, public toilets, street cleaning and lighting, town planning and maintenance of cemeteries.

Protection of the Environment

Foreshore protection, beach patrol, coast and marine.

Sports & Recreation

Maintenance of halls, library operations, national estates, parks and gardens, recreation and sporting venues.

Mining Manufacturing & Construction

Development act requirements, quarry operations.

Transport & Communication

Construction and maintenance of roads, bridges, footpaths, parking and signs and stormwater drainage.

Economic Affairs

Land development activities, caravan park operations, off-street parking, tourism, robe marina.

Other Purposes NEC

Public depot transactions, plant and machinery operations, depot expenses, vandalism costs and private works.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Financial Instruments

Recognised Financial Instruments**Bank, Deposits at Call, Short Term Deposits****Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning interest rates between 0.30% and 0.45% (2020: 0.25% and 1.25%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.55% (2020: 0.55%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals**Accounting Policy:**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable by 2 instalments per year in December and June; interest is charged at fixed rates of 5.05% (2020: 2.2% and 5.05%).

Carrying Amount:

Approximates fair value.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	894	–	–	894	894
Receivables	308	9	–	317	309
Total Financial Assets	1,202	9	–	1,211	1,203
Financial Liabilities					
Payables	2,908	–	–	2,908	2,908
Current Borrowings	12	–	–	12	12
Total Financial Liabilities	2,920	–	–	2,920	2,920
2020					
Cash & Cash Equivalents	1,017	–	–	1,017	1,017
Receivables	380	25	–	405	402
Total Financial Assets	1,397	25	–	1,422	1,419
Financial Liabilities					
Payables	3,034	–	–	3,034	3,034
Current Borrowings	13	–	–	13	12
Non-Current Borrowings	–	13	–	13	12
Total Financial Liabilities	3,047	13	–	3,060	3,058

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.05%	12	5.05%	24
		12		24

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.

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Financial Instruments (continued)

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 impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 13. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Community waste water management scheme	–	213
Dredging	–	120
Stormwater	–	130
	<u>–</u>	<u>463</u>
These expenditures are payable:		
Not later than one year	–	463
	<u>–</u>	<u>463</u>
(b) Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:		
Cleaning Contracts	68	–
Employment Contracts	378	327
Waste Contracts	493	432
Auditor	68	–
	<u>1,007</u>	<u>759</u>
These expenditures are payable:		
Not later than one year	921	714
Later than one year and not later than 5 years	86	45
	<u>1,007</u>	<u>759</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
<p><i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i></p>			
1. Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(3.1)%	0.2%	5.0%
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	30%	32%	28%
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i></p>			
Adjustments to Ratios			
<p><i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i></p>			
Adjusted Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(4.2)%	0.1%	4.0%
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	31%	33%	31%
3. Asset Renewal Funding Ratio			
Net Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	51%	57%	79%
<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>			

District Council of Robe

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Uniform Presentation of Finances

\$ '000	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	7,725	7,548
less Expenses	(7,965)	(7,531)
Operating Surplus / (Deficit)	(240)	17
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(1,338)	(1,724)
add back Depreciation, Amortisation and Impairment	2,177	2,183
add back Proceeds from Sale of Replaced Assets	12	128
	851	587
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(695)	(968)
add back Amounts Received Specifically for New and Upgraded Assets	172	20
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	-	11
	(523)	(937)
Net Lending / (Borrowing) for Financial Year	88	(333)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019/20) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Note 17. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 14 persons were paid the following total compensation.

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Salaries, allowances & other short term benefits	872	778
Termination Benefits	214	212
Total	1,086	990

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	4	3
Total	4	3

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

An Employee and an Elected Member were members of the Robe Netball Club and another employee was a member of the Junior Football Club. In accordance with the Local Government Act 1999, these persons declared a conflict of interest and took no part in discussions relating to matters of the Netball Club and the Junior Football Club.

Key Management Personnel (KMPs) and relatives of KMPs own retail businesses from which various supplies and services were purchased as required either for cash or on a 30-day account. One Councillor is a director in a company providing CWMS capital works to Council. Total purchases amounted to \$1,313,888 during the year. Additionally, the partner of another KMP has a family business that provides earthmoving works to Council. Total purchases amounted to \$49,150 during the year.

These contracts were awarded through a competitive tender process and the KMPs declared a conflict of interest where required and were not involved in decisions related to the award of these contracts.

KMPs, Councillors, or their close family members (including related parties) lodged a total of eight planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications. Total fees for these applications (all of which are payable on lodgement) amounted to \$3,634.

One close family member of a Council is employed by Council in accordance with the terms of the Award and as recorded in the Public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

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Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
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under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of the District Council of Robe

Opinion

We have audited the accompanying financial report of the District Council of Robe, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the District Council of Robe.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

Council 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 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



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Partner

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INDEPENDENT AUDITOR'S REPORT

To the Members of the District Council of Robe

Independent Assurance report on the Internal Controls of the District Council of Robe

Opinion

We have audited the compliance of the District Council of Robe with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, the District Council of Robe has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021 .

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021 . ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021 . ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Luke Williams CA, CPA, Registered Company Auditor
Partner

26 / 10 / 2021

General Purpose Financial Statements

for the year ended 30 June 2021

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 Robe for the year ended 30 June 2021, the Council's Auditor, Galpins Accountants, Auditors and Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Robert Moir
Acting Chief Executive Officer

Date:13 October 2021



Deane Nankivell
Presiding Member, Audit Committee

General Purpose Financial Statements
for the year ended 30 June 2021

Statement by Auditor

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Luke Williams

**Galpins Accountants, Auditors and Business
Consultants**

Date: 13 October 2021