

# DISTRICT COUNCIL OF ROBE

## General Purpose Financial Reports for the year ended 30 June 2012

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# DISTRICT COUNCIL OF ROBE

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

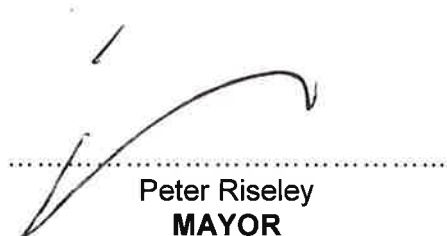
### CERTIFICATION OF FINANCIAL STATEMENTS

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 2012 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.



.....  
Roger Sweetman  
**CHIEF EXECUTIVE OFFICER**



.....  
Peter Riseley  
**MAYOR**

Date:

## DISTRICT COUNCIL OF ROBE

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>INCOME</b>			
Rates	2	4,109	3,864
Statutory charges	2	78	67
User charges	2	619	634
Grants, subsidies and contributions	2	744	713
Investment income	2	103	83
Reimbursements	2	76	65
Other income	2	176	164
<b>Total Income</b>		<u>5,905</u>	<u>5,590</u>
<b>EXPENSES</b>			
Employee costs	3	1,619	1,596
Materials, contracts & other expenses	3	2,063	1,608
Depreciation, amortisation & impairment	3	1,681	1,695
Finance costs	3	113	162
<b>Total Expenses</b>		<u>5,476</u>	<u>5,061</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>429</b>	<b>529</b>
Asset disposal & fair value adjustments	4	(14)	81
Amounts received specifically for new or upgraded assets	2	936	27
<b>NET SURPLUS / (DEFICIT)</b>		<u>1,351</u>	<u>637</u>
transferred to Equity Statement			
Other Comprehensive Income		<u>          </u>	<u>          </u>
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,351</u>	<u>637</u>

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

## DISTRICT COUNCIL OF ROBE

### BALANCE SHEET as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	715	609
Trade & other receivables	5	399	286
Inventories	5	272	193
<b>Total Current Assets</b>		<u>1,386</u>	<u>1,088</u>
<b>Non-current Assets</b>			
Financial Assets	6	137	79
Infrastructure, Property, Plant & Equipment	7	95,035	93,888
<b>Total Non-current Assets</b>		<u>95,172</u>	<u>93,967</u>
<b>Total Assets</b>		<u>96,558</u>	<u>95,055</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	3,678	3,220
Borrowings	8	212	219
Provisions	8	363	446
<b>Total Current Liabilities</b>		<u>4,253</u>	<u>3,885</u>
<b>Non-current Liabilities</b>			
Borrowings	8	391	606
Provisions	8	28	29
<b>Total Non-current Liabilities</b>		<u>419</u>	<u>635</u>
<b>Total Liabilities</b>		<u>4,672</u>	<u>4,520</u>
<b>NET ASSETS</b>		<u>91,886</u>	<u>90,535</u>
<b>EQUITY</b>			
Accumulated Surplus		10,701	8,622
Asset Revaluation Reserves	9	79,637	79,637
Other Reserves	9	1,548	2,276
<b>TOTAL EQUITY</b>		<u>91,886</u>	<u>90,535</u>

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

# DISTRICT COUNCIL OF ROBE

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

2012	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		8,622	79,637	2,276	90,535
Restated opening balance		8,622	79,637	2,276	90,535
<b>Net Surplus / (Deficit) for Year</b>		1,351			1,351
<b>Other Comprehensive Income</b>					
Transfers between reserves		728		(728)	-
<b>Balance at end of period</b>		10,701	79,637	1,548	91,886
2011					
Balance at end of previous reporting period		8,390	79,637	1,871	89,898
Restated opening balance		8,390	79,637	1,871	89,898
<b>Net Surplus / (Deficit) for Year</b>		637			637
<b>Other Comprehensive Income</b>					
Transfers between reserves		(405)		405	-
<b>Balance at end of period</b>		8,622	79,637	2,276	90,535

