

DISTRICT COUNCIL OF ROBE

General Purpose Financial Reports for the year ended 30 June 2011

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DISTRICT COUNCIL OF ROBE

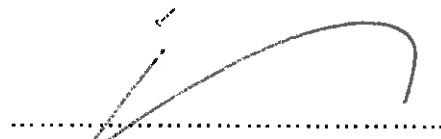
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

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 2011 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.


.....
William Hender
CHIEF EXECUTIVE OFFICER


.....
Peter Riseley
MAYOR

Date: 13/10/11

DISTRICT COUNCIL OF ROBE

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

| | Notes | 2011 \$'000 | 2010 \$'000 |
|---|-------|----------------|----------------|
| INCOME | | | |
| Rates | 2 | 3,864 | 3,690 |
| Statutory charges | 2 | 67 | 67 |
| User charges | 2 | 634 | 564 |
| Grants, subsidies and contributions | 2 | 713 | 910 |
| Investment income | 2 | 83 | 45 |
| Reimbursements | 2 | 65 | 21 |
| Other income | 2 | 164 | 1,630 |
| Total Income | | <u>5,590</u> | <u>6,927</u> |
| EXPENSES | | | |
| Employee costs | 3 | 1,596 | 1,466 |
| Materials, contracts & other expenses | 3 | 1,608 | 1,532 |
| Depreciation, amortisation & impairment | 3 | 1,695 | 1,640 |
| Finance costs | 3 | 162 | 194 |
| Total Expenses | | <u>5,061</u> | <u>4,832</u> |
| OPERATING SURPLUS / (DEFICIT) | | 529 | 2,095 |
| Asset disposal & fair value adjustments | 4 | 81 | 463 |
| Amounts received specifically for new or upgraded assets | 2 | 27 | 114 |
| NET SURPLUS / (DEFICIT) | | <u>637</u> | <u>2,672</u> |
| transferred to Equity Statement | | | 2,672 |
| Other Comprehensive Income | | | |
| Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & equipment | | - | (293) |
| Total Other Comprehensive Income | | | <u>(293)</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>637</u> | <u>2,379</u> |

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

DISTRICT COUNCIL OF ROBE

BALANCE SHEET as at 30 June 2011

| ASSETS | Notes | 2011 \$'000 | 2010 \$'000 |
|---|-------|------------------------|------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 5 | 609 | 313 |
| Trade & other receivables | 5 | 286 | 239 |
| Inventories | 5 | 193 | 460 |
| Total Current Assets | | <u>1,088</u> | <u>1,012</u> |
| Non-current Assets | | | |
| Financial Assets | 6 | 79 | 96 |
| Infrastructure, Property, Plant & Equipment | 7 | 93,888 | 94,285 |
| Total Non-current Assets | | <u>93,967</u> | <u>94,381</u> |
| Total Assets | | <u>95,055</u> | <u>95,393</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & Other Payables | 8 | 3,220 | 2,687 |
| Borrowings | 8 | 219 | 1,138 |
| Provisions | 8 | 446 | 401 |
| Total Current Liabilities | | <u>3,885</u> | <u>4,226</u> |
| Non-current Liabilities | | | |
| Borrowings | 8 | 606 | 1,244 |
| Provisions | 8 | 29 | 25 |
| Total Non-current Liabilities | | <u>635</u> | <u>1,269</u> |
| Total Liabilities | | <u>4,520</u> | <u>5,495</u> |
| NET ASSETS | | <u>90,535</u> | <u>89,898</u> |
| EQUITY | | | |
| Accumulated Surplus | | 8,622 | 8,390 |
| Asset Revaluation Reserves | 9 | 79,637 | 79,637 |
| Other Reserves | 9 | 2,276 | 1,871 |
| TOTAL EQUITY | | <u>90,535</u> | <u>89,898</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 2011

