

District Council of Robe
General Purpose Financial Reports
for the year ended 30 June 2020

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DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2020

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 2020 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.


James Holyman
CHIEF EXECUTIVE OFFICER


Alison Nunan
MAYOR/COUNCILLOR

Date: 9/9/2020

District Council of Robe
Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
INCOME			
Rates	2	5,415	5,216
Statutory charges	2	109	86
User charges	2	1,173	1,161
Grants, subsidies and contributions	2	581	721
Investment income	2	14	37
Reimbursements	2	55	16
Other income	2	201	290
Total Income		7,548	7,527
EXPENSES			
Employee costs	3	2,522	2,179
Materials, contracts & other expenses	3	2,808	2,728
Depreciation, amortisation & impairment	3	2,183	2,208
Finance costs	3	18	19
Total Expenses		7,531	7,134
OPERATING SURPLUS / (DEFICIT)		17	393
Asset disposal & fair value adjustments	4	(96)	2
Amounts received specifically for new or upgraded assets	2	20	156
Physical resources received free of charge	2	-	283
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		(59)	834
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	(6,463)
Total Other Comprehensive Income		-	(6,463)
TOTAL COMPREHENSIVE INCOME		(59)	(5,629)

District Council of Robe
Statement of Financial Position
as at 30 June 2020

ASSETS	Notes	2020	2019
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	5	1,017	1,123
Trade & other receivables	5	378	510
Inventories	5	38	79
Total Current Assets		1,433	1,712
Non-current Assets			
Financial assets	6	24	39
Infrastructure, property, plant & equipment	7	91,287	91,013
Total Non-current Assets		91,311	91,052
Total Assets		92,744	92,764
LIABILITIES			
Current Liabilities			
Trade & other payables	8	751	627
Borrowings	8	12	11
Provisions	8	526	544
Total Current Liabilities		1,289	1,182
Non-current Liabilities			
Trade & Other Payables	8	2,498	2,547
Borrowings	8	12	24
Provisions	8	45	52
Total Non-current Liabilities		2,555	2,623
Total Liabilities		3,844	3,805
NET ASSETS		88,900	88,959
EQUITY			
Accumulated Surplus		15,260	14,532
Asset Revaluation Reserves	9	72,839	72,839
Other Reserves	9	801	1,588
TOTAL EQUITY		88,900	88,959

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 2020

2020	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	Total Council Equity \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		14,532	72,839	1,588	88,959	88,959
Restated opening balance		14,532	72,839	1,588	88,959	88,959
Net Surplus / (Deficit) for Year		(59)			(59)	(59)
Other Comprehensive Income						
Transfers between reserves	9	787		(787)	-	-
Balance at end of period		15,260	72,839	801	88,900	88,900

2019	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	Total Council Equity \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		13,609	79,302	1,677	94,588	94,588
Restated opening balance		13,609	79,302	1,677	94,588	94,588
Net Surplus / (Deficit) for Year		834			834	834
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment	9			(6,463)	(6,463)	(6,463)
Transfers between reserves	9	89		(89)	-	-
Balance at end of period		14,532	72,839	1,588	88,959	88,959

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 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		5,427	5,174
Fees & other charges		109	86
User charges		1,316	992
Investment receipts		13	44
Grants utilised for operating purposes		581	721
Reimbursements		55	16
Other revenues		154	294
<i>Payments:</i>			
Employee costs		(2,598)	(2,260)
Materials, contracts & other expenses		(2,624)	(3,146)
Finance payments		(18)	(19)
Net Cash provided by (or used in) Operating Activities		2,415	1,902
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		20	156
Sale of replaced assets		128	104
Sale of surplus assets		11	2
Repayments of loans by community groups		15	15
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(1,724)	(2,634)
Expenditure on new/upgraded assets		(968)	(993)
Net Cash provided by (or used in) Investing Activities		(2,518)	(3,350)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from Robe Marina deposits		8	-
<i>Payments:</i>			
Repayments of borrowings		(11)	(10)
Net Cash provided by (or used in) Financing Activities		(3)	(10)
Net Increase (Decrease) in cash held		(106)	(1,458)
Cash & cash equivalents at beginning of period	10	1,123	2,581
Cash & cash equivalents at end of period	10	1,017	1,123

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 2020

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 9 September 2020.