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

# DISTRICT COUNCIL OF ROBE

## CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		4,098	3,884
Fees & other charges		84	72
User charges		584	588
Investment receipts		101	79
Grants utilised for operating purposes		800	766
Reimbursements		84	72
Other revenues		756	346
<u>Payments</u>			
Employee Costs		(1,645)	(1,521)
Materials, contracts & other expenses		(2,900)	(1,873)
Finance payments		338	(181)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,300</b>	<b>2,232</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		936	27
Sale of replaced assets		319	81
Sale of surplus assets		-	104
Sale of real estate developments		-	375
Repayments of loans by community groups		18	17
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,136)	(890)
Expenditure on new/upgraded assets		(2,025)	(656)
Loans made to community groups		(80)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(1,968)</b>	<b>(942)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
Premiums received in advance (Marina)		-	693
<u>Payments</u>			
Repayments of Borrowings		(222)	(1,557)
Repayment of Premiums Received in Advance (Marina)		(4)	(130)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(226)</b>	<b>(994)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>106</b>	<b>296</b>
Cash & cash equivalents at beginning of period	10	<b>609</b>	<b>313</b>
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>715</b>	<b>609</b>

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

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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 Accounting Standards

This general purpose financial report has been prepared 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.

##### 1.2 Historical Cost Convention

Except as 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 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 this Note.

##### 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 SA Local Government Act 1999 and has its principal place of business at 1 Royal Circus Robe. These 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.

#### 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.

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### 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 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.

##### 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 Initial Recognition

All assets are initially recognised at cost.

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.

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



## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### Note 1 - Significant Accounting Policies (cont)

##### 6.2 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	\$1,000
Park & Playground Furniture & Equipment	\$1,000
Road construction & reconstruction	\$1,000
Paving & footpaths, Kerb & Gutter	\$1,000
Drains & Culverts	\$1,000

##### 6.3 Subsequent Recognition

All material 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 7.

##### 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 on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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	3 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### 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.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

#### 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.

Weighted average discount rate	2.87% (2011, 4.96%)
Weighted average settlement period	1 years (2011, 1 years)

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.

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### Note 1 - Significant Accounting Policies (cont)

##### 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. 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 15.

##### 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 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*

(Standards not affecting local government have been excluded from the above list.)

*Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.*

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 2 - INCOME

	Notes	2012 \$'000	2011 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		3,024	2,821
Less: Discretionary rebates, remissions & write offs		(31)	(19)
		2,993	2,802
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		81	76
Waste collection		315	296
Community wastewater management systems		709	678
		1,105	1,050
<u>Other Charges</u>			
Penalties for late payment		11	12
		11	12
		4,109	3,864
<b>STATUTORY CHARGES</b>			
Development Act fees		59	49
Health & Septic Tank Inspection fees		7	6
Animal registration fees & fines		8	8
Other licences, fees, & fines		4	4
		78	67
<b>USER CHARGES</b>			
Cemetery/crematoria fees		9	4
Lake Butler / Robe Marina		316	298
Caravan Park Fees		59	60
Hall & equipment hire		7	9
Childcare Fees		114	100
Sundry		114	163
		619	634
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		95	74
Banks & other		8	9
		103	83
<b>REIMBURSEMENTS</b>			
- for private works		27	20
- other		49	45
		76	65
<b>OTHER INCOME</b>			
Sundry		176	164
		176	164

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### NOTE 2 - INCOME (continued)

	Notes	2012 \$'000	2011 \$'000
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		936	27
Other grants, subsidies and contributions		667	676
Individually significant item - additional Grants Commission payment	see below	77	37
		<b>1,680</b>	<b>740</b>

The functions to which these grants relate are shown in Note 11.

#### Sources of grants

Commonwealth government		1,428	532
State government		252	208
Other		0	0
		<b>1,680</b>	<b>740</b>

#### Individually Significant Item

On 28 June 2011, Council received payment of the first instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.