| 2011 | Notes | Accumulated Surplus \$'000 | Asset Revaluation Reserve \$'000 | Other Reserves \$'000 | TOTAL EQUITY \$'000 |
|--|-------|----------------------------------|---|-----------------------------|---------------------------|
| 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 |
| Net Surplus / (Deficit) for Year | | 637 | | | 637 |
| Other Comprehensive Income | | | | | |
| Transfers between reserves | | (405) | | 405 | - |
| Balance at end of period | | 8,622 | 79,637 | 2,276 | 90,535 |
| 2010 | | | | | |
| Balance at end of previous reporting period | | 5,928 | 79,930 | 1,661 | 87,519 |
| Restated opening balance | | 5,928 | 79,930 | 1,661 | 87,519 |
| Net Surplus / (Deficit) for Year | | 2,672 | | | 2,672 |
| Other Comprehensive Income | | | | | |
| Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment | | | (293) | | (293) |
| Transfers between reserves | | (210) | | 210 | - |
| Balance at end of period | | 8,390 | 79,637 | 1,871 | 89,898 |

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 2011

| | Notes | 2011 \$'000 | 2010 \$'000 |
|---|-------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Operating receipts | | 5,728 | 7,048 |
| Investment receipts | | 79 | 45 |
| <u>Payments</u> | | | |
| Operating payments to suppliers & employees | | (3,394) | (4,664) |
| Finance payments | | (181) | (196) |
| Net Cash provided by (or used in) Operating Activities | | 2,232 | 2,233 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Amounts specifically for new or upgraded assets | | 27 | 114 |
| Sale of replaced assets | | 81 | 160 |
| Sale of surplus assets | | 104 | 467 |
| Sale of real estate developments | | 375 | - |
| Repayments of loans by community groups | | 17 | 12 |
| <u>Payments</u> | | | |
| Expenditure on renewal/replacement of assets | | (890) | (1,247) |
| Expenditure on new/upgraded assets | | (656) | (1,428) |
| Net Cash provided by (or used in) Investing Activities | | (942) | (1,922) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Premiums received in advance (Marina) | | 693 | 158 |
| <u>Payments</u> | | | |
| Repayments of Borrowings | | (1,557) | (574) |
| Repayment of Finance Lease Liabilities | | - | (53) |
| Repayment of Premiums Received in Advance (Marina) | | (130) | (85) |
| Net Cash provided by (or used in) Financing Activities | | (994) | (554) |
| Net Increase (Decrease) in cash held | | 296 | (243) |
| Cash & cash equivalents at beginning of period | 10 | <u>313</u> | <u>556</u> |
| Cash & cash equivalents at end of period | 10 | <u>609</u> | <u>313</u> |

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 2011

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*.

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 consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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 2011

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 2011

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 2011

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 | 4.96% (2010, 4.70%) |
| Weighted average settlement period | 1 year (2010, 1 year) |

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 2011

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 16.

10 Leases

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

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

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

11 GST Implications

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

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

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2011 reporting period and have not been used in preparing these reports.

- AASB 1 *First-time Adoption of Australian Accounting Standards*
- AASB 3 *Business Combinations*
- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 8 *Operating Segments*
- AASB 9 *Financial Instruments*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 110 *Events after the Reporting Period*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 132 *Financial Instruments: Presentation*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 140 *Investment Property*
- AASB 1031 *Materiality*

District Council of Robe

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 1 - Significant Accounting Policies (cont)

- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]*
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]*
- AASB 2010-5 *Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]*
- 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]*
- *Interpretation 14* AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
(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 2011

