

DISTRICT COUNCIL OF ROBE

General Purpose Financial Reports for the year ended 30 June 2015

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DISTRICT COUNCIL OF ROBE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

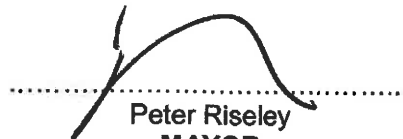
CERTIFICATION OF FINANCIAL STATEMENTS

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 2015 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: 9th September 2015

DISTRICT COUNCIL OF ROBE

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
INCOME			
Rates	2	4,621	4,491
Statutory charges	2	83	69
User charges	2	691	660
Grants, subsidies and contributions	2	850	656
Investment income	2	23	22
Reimbursements	2	26	14
Other income	2	206	253
Total Income		<u>6,500</u>	<u>6,165</u>
EXPENSES			
Employee costs	3	2,184	1,923
Materials, contracts & other expenses	3	2,132	2,229
Depreciation, amortisation & impairment	3	2,156	1,796
Finance costs	3	21	28
Total Expenses		<u>6,493</u>	<u>5,976</u>
OPERATING SURPLUS / (DEFICIT)		7	189
Asset disposal & fair value adjustments	4	(2)	(9)
Amounts received specifically for new or upgraded assets	2	20	617
NET SURPLUS / (DEFICIT)		<u>25</u>	<u>797</u>
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	(335)
Total Other Comprehensive Income		<u>-</u>	<u>(335)</u>
TOTAL COMPREHENSIVE INCOME		<u>25</u>	<u>462</u>

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

DISTRICT COUNCIL OF ROBE

STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

ASSETS	Notes	2015 \$'000	2014 \$'000
Current Assets			
Cash and cash equivalents	5	207	713
Trade & other receivables	5	508	390
Inventories	5	210	444
Total Current Assets		<u>925</u>	<u>1,547</u>
Non-current Assets			
Financial assets	6	87	101
Infrastructure, property, plant & equipment	7	95,581	95,118
Total Non-current Assets		<u>95,668</u>	<u>95,219</u>
Total Assets		<u>96,593</u>	<u>96,766</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	3,109	3,272
Borrowings	8	81	140
Provisions	8	530	437
Total Current Liabilities		<u>3,720</u>	<u>3,849</u>
Non-current Liabilities			
Borrowings	8	65	153
Provisions	8	68	49
Total Non-current Liabilities		<u>133</u>	<u>202</u>
Total Liabilities		<u>3,853</u>	<u>4,051</u>
NET ASSETS		<u>92,740</u>	<u>92,715</u>
EQUITY			
Accumulated Surplus		12,673	12,239
Asset Revaluation Reserves	9	79,302	79,302
Other Reserves	9	765	1,174
TOTAL EQUITY		<u>92,740</u>	<u>92,715</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 2015

2015	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		12,239	79,302	1,174	92,715
Restated opening balance		12,239	79,302	1,174	92,715
Net Surplus / (Deficit) for Year		25			25
Other Comprehensive Income		-			-
Transfers between reserves	9	409		(409)	-
Balance at end of period		12,673	79,302	765	92,740
2014					
Balance at end of previous reporting period		11,283	79,637	1,333	92,253
Restated opening balance		11,283	79,637	1,333	92,253
Net Surplus / (Deficit) for Year		797			797
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment	9		(335)		(335)
Other equity adjustments - equity					-
Transfers between reserves	9	159		(159)	-
Balance at end of period		12,239	79,302	1,174	92,715

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

DISTRICT COUNCIL OF ROBE

STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		4,682	4,498
Fees & other charges		83	74
User charges		721	648
Investment receipts		23	23
Grants utilised for operating purposes		850	705
Reimbursements		26	15
Other revenues		164	803
<u>Payments</u>			
Employee costs		(2,040)	(1,852)
Materials, contracts & other expenses		(2,262)	(3,116)
Finance payments		(25)	(30)
Net Cash provided by (or used in) Operating Activities		2,222	1,768
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		20	617
Sale of replaced assets		86	71
Sale of real estate developments		227	-
Repayments of loans by community groups		23	16
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,368)	(1,395)
Expenditure on new/upgraded assets		(1,408)	(1,107)
Loans made to community groups		(189)	-
Net Cash provided by (or used in) Investing Activities		(2,609)	(1,798)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Premiums Received in Advance (Marina)		28	-
<u>Payments</u>			
Repayments of borrowings		(147)	(126)
Repayment of Premiums Received in Advance (Marina)		-	(7)
Net Cash provided by (or used in) Financing Activities		(119)	(133)
Net Increase (Decrease) in cash held		(506)	(163)
Cash & cash equivalents at beginning of period	10	713	876
Cash & cash equivalents at end of period	10	207	713

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 2015

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 8th September 2015.