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 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.

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

3 Income recognition

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

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

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

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

DISTRICT COUNCIL OF ROBE

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

	<i>Cash Received</i>	<i>Payment</i>	<i>Annual Allocation</i>	<i>Difference</i>	
2017-18	\$218,370		\$137,427	+ / -	\$80,983
2018-19	\$142,638		\$141,164	+ / -	\$1,474
2019-20	\$140,526		\$145,703	+ / -	(\$5,177)

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 12 Financial Instruments have changed, there are no changes to the amounts disclosed.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

DISTRICT COUNCIL OF ROBE

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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.

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".

DISTRICT COUNCIL OF ROBE

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 on costs) 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 on costs) 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	0.34% (2019 1.081%)
Weighted average settlement period	1 year (2019, 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.

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 New and amended standards and interpretations

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities:

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in section 10 of this note. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

DISTRICT COUNCIL OF ROBE

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed.

The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$0 and a decrease to Accumulated Surplus of \$0.

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2 - INCOME

	Notes	2020 \$'000	2019 \$'000
RATES REVENUES			
<u>General Rates</u>		3,900	3,765
Less: Discretionary rebates, remissions & write offs		(29)	(26)
		3,871	3,739
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		223	214
Waste collection		412	385
Community wastewater management systems		897	862
		1,532	1,461
<u>Other Charges</u>			
Penalties for late payment		12	16
		12	16
		5,415	5,216
STATUTORY CHARGES			
Development Act fees		63	51
Health & Septic Tank Inspection fees		22	15
Animal registration fees & fines		15	12
Other licences, fees, & fines		9	8
		109	86
USER CHARGES			
Cemetery/crematoria fees		5	5
Robe Marina		337	363
Childcare Fees		490	482
Garbage Fees		46	39
Caravan Park Fees		143	139
Hall & equipment hire		4	10
Aged Home Income		54	50
Health Centre Rent		10	5
Boatramp Fees		9	10
Tourism Sales		35	50
Sundry		40	8
		1,173	1,161

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2 - INCOME (con't)

	Notes	2020 \$	2019 \$
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		11	28
Banks & other		1	4
Loans to community groups		2	5
		14	37
REIMBURSEMENTS			
- for private works		11	13
- Income Protection		42	-
- other		2	3
		55	16
OTHER INCOME			
Augmentation Fee		47	122
Boatshow Income		47	33
Childcare Sponsor Fee		30	30
Asset Valuation Funding		-	10
Contribution to Fireworks		5	4
Diesel Fuel Rebate		14	25
Sundry		58	66
		201	290
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		20	156
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		150	305
Roads to Recovery		109	77
Childcare Grant		290	334
Library & Communications		4	4
Sundry		28	1
		581	721
		601	877
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		399	411
State government		202	465
Other		-	1
		601	877
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads		-	283
TOTAL PHYSICAL RESOURCES RECEIVED		-	283

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3 - EXPENSE

	Notes	2020 \$'000	2019 \$'000
EMPLOYEE COSTS			
Salaries and Wages		2,259	1,986
Employee leave expense		107	101
Superannuation - defined contribution plan contributions	16	193	184
Workers' Compensation Insurance		49	53
Less: Capitalised and distributed costs		(86)	(145)
Total Operating Employee Costs		<u>2,522</u>	<u>2,179</u>
Total Number of Employees		27	27
<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		18	17
Bad and Doubtful Debts		1	17
Elected members' expenses		77	88
Election expenses		13	11
Subtotal - Prescribed Expenses		<u>109</u>	<u>133</u>
<u>Other Materials, Contracts & Expenses</u>			
Robe Marina		173	178
Maintenance		823	856
Fuels & Oils		88	115
Garbage Collection and Disposal		562	547
Levies paid to government - NRM levy		224	214
Childcare Expenses		197	203
Professional services		382	307
Sundry		250	175
Subtotal - Other Materials, Contracts & Expenses		<u>2,699</u>	<u>2,595</u>
		<u>2,808</u>	<u>2,728</u>