		77	37
--	--	----	----

This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.

#### Conditions over grants & contributions

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:

Unexpended at the close of the previous reporting period		-	114
Less: expended during the current period from revenues recognised in previous reporting periods			
Sport and Recreation		-	(114)
Subtotal		-	(114)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Sport and Recreation		-	-
Subtotal		-	-
Unexpended at the close of this reporting period		-	-
Net increase (decrease) in assets subject to conditions in the current reporting period		-	(114)

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 3 - EXPENSES

	Notes	2012 \$'000	2011 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,421	1,444
Employee leave expense		70	68
Superannuation - defined contribution plan contributions	15	125	123
Workers' Compensation Insurance		68	72
Less: Capitalised and distributed costs		(65)	(111)
<b>Total Operating Employee Costs</b>		<b>1,619</b>	<b>1,596</b>
<b>Total Number of Employees</b>		<b>25</b>	<b>25</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8	16
- Other Services		-	-
Bad and Doubtful Debts		14	4
Elected members' expenses		67	51
Election expenses		-	9
Subtotal - Prescribed Expenses		<b>89</b>	<b>80</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Maintenance		604	462
Lake Butler / Robe Marina		156	125
Levies paid to government - NRM levy		80	77
Garbage Collection and Disposal		324	129
Childcare Expenses		120	147
Professional services		316	164
Sundry		374	424
Subtotal - Other Materials, Contracts & Expenses		<b>1,974</b>	<b>1,528</b>
		<b>2,063</b>	<b>1,608</b>
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		221	209
Infrastructure		1,160	1,143
Plant & Equipment		230	268
Furniture & Fittings		39	40
Other Assets		31	35
		<b>1,681</b>	<b>1,695</b>
<b>FINANCE COSTS</b>			
Interest on Loans		113	162
		<b>113</b>	<b>162</b>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2012 \$'000	2011 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i><b>Assets renewed or directly replaced</b></i>			
Proceeds from disposal		243	81
Less: Carrying amount of assets sold		<u>257</u>	<u>113</u>
<b>Gain (Loss) on disposal</b>		<u>(14)</u>	<u>(32)</u>
 <i><b>Assets surplus to requirements</b></i>			
Proceeds from disposal		-	104
Less: Carrying amount of assets sold		<u>-</u>	<u>135</u>
<b>Gain (Loss) on disposal</b>		<u>-</u>	<u>(31)</u>
 <b>REAL ESTATE DEVELOPMENT ASSETS</b>			
Proceeds from disposal		-	375
Less: Carrying amount of assets sold		<u>-</u>	<u>231</u>
<b>Gain (Loss) on disposal</b>		<u>-</u>	<u>144</u>
 <b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>			
		<u>(14)</u>	<u>81</u>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 5 - CURRENT ASSETS

	Notes	2012 \$'000	2011 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		<u>715</u>	<u>609</u>
		<u>715</u>	<u>609</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		141	130
Council Rates Postponement Scheme		-	-
Accrued Revenues		6	4
Debtors - general		228	143
Prepayments		3	2
Loans to community organisations		21	17
Total		<u>399</u>	<u>296</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>10</u>
		<u>399</u>	<u>286</u>
<b>INVENTORIES</b>			
Stores & Materials		114	35
Real Estate Developments	6	<u>158</u>	<u>158</u>
		<u>272</u>	<u>193</u>

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



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2012 \$'000	2011 \$'000
<b>Receivables</b>			
Loans to community organisations		137	79
<b>TOTAL FINANCIAL ASSETS</b>		<b>137</b>	<b>79</b>
 <b>OTHER NON-CURRENT ASSETS</b>			
<b>Inventories</b>			
Real Estate Developments		-	-
		-	-
 <b>Real Estate Developments - Current &amp; Non-Current</b> <i>(Valued at the lower of cost and net realisable value)</i>			
Industrial & Commercial		158	158
<b>Total Real Estate for Resale</b>		<b>158</b>	<b>158</b>
 <i>Represented by:</i>			
Development Costs		158	158
<b>Total Real Estate for Resale</b>		<b>158</b>	<b>158</b>
 <b>Apportionment of Real Estate Developments</b>			
Current Assets		158	158
Non-Current Assets		-	-
		158	158