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.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$37,000 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$77,000; and in June 2013, again two quarters of the 2013/14 allocation: \$78,000. Accordingly, the operating results of these periods were distorted compared to those that would have been reported had the grants been paid in a consistent manner.

District Council of Robe

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

These amounts in advance were adjusted in the 2013/14 financial year. The total amount of the adjustment was \$78,000, which has adversely affected the operating result for that year. In June 2015 the Federal Government again advanced two quarters of the 2015/16 allocation amounting to \$77,000, which once again affects the operating result.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

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.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

District Council of Robe

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. 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.

6.5 Depreciation of Non-Current Assets

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

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

District Council of Robe

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

Weighted average discount rate	2.34% (2014, 3.35%)
Weighted average settlement period	1 year (2014, 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.

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 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 2015 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.

(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 2015

Note 2 - INCOME

	Notes	2015 \$'000	2014 \$'000
RATES REVENUES			
<u>General Rates</u>		3,369	3,282
Less: Discretionary rebates, remissions & write offs		(15)	(14)
		3,354	3,268
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		88	82
Waste collection		388	375
Community wastewater management systems		776	749
		1,252	1,206
<u>Other Charges</u>			
Penalties for late payment		15	17
		15	17
		4,621	4,491
STATUTORY CHARGES			
Development Act fees		45	38
Health & Septic Tank Inspection fees		16	12
Animal registration fees & fines		13	11
Other licences, fees, & fines		9	8
		83	69
USER CHARGES			
Cemetery/crematoria fees		7	4
Lake Butler / Robe Marina		337	329
Childcare Fees		131	117
Garbage Fees		24	34
Caravan Park Fees		63	63
Hall & equipment hire		9	7
Aged Home Income		47	45
Health Centre Rent		9	9
Boatramp Fees		12	11
Tourism Sales		42	31
Sundry		10	10
		691	660
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		17	15
Banks & other		6	7
		23	22
REIMBURSEMENTS			
- for private works		6	9
- other		20	5
		26	14

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
OTHER INCOME			
Childcare Sponsor Fee		18	18
Augmentation Fee		12	62
Boatshow Income		38	36
Sundry		138	137
		<u>206</u>	<u>253</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		20	617
Other grants, subsidies and contributions		850	656
		<u>870</u>	<u>1,273</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		579	938
State government		291	335
		<u>870</u>	<u>1,273</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$'000	2014 \$'000
EMPLOYEE COSTS			
Salaries and Wages		1,890	1,699
Employee leave expense		133	96
Superannuation - defined contribution plan contributions	16	171	162
Workers' Compensation Insurance		96	96
Less: Capitalised and distributed costs		<u>(106)</u>	<u>(130)</u>
Total Operating Employee Costs		<u>2,184</u>	<u>1,923</u>
 Total Number of Employees		 27	 26
<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		17	12
Bad and Doubtful Debts		9	8
Elected members' expenses		78	67
Election expenses		10	-
Subtotal - Prescribed Expenses		<u>114</u>	<u>87</u>
<u>Other Materials, Contracts & Expenses</u>			
Lake Butler / Robe Marina		156	138
Maintenance		631	570
Fuels & Oils		111	107
Garbage Collection and Disposal		507	475
Levies paid to government - NRM levy		88	84
Childcare Expenses		137	128
Professional services		352	409
Sundry		36	231
Subtotal - Other Materials, Contracts & Expenses		<u>2,018</u>	<u>2,142</u>
		<u>2,132</u>	<u>2,229</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		340	244
Infrastructure		-	
- Roads		1,283	1,006
- Bridges		2	3
- Footways		16	13
- Stormwater Drainage		18	20
- Marina Development		63	65
- Common Effluent		134	151
Other Community Assets		2	2
Library Stock		-	2
Plant, Machinery & Equipment		276	260
Furniture & Fittings		22	30
		<u>2,156</u>	<u>1,796</u>
FINANCE COSTS			
Interest on Borrowings		21	28
		<u>21</u>	<u>28</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2015 \$'000	2014 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		86	71
Less: Carrying amount of assets sold		<u>157</u>	<u>80</u>
Gain (Loss) on disposal		<u>(71)</u>	<u>(9)</u>
REAL ESTATE DEVELOPMENT ASSETS			
Proceeds from disposal		227	-
Less: Carrying amount of assets sold		<u>158</u>	<u>-</u>
Gain (Loss) on disposal		<u>69</u>	<u>-</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(2)</u>	<u>(9)</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	Notes	2015 \$'000	2014 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		49	32
Deposits at Call		<u>158</u>	<u>681</u>
		<u>207</u>	<u>713</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		169	230
Rates postponed for State Seniors		-	-
Accrued Revenues		4	4
Debtors - general		109	141
GST Recoupment		57	15
Prepayments		8	9
Loans to community organisations		<u>199</u>	<u>19</u>
Total		<u>546</u>	<u>418</u>
 Less: Allowance for Doubtful Debts		 <u>38</u>	 <u>28</u>
		<u>508</u>	<u>390</u>
 INVENTORIES			
Stores & Materials		210	286
Real Estate Developments	6	<u>-</u>	<u>158</u>
		<u>210</u>	<u>444</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 2015