Note 2 - INCOME

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| RATES REVENUES | | | |
| <u>General Rates</u> | | 2,821 | 2,689 |
| Less: Discretionary rebates, remissions & write offs | | (19) | (13) |
| | | <u>2,802</u> | <u>2,676</u> |
| <u>Other Rates</u> (including service charges) | | | |
| Natural Resource Management levy | | 76 | 72 |
| Waste collection | | 296 | 260 |
| Robe Marina Separate Rate | | - | 21 |
| Community wastewater management systems | | 678 | 649 |
| | | <u>1,050</u> | <u>1,002</u> |
| <u>Other Charges</u> | | | |
| Penalties for late payment | | 12 | 12 |
| | | <u>12</u> | <u>12</u> |
| | | <u>3,864</u> | <u>3,690</u> |
| STATUTORY CHARGES | | | |
| Development Act fees | | 49 | 50 |
| Septic Tank Application Fees | | 6 | 6 |
| Animal registration fees & fines | | 8 | 7 |
| Sundry | | 4 | 4 |
| | | <u>67</u> | <u>67</u> |
| USER CHARGES | | | |
| Cemetery/crematoria fees | | 4 | 3 |
| Lake Butler / Robe Marina | | 298 | 298 |
| Caravan Park Fees | | 60 | 62 |
| Hall & equipment hire | | 9 | 7 |
| Childcare Fees | | 100 | 75 |
| Sundry | | 163 | 119 |
| | | <u>634</u> | <u>564</u> |
| INVESTMENT INCOME | | | |
| Interest on investments | | | |
| Local Government Finance Authority | | 74 | 44 |
| Banks & other | | 9 | 1 |
| | | <u>83</u> | <u>45</u> |
| REIMBURSEMENTS | | | |
| - for private works | | 20 | 9 |
| - other | | 45 | 12 |
| | | <u>65</u> | <u>21</u> |
| OTHER INCOME | | | |
| Reversal of Provision for Future Losses | | - | 1,492 |
| Sundry | | 164 | 138 |
| | | <u>164</u> | <u>1,630</u> |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 2 - INCOME (continued)

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-----------|----------------|----------------|
| GRANTS, SUBSIDIES, CONTRIBUTIONS | | | |
| Amounts received specifically for new or upgraded assets | | 27 | 114 |
| Other grants, subsidies and contributions | | 676 | 875 |
| Individually significant item - additional Grants Commission payment | see below | 37 | 35 |
| | | 740 | 1,024 |

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

Sources of grants

| | | | |
|-------------------------|--|------------|--------------|
| Commonwealth government | | 532 | 711 |
| State government | | 208 | 307 |
| Other | | 0 | 6 |
| | | 740 | 1,024 |

Individually Significant Item

On 28 June 2010, Council received payment of the first instalment of the 2010/11 Grant Commission (FAG) grant. Similarly, on 28 June 2011 Council received payment of the first instalment of the 2011/12 grant. It is not known when the timing of these grant payments will be restored to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.

| | | | |
|--|--|----|----|
| | | 37 | 35 |
|--|--|----|----|

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 | 292 |
| Less: expended during the current period from revenues recognised in previous reporting periods | | | |
| Sport and Recreation | | (114) | (202) |
| Community Infrastructure | | - | (90) |
| <i>Subtotal</i> | | (114) | (292) |
| Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions | | | |
| Sport and Recreation | | - | 114 |
| <i>Subtotal</i> | | - | 114 |
| Unexpended at the close of this reporting period | | - | 114 |
| Net increase (decrease) in assets subject to conditions in the current reporting period | | (114) | (178) |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 3 - EXPENSES