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$'000			2012 \$'000				
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	20,110	-	-	20,110	20,110	-	-	20,110
Buildings & Other Structures	14,592	777	(4,992)	10,377	14,595	(5,213)	(5,213)	10,408
Infrastructure	84,988	2,131	(25,602)	61,517	84,988	(26,605)	(26,605)	62,973
Marina WIP	-	146	-	146	-	-	-	70
Plant & Equipment	1,186	851	(458)	1,579	1,186	(517)	(517)	1,372
Furniture & Fittings	351	25	(252)	124	351	(291)	(291)	98
Other Community Assets	239	4	(208)	35	239	(239)	(239)	4
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>121,466</b>	<b>3,934</b>	<b>(31,512)</b>	<b>93,888</b>	<b>121,469</b>	<b>(32,865)</b>	<b>(32,865)</b>	<b>95,035</b>
<b>Comparatives</b>	<b>121,601</b>	<b>2,529</b>	<b>(29,845)</b>	<b>94,285</b>	<b>121,466</b>	<b>(31,512)</b>	<b>(31,512)</b>	<b>93,888</b>

*This Note continues on the following pages.*

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2012 CARRYING AMOUNT \$'000
		Additions		Disposals	Depreciation	Net Revaluation		
		New/Upgrade	Renewals					
Land	20,110	-	-	-	-	-	20,110	
Buildings & Other Structures	10,377	83	169	-	(221)	-	10,408	
Infrastructure	61,517	1,927	689	-	(1,160)	-	62,973	
Marina WIP	146	-	-	(76)	-	-	70	
Plant & Equipment	1,579	6	274	(257)	(230)	-	1,372	
Furniture & Fittings	124	9	4	-	(39)	-	98	
Other Community Assets	35	-	-	-	(31)	-	4	
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>93,888</b>	<b>2,025</b>	<b>1,136</b>	<b>(333)</b>	<b>(1,681)</b>	<b>-</b>	<b>95,035</b>	
<b>Comparatives</b>	<b>94,285</b>	<b>656</b>	<b>890</b>	<b>(248)</b>	<b>(1,695)</b>	<b>-</b>	<b>93,888</b>	

*This Note continues on the following pages.*

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

#### **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.

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 2007 at current replacement cost. Additions are recognised at cost.

#### **Buildings & Other Structures**

Pursuant to Council's election, buildings and other structures are recognised at written down current replacement cost originally deriving from a valuation at 30 June 2009 by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers. Additions are recognised at cost.

#### **Infrastructure**

Transportation assets were valued by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers at written down current replacement cost during the reporting period ended 30 June 2009 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 Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers as at 30 June 2009 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2009 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers at written down current replacement cost during the reporting period ended 30 June 2009 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

#### **Plant, Furniture & Equipment**

Pursuant to Council's election, Plant, Furniture & Equipment are recognised at written down current replacement cost originally deriving from a valuation at 30 June 2009 by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers. Additions are recognised at cost.