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2015 \$'000	2014 \$'000
Receivables			
Loans to community organisations		87	101
TOTAL FINANCIAL ASSETS		87	101
 OTHER NON-CURRENT ASSETS			
<i>Real Estate Developments - Current & Non-Current</i> (Valued at the lower of cost and net realisable value)			
<i>Residential</i>			
<i>Total Real Estate for Resale</i>		-	158
 <i>Represented by:</i>			
<i>Development Costs</i>		-	158
<i>Total Real Estate for Resale</i>		-	158
 Apportionment of Real Estate Developments			
<i>Current Assets</i>		-	158
		-	158

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$'000				2015 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	2	21,098	-	-	21,098	21,098	-	-	21,098
Land - Other	3	4,193	-	-	4,193	4,193	-	-	4,193
Buildings & Other Structures (Level 2)	2	9,976	-	(4,001)	5,975	9,976	(4,211)	5,817	
Buildings & Other Structures (Level 3)	3	7,351	-	(2,984)	4,367	7,351	(3,114)	4,397	
Infrastructure									
- Roads	3	80,013	-	(33,499)	46,514	80,013	(34,782)	46,240	
- Bridges	3	136	-	(36)	100	136	(38)	98	
- Footways	3	653	-	(186)	467	653	(202)	546	
- Stormwater Drainage	3	1,864	-	(530)	1,334	1,864	(548)	1,316	
- Marina Development	3	3,026	-	(424)	2,602	3,026	(487)	2,835	
- Common Effluent	3	9,167	-	(2,385)	6,782	9,167	(2,519)	7,281	
Other Community Assets	3	-	166	(2)	164	-	(4)	162	
Library Stock		243	-	(242)	1	243	(242)	1	
Plant, Machinery & Equipment		1,186	1,199	(911)	1,474	1,186	(1,259)	1,506	
Furniture & Fittings		351	51	(355)	47	351	(377)	91	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		139,257	1,416	(45,555)	95,118	139,257	(47,783)	95,581	
Comparatives		121,469	8,079	(34,721)	94,827	139,257	(45,555)	95,118	

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 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2015 \$'000	
	2014 \$'000	\$'000										CARRYING AMOUNT
		CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers		Net Revaluation			
		New/Upgrade	Renewals			In	Out					
Land - Community	21,098	-	-	-	-	-	-	-	-	-	21,098	
Land - Other	4,193	-	-	-	-	-	-	-	-	-	4,193	
Buildings & Other Structures (Level 2)	5,975	-	52	-	(210)	-	-	-	-	-	5,817	
Buildings & Other Structures (Level 3)	4,367	140	20	-	(130)	-	-	-	-	-	4,397	
Infrastructure												
- Roads	46,514	284	725	-	(1,283)	-	-	-	-	-	46,240	
- Bridges	100	-	-	-	(2)	-	-	-	-	-	98	
- Footways	467	95	-	-	(16)	-	-	-	-	-	546	
- Stormwater Drainage	1,334	-	-	-	(18)	-	-	-	-	-	1,316	
- Marina Development	2,602	296	-	-	(63)	-	-	-	-	-	2,835	
- Common Effluent	6,782	593	40	-	(134)	-	-	-	-	-	7,281	
Other Community Assets	164	-	-	-	(2)	-	-	-	-	-	162	
Library Stock	1	-	-	-	-	-	-	-	-	-	1	
Plant, Machinery & Equipment	1,474	-	465	(157)	-	-	-	-	-	-	1,506	
Furniture & Fittings	47	-	66	-	(22)	-	-	-	-	-	91	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	95,118	1,408	1,368	(157)	(2,156)	-	-	-	-	-	95,581	
Comparatives	94,827	1,107	1,396	(81)	(1,796)	-	-	-	-	(335)	95,118	