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| EMPLOYEE COSTS | | | |
| Salaries and Wages | | 1,444 | 1,329 |
| Employee leave expense | | 68 | 62 |
| Superannuation - defined contribution plan contributions | 15 | 123 | 108 |
| Workers' Compensation Insurance | | 72 | 63 |
| Less: Capitalised and distributed costs | | (111) | (96) |
| Total Operating Employee Costs | | 1,596 | 1,466 |
| Total Number of Employees | | 25 | 22 |
| <i>(Full time equivalent at end of reporting period)</i> | | | |
| MATERIALS, CONTRACTS & OTHER EXPENSES | | | |
| <u>Prescribed Expenses</u> | | | |
| Auditor's Remuneration | | | |
| - Auditing the financial reports | | 16 | 10 |
| - Other Services | | - | - |
| Bad and Doubtful Debts | | 4 | 5 |
| Elected members' expenses | | 51 | 45 |
| Election expenses | | 9 | - |
| Subtotal - Prescribed Expenses | | 80 | 60 |
| <u>Other Materials, Contracts & Expenses</u> | | | |
| Maintenance | | 462 | 495 |
| Lake Butler / Robe Marina | | 125 | 139 |
| Levies paid to government - NRM levy | | 77 | 71 |
| Garbage Collection and Disposal | | 129 | 149 |
| Childcare Expenses | | 147 | 167 |
| Professional services | | 164 | 118 |
| Sundry | | 424 | 333 |
| Subtotal - Other Materials, Contracts & Expenses | | 1,528 | 1,472 |
| | | 1,608 | 1,532 |
| DEPRECIATION, AMORTISATION & IMPAIRMENT | | | |
| Depreciation | | | |
| Buildings & Other Structures | | 209 | 188 |
| Infrastructure | | 1,143 | 1,122 |
| Plant & Equipment | | 268 | 247 |
| Furniture & Fittings | | 40 | 48 |
| Other Community Assets | | 35 | 35 |
| | | 1,695 | 1,640 |
| | | 1,695 | 1,640 |
| FINANCE COSTS | | | |
| Interest on Borrowings | | 162 | 194 |
| | | 162 | 194 |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 4 - NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | |
| <i>Assets renewed or directly replaced</i> | | |
| Proceeds from disposal | 81 | 156 |
| Less: Carrying amount of assets sold | <u>113</u> | <u>160</u> |
| Gain (Loss) on disposal | <u>(32)</u> | <u>(4)</u> |
| <i>Assets surplus to requirements</i> | | |
| Proceeds from disposal | 104 | 467 |
| Less: Carrying amount of assets sold | <u>135</u> | <u>-</u> |
| Gain (Loss) on disposal | <u>(31)</u> | <u>467</u> |
| REAL ESTATE DEVELOPMENT ASSETS | | |
| Proceeds from disposal | 375 | - |
| Less: Carrying amount of assets sold | <u>231</u> | <u>-</u> |
| Gain (Loss) on disposal | <u>144</u> | <u>-</u> |
| NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS | | |
| | <u>81</u> | <u>463</u> |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 5 - CURRENT ASSETS

| | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| CASH & EQUIVALENT ASSETS | | | |
| Cash on Hand and at Bank | | 609 | 313 |
| | | <u>609</u> | <u>313</u> |
| TRADE & OTHER RECEIVABLES | | | |
| Rates - General & Other | | 130 | 150 |
| Accrued Revenues | | 4 | - |
| Debtors - general | | 143 | 80 |
| Prepayments | | 2 | 1 |
| Loans to community organisations | | 17 | 17 |
| Total | | <u>296</u> | <u>248</u> |
| Less: Allowance for Doubtful Debts | | 10 | 9 |
| | | <u>286</u> | <u>239</u> |
| INVENTORIES | | | |
| Stores & Materials | | 35 | 71 |
| Real Estate Developments | 6 | 158 | 389 |
| | | <u>193</u> | <u>460</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 2011

Note 6 - NON-CURRENT ASSETS

| FINANCIAL ASSETS | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| Receivables | | | |
| Loans to community organisations | | 79 | 96 |
| TOTAL FINANCIAL ASSETS | | 79 | 96 |
| OTHER NON-CURRENT ASSETS | | | |
| Inventories | | | |
| Real Estate Developments | | - | - |
| | | - | - |
| <i>Real Estate Developments - Current & Non-Current</i> <i>(Valued at the lower of cost and net realisable value)</i> | | | |
| Residential | | 158 | 389 |
| Total Real Estate for Resale | | 158 | 389 |
| <i>Represented by:</i> | | | |
| Development Costs | | 158 | 389 |
| Total Real Estate for Resale | | 158 | 389 |
| Apportionment of Real Estate Developments | | | |
| Current Assets | | 158 | 389 |
| Non-Current Assets | | - | - |
| | | 158 | 389 |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | 2010 \$'000 | | | 2011 \$'000 | | | | |
|--|------------------|--------------|-----------------|--------------------|------------------|-----------------|-----------------|--------------------|
| | AT FAIR VALUE | AT COST | ACCUM DEPN | CARRYING AMOUNT | AT FAIR VALUE | AT COST | ACCUM DEPN | CARRYING AMOUNT |
| Land | 20,245 | - | - | 20,245 | 20,110 | - | - | 20,110 |
| Buildings & Other Structures | 14,592 | 438 | (4,782) | 10,248 | 14,592 | - | (4,992) | 10,377 |
| Infrastructure | 84,988 | 1,252 | (24,457) | 61,783 | 84,988 | - | (25,602) | 61,517 |
| Marina WIP | - | 146 | - | 146 | - | - | - | 146 |
| Plant & Equipment | 1,186 | 683 | (221) | 1,648 | 1,186 | - | (458) | 1,579 |
| Furniture & Fittings | 351 | 10 | (212) | 149 | 351 | - | (252) | 124 |
| Other Community Assets | 239 | - | (173) | 66 | 239 | - | (208) | 35 |
| TOTAL PROPERTY, PLANT & EQUIPMENT | 121,601 | 2,529 | (29,845) | 94,285 | 121,466 | (31,512) | (31,512) | 93,888 |
| Comparatives | 121,792 | 146 | (28,231) | 93,707 | 121,601 | (29,845) | (29,845) | 94,285 |