#### **All other assets**

Pursuant to Council's election, these assets are recognised at written down current replacement cost originally deriving from a valuation at 30 June 2009 by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers. Additions are recognised at cost.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 8 - LIABILITIES

	Notes	2012 \$'000		2011 \$'000	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		380		335	
Payments received in advance		18	-	22	-
Accrued expenses - employee entitlements		33	-	51	-
Accrued expenses - other		482	-	31	-
Premiums Received in Advance (Marina)		2,748	-	2,752	-
Deposits, Retentions & Bonds		17	-	29	-
		<u>3,678</u>	<u>-</u>	<u>3,220</u>	<u>-</u>
<b>BORROWINGS</b>					
Loans		212	391	219	606
		<u>212</u>	<u>391</u>	<u>219</u>	<u>606</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		293	28	300	29
Marina Completion		70	-	146	-
		<u>363</u>	<u>28</u>	<u>446</u>	<u>29</u>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
Notes	\$'000	\$'000	\$'000	\$'000
Land	15,761	-	-	15,761
Buildings & Other Structures	8,330	-	-	8,330
Infrastructure	51,482	-	-	51,482
Plant & Equipment	4,064	-	-	4,064
<b>TOTAL</b>	<b>79,637</b>			<b>79,637</b>
<i>Comparatives</i>	<u>79,637</u>	<u>-</u>	<u>-</u>	<u>79,637</u>

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Trust Reserve	32	1	(3)	30
CED Maintenance	922	1,472	(2,150)	244
CWMS Maintenance	433	24	-	457
Contribution Reserve	27	2	-	29
Garbage Reserve	319	316	(347)	288
Childcare Reserve	543	595	(638)	500
<b>TOTAL OTHER RESERVES</b>	<b>2,276</b>	<b>2,410</b>	<b>(3,138)</b>	<b>1,548</b>
<i>Comparatives</i>	<u>1,871</u>	<u>1,574</u>	<u>(1,169)</u>	<u>2,276</u>

#### **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

##### **Trust Funds Reserve**

Trust Funds Reserve is for the development of Parks through a bequest, Sporting monies and CWA monies are also

##### **CED Maintenance Reserve**

CED Maintenance Reserve is for future asset replacement and capital maintenance. This reserve will be spent in 2011/12 on the upgrade of the CWMS.

##### **CWMS Maintenance Reserve**

CWMS Maintenance Reserve is for future asset replacement and capital maintenance. This reserve will be spent in 2011/12 on the upgrade of the CWMS.

##### **Contribution Reserve**

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

##### **Garbage Reserve**

Garbage Reserve is for future asset replacement, this reserve will be spent in 2012/13 on the construction of the new resource recovery facility.

##### **Childcare Reserve**

Childcare Reserve is for the future requirements for Asset Replacement and Employee Benefits.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 10 - 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 Balance Sheet as follows:

	Notes	2012 \$'000	2011 \$'000
Total cash & equivalent assets	5	<u>715</u>	<u>609</u>
Balances per Cash Flow Statement		<u>715</u>	<u>609</u>

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

Net Surplus (Deficit)	1,351	637
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,681	1,695
Net increase (decrease) in unpaid employee benefits	(26)	49
Change in allowances for under-recovery	(10)	1
Grants for capital acquisitions treated as Investing Activity	(936)	(27)
Net (Gain) Loss on Disposals	14	(81)
	<u>2,074</u>	<u>2,274</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(99)	(48)
Net (increase) decrease in inventories	(79)	36
Net increase (decrease) in trade & other payables	480	(30)
Net increase (decrease) in other provisions	(76)	-
<b>Net Cash provided by (or used in) operations</b>	<u>2,300</u>	<u>2,232</u>

**(c) Financing Arrangements**

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

Bank Overdrafts	300	300
Corporate Credit Cards	12	11
LGFA Cash Advance Debenture facility	6,789	5,969

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

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

#### Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES											
INCOME	EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)				
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2012	2011	2012	2011			
2012	2011	2012	2011	2012	2011	\$'000	\$'000	\$'000	\$'000		
<b>4,404</b>	4,066	985	991	3,419	3,075	100	31	2,880	2,835		
9	10	55	45	(46)	(35)		-	5	5		
16	14	53	50	(37)	(36)		-	13	13		
637	619	642	612	(5)	7	480	472	588	579		
34	62	739	541	(705)	(479)		-	4,123	4,059		
8	27	18	10	(10)	17	7	27	571	562		
37	64	557	419	(520)	(355)	5	5	18,268	17,984		
59	60	195	172	(136)	(112)		-	-	-		
189	198	1,421	1,283	(1,232)	(1,085)	152	178	56,902	56,015		
425	403	491	472	(66)	(69)		-	10,900	10,730		
87	67	320	466	(233)	(399)		-	2,308	2,273		
<b>5,905</b>	5,590	5,476	5,061	429	529	744	713	96,558	95,055		