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 2015

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

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

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

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

Plant, Furniture & Equipment	
Office Equipment	3 to 10 years
Office Furniture	10 to 20 years

District Council of Robe

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 7 – Property, Plant & Equipment (cont)

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
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 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

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 1997 at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2014 by Jamahl Waddington of Maloney Field Services.

Infrastructure

Transportation assets were valued by Jamahl Waddington of Maloney Field Services at depreciated current replacement cost during the reporting period ended 30 June 2014, based on actual costs incurred during the reporting periods ended 30 June 2013 and 2014. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Jamahl Waddington of Maloney Field Services as at 30 June 2014 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2014. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2014 by Jamahl Waddington of Maloney Field Services. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - LIABILITIES

	Notes	2015 \$'000		2014 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		96		306	
Payments received in advance		27	-	29	-
Accrued expenses - employee entitlements		83	-	51	-
Accrued expenses - other		184	-	188	-
Premiums Received in Advance (Marina)		2,716	-	2,688	-
Deposits, Retentions & Bonds		3	-	10	-
		3,109	-	3,272	-
 BORROWINGS					
Loans		81	65	140	153
		81	65	140	153
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
 PROVISIONS					
Employee entitlements (including oncosts)		530	68	437	49
		530	68	437	49

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$'000	\$'000	\$'000	\$'000
Land	20,917	-	-	20,917
Buildings and Other Structures	8,319	-	-	8,319
Infrastructure	46,002	-	-	46,002
Plant and Equipment	4,064	-	-	4,064
TOTAL	79,302	-	-	79,302
<i>Comparatives</i>	<u>79,637</u>	<u>(335)</u>		<u>79,302</u>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
CED Maintenance	743	788	(1,107)	424
Contribution Reserve	31	1	-	32
Childcare Reserve	400	-	(91)	309
TOTAL OTHER RESERVES	1,174	789	(1,198)	765
<i>Comparatives</i>	<u>1,333</u>	<u>1,935</u>	<u>(2,094)</u>	<u>1,174</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 (less any subsequent impairment losses, where applicable).

CED Maintenance Reserve

CED Maintenance Reserve is for future asset replacement and capital maintenance

Contribution Reserve

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

Childcare Reserve

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015 \$'000	2014 \$'000
Total cash & equivalent assets	5	<u>207</u>	<u>713</u>
Balances per Cash Flow Statement		<u>207</u>	<u>713</u>

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

Net Surplus (Deficit)		25	797
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,156	1,796
Net increase (decrease) in unpaid employee benefits		144	71
Change in allowances for under-recovery		10	(2)
Grants for capital acquisitions treated as Investing Activity		(20)	(617)
Net (Gain) Loss on Disposals		<u>2</u>	<u>9</u>
		2,317	2,054
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		52	(37)
Net (increase) decrease in inventories		76	(167)
Net increase (decrease) in trade & other payables		<u>(223)</u>	<u>(82)</u>
Net Cash provided by (or used in) operations		<u>2,222</u>	<u>1,768</u>

(c) Financing Arrangements

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

Corporate Credit Cards		14	14
LGFA Cash Advance Debenture facility		5,250	5,216

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	ACTUAL	ACTUAL	2015	2014	2015	2014	
	2015	2014	2015	2014	2015	2014	\$'000	\$'000	\$'000	\$'000	
Administration	4,823	4,651	1,355	1,299	3,468	3,352	52	15	2,852	2,857	
Public Order and Safety	19	14	63	57	(44)	(43)	-	-	5	5	
Health	26	21	112	102	(86)	(81)	-	-	13	13	
Social Security and Welfare	683	658	772	723	(89)	(65)	504	495	589	590	
Housing & Community Amenities	43	101	1,094	1,011	(1,051)	(910)	-	-	4,125	4,132	
Protection of the Environment NEC	46	21	32	52	14	(31)	46	16	571	572	
Sport & Recreation	36	33	587	456	(551)	(423)	5	4	18,277	18,310	
Mining Manufacturing & Construction	45	38	256	181	(211)	(143)	-	-	-	-	
Transport & Communication	256	136	1,628	1,393	(1,372)	(1,257)	243	126	56,930	57,032	
Economic Affairs	480	459	504	447	(24)	12	-	-	10,905	10,925	
Other Purposes NEC	43	33	90	255	(47)	(222)	-	-	2,326	2,330	
TOTALS	6,500	6,165	6,493	5,976	7	189	850	656	96,593	96,766	