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 2011

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | 2010 \$'000 | CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000 | | | | | | 2011 \$'000 |
|--|----------------|---|--------------|--------------|----------------|--------------------|--------------------|----------------|
| | | Additions | | Disposals | Depreciation | Net Revaluation | CARRYING AMOUNT | |
| | | New/Upgrade | Renewals | | | | | |
| Land | 20,245 | - | - | (135) | - | - | 20,110 | |
| Buildings & Other Structures | 10,248 | 305 | 33 | - | (209) | - | 10,377 | |
| Infrastructure | 61,783 | 336 | 541 | - | (1,143) | - | 61,517 | |
| Marina WIP | 146 | - | - | - | - | - | 146 | |
| Plant & Equipment | 1,648 | 7 | 305 | (113) | (268) | - | 1,579 | |
| Furniture & Fittings | 149 | 8 | 7 | - | (40) | - | 124 | |
| Other Community Assets | 66 | - | 4 | - | (35) | - | 35 | |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | 94,285 | 656 | 890 | (248) | (1,695) | - | 93,888 | |
| Comparatives | 93,707 | 1,428 | 1,247 | (164) | (1,640) | (293) | 94,285 | |

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 2011

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 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.

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 2011

Note 8 - LIABILITIES

| | Notes | 2011 \$'000 | | 2010 \$'000 | |
|--|-------|----------------|-------------|----------------|--------------|
| | | Current | Non-current | Current | Non-current |
| TRADE & OTHER PAYABLES | | | | | |
| Goods & Services | | 335 | | 258 | |
| Payments received in advance | | 22 | - | 19 | - |
| Accrued expenses - employee entitlements | | 51 | - | 25 | - |
| Accrued expenses - other | | 31 | - | 50 | - |
| Premiums Received in Advance (Marina) | | 2,752 | - | 2,230 | - |
| Deposits, Retentions & Bonds | | 29 | - | 105 | - |
| | | <u>3,220</u> | <u>-</u> | <u>2,687</u> | <u>-</u> |
| BORROWINGS | | | | | |
| Loans | | 219 | 606 | 1,138 | 1,244 |
| | | <u>219</u> | <u>606</u> | <u>1,138</u> | <u>1,244</u> |
| <i>All interest bearing liabilities are secured over the future revenues of the Council.</i> | | | | | |
| PROVISIONS | | | | | |
| Employee entitlements (including oncosts) | | 300 | 29 | 255 | 25 |
| Marina Completion | | 146 | - | 146 | - |
| | | <u>446</u> | <u>29</u> | <u>401</u> | <u>25</u> |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 9 - RESERVES

| ASSET REVALUATION RESERVE | 1/7/2010 | Net Increments (Decrements) | Transfers, Impairments | 30/6/2011 |
|------------------------------|---------------|--------------------------------|---------------------------|---------------|
| 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 |
| TOTAL | 79,637 | - | - | 79,637 |
| <i>Comparatives</i> | <i>79,930</i> | <i>(293)</i> | <i>-</i> | <i>79,637</i> |