Excludes net gain (loss) on disposal or revaluation of assets, and amounts received specifically for new or upgraded assets.



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 11 (cont) - 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 and Safety:**

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

**Health:**

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

**Social Security and Welfare:**

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

**Housing and 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 NEC:**

Foreshore protection, beach patrol, coast and marine.

**Sport and Recreation:**

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

**Mining, Manufacturing and Construction:**

Development act requirements, quarry operations.

**Transport and Communications:**

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

**Economic Affairs NEC:**

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

**Other Purposes NEC:**

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

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 12 - FINANCIAL INSTRUMENTS

#### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 3.5% and 4.5% (2011: 4.5% and 4.75%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b> Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 0.77% (2011: 0.75%) 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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 &amp; State.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable; interest is charged at fixed and variable rates between 5.05% and 6.95% (2011: 5.44% and 8.3%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 12 (cont) - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	715			715	715
Receivables	258			258	258
Other Financial Assets		67	70	137	137
<b>Total</b>	<b>973</b>	<b>67</b>	<b>70</b>	<b>1,110</b>	<b>1,110</b>
<b>Financial Liabilities</b>					
Payables	3,163			3,163	3,163
Current Borrowings	212			212	212
Non-Current Borrowings		391	-	391	391
<b>Total</b>	<b>3,375</b>	<b>391</b>	<b>-</b>	<b>3,766</b>	<b>3,766</b>
<b>2011</b>					
	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	609			609	609
Receivables	156			156	156
Other Financial Assets		53	26	79	79
<b>Total</b>	<b>765</b>	<b>53</b>	<b>26</b>	<b>844</b>	<b>844</b>
<b>Financial Liabilities</b>					
Payables	3,138			3,138	3,138
Current Borrowings	219			219	219
Non-Current Borrowings		537	69	606	606
<b>Total</b>	<b>3,357</b>	<b>537</b>	<b>69</b>	<b>3,963</b>	<b>3,963</b>

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates	5.50%	61	6.25%	80
Fixed Interest Rates	6.28%	542	6.63%	745
		<u>603</u>		<u>825</u>

#### 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 allowance 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 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.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 13 - FINANCIAL INDICATORS

	2012	2011	2010
--	------	------	------

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

**Operating Surplus Ratio**

<u>Operating Surplus</u>	11%	14%	58%
Rates - general & other less NRM levy			

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

**Adjusted Operating Surplus Ratio**

	10%	13%	57%
--	-----	-----	-----

*In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The **Adjusted Operating Surplus Ratio** adjusts for this distortion.*

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	59%	64%	71%
Total Operating Revenue less NRM levy			

*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 (excluding NRM levy).*

**Net Financial Liabilities Ratio (Ex MARINA LEASES)**

<u>Net Financial Liabilities</u>	12%	14%	48%
Total Operating Revenue less NRM levy			

*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 (excluding NRM levy).*

**Asset Sustainability Ratio**

<u>Net Asset Renewals</u>	49%	48%	66%
Infrastructure & Asset Management Plan required expenditure	*	*	*

*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.*

*Amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 14 - UNIFORM PRESENTATION OF FINANCES

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.