Revenues and expenses exclude 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 2015

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 2015

Note 12 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2% and 2.5% (2014: 2.5% and 2.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment)</p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.65% (2014: 0.67%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - other levels of government</p>	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed or variable rates between 5.05% and 6.65% (2014: 5.05% and 6.65%)</p> <p>Carrying amount: approximates fair value.</p>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	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	207			207	207
Receivables	384	56	24	464	464
Total	591	56	24	671	671
Financial Liabilities					
Payables	2,842	-	-	2,842	2,842
Current Borrowings	81	-	-	81	81
Non-Current Borrowings	-	65	-	65	65
Total	2,923	65	-	2,988	2,988
2014	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	713			713	713
Receivables	188	64	37	289	289
Total	901	64	37	1,002	1,002
Financial Liabilities					
Payables	3,033	-	-	3,033	3,033
Current Borrowings	140	-	-	140	140
Non-Current Borrowings	-	153	-	153	153
Total	3,173	153	-	3,326	3,326

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Other Variable Rates			4.75%	34
Fixed Interest Rates	6.025	146	6.37%	259
		<u>146</u>		<u>293</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 2015

Note 13 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2015 \$'000	2014 \$'000
Other Expenditure Commitments			
Other non-capital expenditure commitments in relation to Council Operations:			
Employment Contracts		157	294
Cleaning Contracts		77	22
Waste Contracts		294	465
IT Contracts		18	-
		<u>546</u>	<u>781</u>
These expenditures are payable:			
Not later than one year		398	358
Later than one year and not later than 5 years		148	423
		<u>546</u>	<u>781</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 14 - FINANCIAL INDICATORS

	2015	2014	2013
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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>	0%	4%	4%
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	(2%)	4%	4%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	47%	46%	47%
Total Operating Revenue			

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.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	71%	74%	20%
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.

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 15 - 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

	2015 \$'000	2014 \$'000
Income	6,500	6,165
less Expenses	<u>6,493</u>	<u>5,976</u>
Operating Surplus / (Deficit)	7	189
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,368	1,395
Depreciation, Amortisation and Impairment	(2,156)	(1,796)
Proceeds from Sale of Replaced Assets	<u>(86)</u>	<u>(71)</u>
	(874)	(472)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	1,408	1,107
Amounts received specifically for New and Upgraded Assets	(20)	(617)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>(227)</u>	<u>-</u>
	1,161	490
Net Lending / (Borrowing) for Financial Year	<u>(280)</u>	<u>171</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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 commenced operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type.

Using current calculation methods, emissions from Council's landfill facilities are substantially below current taxable thresholds. This situation is expected to continue while thresholds remain at current levels.

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, should taxable thresholds be substantially reduced Council may be subject to taxation on landfill deposits made after 1 July 2013. No liability has been recognised in these reports.



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INDEPENDENT AUDITOR'S REPORT

To the members of District Council of Robe

Report on the Financial Report

We have audited the accompanying financial report of District Council of Robe (the Council), which comprises the balance sheet as at 30 June 2015, 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 Certification of Financial Statements signed by the Council.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2011 (SA) and for such internal control as the Council determines is necessary to enable the preparation 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 the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies, the Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2011 (SA).

Opinion

In our opinion, the financial report of District Council of Robe is in accordance with the requirements of the Local Government Act 1999 (SA), including:

- i. presenting fairly, in all material respects, the Council's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Local Government (Financial Management) Regulations 2011 (SA).

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

16 / 09 / 2015

DISTRICT COUNCIL OF ROBE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2015, 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*.



Timothy Muhlhausler

Galpins, Accountants, Auditors and Business Consultants

Dated this *16th* day of *September* 2015

DISTRICT COUNCIL OF ROBE

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

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 2015, 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



.....
Deane Nankivell
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 17th. September 2015

DISTRICT COUNCIL OF ROBE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2015, 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*.

Timothy Muhlhausler

Galpins, Accountants, Auditors and Business Consultants

Dated this day of 2015