| OTHER RESERVES | 1/7/2010 | Transfers to Reserve | Transfers from Reserve | 30/6/2011 |
|-----------------------------|--------------|-------------------------|---------------------------|--------------|
| Trust Reserve | 30 | 3 | (1) | 32 |
| CED Maintenance | 650 | 678 | (406) | 922 |
| CWMS Maintenance | 414 | 19 | - | 433 |
| Contribution Reserve | 26 | 1 | - | 27 |
| Garbage Reserve | 221 | 295 | (197) | 319 |
| Childcare Reserve | 530 | 578 | (565) | 543 |
| TOTAL OTHER RESERVES | 1,871 | 1,574 | (1,169) | 2,276 |
| <i>Comparatives</i> | <i>1,661</i> | <i>275</i> | <i>(65)</i> | <i>1,871</i> |

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.

CMWS 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 2011/12 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 2011

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 | 2011 \$'000 | 2010 \$'000 |
|----------------------------------|-------|----------------|----------------|
| Total cash & equivalent assets | 5 | <u>609</u> | <u>313</u> |
| Balances per Cash Flow Statement | | <u>609</u> | <u>313</u> |

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

| | | |
|---|--------------|--------------|
| Net Surplus (Deficit) | 637 | 2,672 |
| Non-cash items in Income Statement | | |
| Depreciation, amortisation & impairment | 1,695 | 1,640 |
| Net increase (decrease) in unpaid employee benefits | 49 | 27 |
| Change in allowances for under-recovery | 1 | 5 |
| Grants for capital acquisitions treated as Investing Activity | (27) | (114) |
| Net (Gain) Loss on Disposals | (81) | (463) |
| | <u>2,274</u> | <u>3,767</u> |
| Add (Less): Changes in Net Current Assets | | |
| Net (increase) decrease in receivables | (48) | 177 |
| Net (increase) decrease in inventories | 36 | 3 |
| Net increase (decrease) in trade & other payables | (30) | (222) |
| Net increase (decrease) in other provisions | - | (1,492) |
| Net Cash provided by (or used in) operations | <u>2,232</u> | <u>2,233</u> |

(c) Financing Arrangements

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

| | | |
|------------------------|-------|-------|
| Bank Overdrafts | 6,269 | 5,352 |
| Corporate Credit Cards | 11 | 4 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 11 - FUNCTIONS

| INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|-----------------------------|----------------|---------------------------|------------|---|---------------|--|
| FUNCTIONS & ACTIVITIES | INCOME | | EXPENSES | | OPERATING SURPLUS (DEFICIT) | | GRANTS INCLUDED IN INCOME | | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) | | |
| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | 2011 | 2010 | 2011 | 2010 | |
| | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Administration | 4,066 | 3,853 | 991 | 956 | 3,075 | 2,897 | 31 | 34 | 2,835 | 2,845 | |
| Public Order and Safety | 10 | 9 | 45 | 40 | (35) | (31) | - | - | 5 | 5 | |
| Health | 14 | 12 | 50 | 30 | (36) | (18) | - | - | 13 | 13 | |
| Social Security and Welfare | 619 | 574 | 612 | 574 | 7 | - | 472 | 466 | 579 | 581 | |
| Housing & Community Amenities | 62 | 67 | 541 | 539 | (479) | (472) | - | 5 | 4,059 | 4,073 | |
| Protection of the Environment NEC | 27 | 6 | 10 | 7 | 17 | (1) | 27 | 6 | 562 | 564 | |
| Sport & Recreation | 64 | 57 | 419 | 491 | (355) | (434) | 5 | 5 | 17,984 | 18,048 | |
| Mining Manufacturing & Construction | 60 | 49 | 172 | 128 | (112) | (79) | - | - | - | - | |
| Transport & Communication | 198 | 402 | 1,283 | 1,258 | (1,085) | (856) | 178 | 388 | 56,015 | 56,215 | |
| Economic Affairs NEC | 403 | 1,862 | 472 | 433 | (69) | 1,429 | - | 6 | 10,730 | 10,768 | |
| Other Purposes NEC | 67 | 36 | 466 | 376 | (399) | (340) | - | - | 2,273 | 2,281 | |
| TOTALS | 5,590 | 6,927 | 5,061 | 4,832 | 529 | 2,095 | 713 | 910 | 95,055 | 95,393 | |