All Councils in South Australia 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

	2012 \$'000	2011 \$'000
Income	5,905	5,590
<i>less</i> Expenses	<u>5,476</u>	<u>5,061</u>
<b>Operating Surplus / (Deficit)</b>	<b>429</b>	<b>529</b>
 <i>less</i> <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	1,136	890
<i>less</i> Depreciation, Amortisation and Impairment	1,681	1,695
<i>less</i> Proceeds from Sale of Replaced Assets	<u>319</u>	<u>81</u>
	<b>(864)</b>	<b>(886)</b>
 <i>less</i> <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	2,025	656
<i>less</i> Amounts received specifically for New and Upgraded Assets	936	27
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>479</u>
	<b>1,089</b>	<b>150</b>
 <b>Net Lending / (Borrowing) for Financial Year</b>	 <b><u>204</u></b>	 <b><u>1,265</u></b>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 15 – 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. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

#### Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/12; 9% in 2010/11). 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 Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. 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 Salarylink Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to 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.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. 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.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 16 – ROBE MARINA

The financial statements include operating income, operating expenses, cash flows, assets and liabilities of the Robe Marina. In 2007 this was a wholly owned single Council subsidiary. The Robe Marina Corporation was formed and operated for the first time in 2005. Any transactions between the Robe Marina Corporation and the District Council of Robe have been eliminated on consolidation. In January 2008 the Robe Marina Corporation was transferred to the Robe Council.

Council has determined that it will maintain control of the Marina. Council will be liable to incur additional capital expenditure to complete Stage 1 of the Development. A provision of \$70,000 has been established in the accounts for the completion of Stage 1.

As Council is liable for future maintenance, renewal and replacement costs associated with the Marina's infrastructure assets in 2008 a provision was established in the financial statements to reflect the estimated future losses of the Marina.

A Marina Financial Modelling report was received in 2009-10 from Dr Geoff Wells,

While evidence may be available to support the best-estimate assumptions on which prospective financial information is based, such evidence is generally future oriented and therefore speculative in nature. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, readers are cautioned that no assurance can be given as to whether the projection will be achieved.

It has been noted that relatively small shifts in some of the key drivers, particularly revenues and discount rate, can deliver a negative NPV. As a result the requirement for a provision to meet future costs will be reviewed and adjusted annually.

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### **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 of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

**1. LAND UNDER ROADS**

As reported elsewhere in these 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 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.

**2. CLOSURE AND CAPPING OF LANDFILL**

Council is required by the Environmental Protection Authority (EPA) to cap the Landfill once the landfill has been closed. Council is of the opinion that it is not possible to attribute a value sufficiently reliable for this cost to be recognised, and accordingly costs associated with the closure and capping of the Landfill have not been recognised in these reports.

**3. "CARBON" TAX**

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.





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INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE  
DISTRICT COUNCIL OF ROBE

**Report on the Financial Report**

We have audited the accompanying financial report of District Council of Robe, which comprises the balance sheet as at 30 June 2012, 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 District Council of Robe.

**Council's Responsibility for the Financial Report**

The Council is responsible for the preparation and true and fair presentation of the financial report in accordance Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal controls as the Council determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 judgement, including the assessment of risks of material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial report that gives a true and fair view 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. 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.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion, the financial report of the District Council of Robe for the year ended 30 June 2012 is properly drawn up:

- (a) so as to give a true and fair view of:
  - (i) the Council's state of affairs as at 30 June 2012 and its operating result and cash flows for the year ended on that date; and
  - (ii) the other matters required by Division IV of the Local Government Act 1999 to be dealt with in the accounts;
- (b) in accordance with the provisions of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

S C Smith FCPA  
Partner

28 September 2012

## DISTRICT COUNCIL OF ROBE

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Robe for the year ended 30 June 2012, 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*.



Roger Sweetman  
**CHIEF EXECUTIVE OFFICER**



Neil Cranwell  
**PRESIDING MEMBER  
AUDIT COMMITTEE**


Date:

**DISTRICT COUNCIL OF ROBE**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2012**

**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2012, 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*.



**S C Smith FCPA**

**Galpins Accountants, Auditors and Business Consultants**

Dated this 28th day of September 2012