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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 2011

Note 12 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

| | |
|---|---|
| Bank, Deposits at Call, Short Term Deposits | <p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 4.5% and 4.75% (2010: 2.75% and 4.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p> |
| Receivables - Rates & Associated Charges (including legal fees & penalties for late payment) | <p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.75% (2010: 0.58%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p> |
| Receivables - Fees & other charges | <p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p> |
| Receivables - other levels of government | <p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p> |
| Liabilities - Creditors and Accruals | <p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p> |
| Liabilities - Interest Bearing Borrowings | <p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.44% and 8.3% (2010: 4% and 11.5%)</p> <p>Carrying amount: approximates fair value.</p> |
| Liabilities - Finance Leases | <p>Accounting Policy: accounted for in accordance with AASB 117.</p> |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

| 2011 | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|------------------------------|--------------|----------------------------|---------------|------------------------------------|--------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | |
| Cash & Equivalents | 609 | | | 609 | 609 |
| Receivables | 156 | 53 | 26 | 235 | 235 |
| Total | 765 | 53 | 26 | 844 | 844 |
| Financial Liabilities | | | | | |
| Payables | 3,138 | - | - | 3,138 | 3,138 |
| Borrowings | 219 | 537 | 69 | 825 | 825 |
| Total | 3,357 | 537 | 69 | 3,963 | 3,963 |
| | | | | | |
| 2010 | Due < 1 year | Due > 1 year; ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | |
| Cash & Equivalents | 313 | | | 313 | 313 |
| Receivables | 194 | 59 | 37 | 290 | 290 |
| Total | 507 | 59 | 37 | 603 | 603 |
| Financial Liabilities | | | | | |
| Payables | 2,612 | - | - | 2,612 | 2,612 |
| Borrowings | 1,138 | 550 | 694 | 2,382 | 2,382 |
| Total | 3,750 | 550 | 694 | 4,994 | 4,994 |

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

| | 30 June 2011 | | 30 June 2010 | |
|----------------------|--------------------------------------|----------------|--------------------------------------|----------------|
| | Weighted Average Interest Rate | Carrying Value | Weighted Average Interest Rate | Carrying Value |
| | % | \$'000 | % | \$'000 |
| Other Variable Rates | 6.25% | 80 | 4.00% | 898 |
| Fixed Interest Rates | 6.63% | 745 | 6.37% | 1,484 |
| | | 825 | | 2,382 |

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 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 2011

Note 13 - FINANCIAL INDICATORS

2011 2010 2009

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 | \$'000 | 529 | 2,095 | 5 |
|--------------------------|--------|-----|-------|---|

Being the operating surplus (deficit) before capital amounts.

| | | | | |
|-----------------------------------|--|-----|-------|------|
| Adjusted Operating Surplus | | 564 | 2,060 | (28) |
|-----------------------------------|--|-----|-------|------|

In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance payment of one quarterly payment of the Financial Assistance Grant (see Note 3). Accordingly there were five "quarterly" payments in 2009, and four payments in each of 2010 and 2011. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.

Operating Surplus Ratio

| | | | | |
|---------------------------------------|--|-----|-----|----|
| <u>Operating Surplus</u> | | 14% | 58% | 0% |
| Rates - general & other less NRM levy | | | | |

| | | | | |
|---|--|-----|-----|------|
| Adjusted Operating Surplus Ratio | | 15% | 57% | (1%) |
|---|--|-----|-----|------|

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

| | | | | |
|----------------------------------|--------|-------|-------|-------|
| Net Financial Liabilities | \$'000 | 3,546 | 4,847 | 6,537 |
|----------------------------------|--------|-------|-------|-------|

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

| | | | | |
|---------------------------------------|--|-----|-----|------|
| <u>Net Financial Liabilities</u> | | 64% | 71% | 134% |
| Total Operating Revenue less NRM levy | | | | |

| | | | | |
|---|--------|-----|-------|-------|
| Net Financial Liabilities (EX MARINA LEASES) | \$'000 | 794 | 2,617 | 2,893 |
|---|--------|-----|-------|-------|

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio (EX MARINA LEASES)

| | | | | |
|---------------------------------------|--|-----|-----|-----|
| <u>Net Financial Liabilities</u> | | 14% | 48% | 59% |
| Total Operating Revenue less NRM levy | | | | |

Interest Cover Ratio

| | | | | |
|--|--|------|------|------|
| <u>Net Interest Expense</u> | | 1.5% | 2.2% | 4.9% |
| Total Operating Revenue less NRM levy less Investment Income | | | | |

Asset Sustainability Ratio

| | | | | |
|---------------------------|--|-----|-----|-----|
| <u>Net Asset Renewals</u> | | 48% | 66% | 22% |
| Depreciation Expense | | | | |

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Asset Consumption Ratio

| | | | | |
|---|--|-----|-----|-----|
| <u>Carrying value of depreciable assets</u> | | 70% | 71% | 72% |
| Gross value of depreciable assets | | | | |

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

| | 2011 \$'000 | 2010 \$'000 |
|---|---------------------|---------------------|
| Income | 5,590 | 6,927 |
| <i>less</i> Expenses | <u>5,061</u> | <u>4,832</u> |
| Operating Surplus / (Deficit) | 529 | 2,095 |
| <i>less</i> Net Outlays on Existing Assets | | |
| Capital Expenditure on renewal and replacement of Existing Assets | 890 | 1,247 |
| <i>less</i> Depreciation, Amortisation and Impairment | 1,695 | 1,640 |
| <i>less</i> Proceeds from Sale of Replaced Assets | <u>81</u> | <u>160</u> |
| | (886) | (553) |
| <i>less</i> Net Outlays on New and Upgraded Assets | | |
| Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i> | 656 | 1,428 |
| <i>less</i> Amounts received specifically for New and Upgraded Assets | 27 | 114 |
| <i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i> | <u>479</u> | <u>467</u> |
| | 150 | 847 |
| Net Lending / (Borrowing) for Financial Year | <u>1,265</u> | <u>1,801</u> |

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) 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 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% (6% in 2009/10) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated 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 Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable 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 full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan 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 2010

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 \$146,000 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.

The Council had very serious concerns that future revenue streams associated with the Marina Development would be insufficient to meet ongoing operating costs (including depreciation costs associated with the Marina Infrastructure). A provision had been recorded in the financial statements for these future costs.

The provision was based on a discounted future cash flow model that had been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that were not necessarily expected to occur. The provision was based on prospective financial information relating to events and actions that had not yet occurred and may not occur.

Following a Marina Financial Modelling report in 2009-10 by Dr Geoff Wells, Council reversed the previously established provision as the most recent data is not reflecting future losses.

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 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 2011

Note 19 - 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.



Accountants, Auditors
& Business Consultants

Patrick Dempsey FCA
Laurie Galpin FCPA
David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA

Mount Gambier

233 Commercial Street West
PO Box 246 Mount Gambier SA 5290
DX 29044
p 08 8725 3068
f 08 8724 9553
e admin@galpins.com.au

Stirling

Unit 4/3-5 Mount Barker Road
PO Box 727 Stirling SA 5152
p 08 8339 1255
f 08 8339 1266
e stirling@galpins.com.au

Norwood

3 Kensington Road
PO Box 546 Kent Town DC SA 5071
p 08 8332 3433
f 08 8332 3466
e norwood@galpins.com.au

www.galpins.com.au

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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 2011, 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 with the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

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 misstatements.

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 2011 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 2011 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 1999; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

S C Smith FCPA
Partner

27th October 2011

DISTRICT COUNCIL OF ROBE

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011**

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 2011, 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*.


.....
William Hender
CHIEF EXECUTIVE OFFICER


.....
Neil Cranwell
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 21/9/11

DISTRICT COUNCIL OF ROBE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2011, 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 27th day of October 2011