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3 - EXPENSE con't

	2020	2019
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	363	352
Infrastructure		
-Roads	1,282	1,281
-Bridges	3	3
-Footways	25	26
-Stormwater Drainage	26	25
-Marina Development	91	90
-Common Effluent	161	179
Other Community Assets	2	2
Plant, Machinery & Equipment	209	228
Furniture & Fittings	21	22
	2,183	2,208
FINANCE COSTS		
Interest on Loans	18	19
	18	19

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	Notes	2020 \$'000	2019 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		128	104
Less: Carrying amount of assets sold		224	104
Gain (Loss) on disposal		(96)	-
 <i>Assets surplus to requirements</i>			
Proceeds from disposal		11	2
Less: Carrying amount of assets sold		11	
Gain (Loss) on disposal		-	2
		-	
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(96)	2

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 5 - CURRENT ASSETS

	Notes	2020 \$'000	2019 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		33	139
Deposits at Call		984	984
		<u>1,017</u>	<u>1,123</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		224	236
Accrued Revenues		2	1
Debtors - general		158	286
Loans to community organisations		15	15
Total		<u>399</u>	<u>538</u>
Less: Allowance for Doubtful Debts		21	28
		<u>378</u>	<u>510</u>
INVENTORIES			
Stores & Materials		38	79
		<u>38</u>	<u>79</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.

Note 6 - NON-CURRENT ASSETS

	Notes	2020 \$'000	2019 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		24	39
TOTAL FINANCIAL ASSETS		<u>24</u>	<u>39</u>

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

Fair Value Level	2019 \$'000				2020 \$'000			
	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
3	21,317	-	-	21,317	21,317	-	-	21,317
2	3,832	-	-	3,832	3,832	-	-	3,832
2	9,040	1,267	(3,985)	6,322	9,408	1,270	(4,471)	6,207
3	6,808	165	(3,616)	3,357	6,386	286	(3,450)	3,222
Infrastructure								
-Roads	75,961	1,551	(32,479)	45,033	75,279	2,175	(33,274)	44,180
-Bridges	134	-	(20)	114	134	-	(23)	111
-Footways	1,010	-	(302)	708	1,010	16	(327)	699
-Stormwater Drainage	2,262	77	(1,545)	794	2,262	95	(1,571)	786
-Marina Development	3,806	20	(469)	3,357	3,806	21	(559)	3,268
-Common Effluent	10,059	506	(5,667)	4,898	10,059	1,934	(5,828)	6,165
Other Community Assets								
Library Stock	-	175	(37)	138	-	175	(39)	136
Plant, Machinery & Equipment	-	243	(242)	1	-	243	(242)	1
Furniture & Fittings	-	3,096	(1,988)	1,108	-	3,137	(1,806)	1,331
	-	500	(466)	34	-	126	(94)	32
Total IPP&E	134,229	7,600	(50,816)	91,013	133,493	9,478	(51,684)	91,287
Comparatives	138,147	10,002	(52,271)	95,878	134,229	7,600	(50,816)	91,013

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 2020

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		CARRYING AMOUNT MOVEMENTS DURING YEAR										2020
		\$'000										\$'000
2019	\$'000	Net Adjust		Additions		Disposals	Dep'n	Transfers		Net	Carrying	
		AASB 16	New / Upgrade	Renewals					In	Out	Reval'n	Amount
Land - Community	21,317		-	-	-	-	-	-	-	-	-	21,317
Land - Other	3,832		-	-	-	-	-	-	-	-	-	3,832
Buildings & Other Structures (Level 2)	6,322		3	-	(9)	(234)	-	125	-	-	-	6,207
Buildings & Other Structures (Level 3)	3,357		101	18	-	(129)	-	-	(125)	-	-	3,222
Infrastructure												
-Roads	45,033		27	597	(195)	(1,282)	-	-	-	-	-	44,180
-Bridges	114		-	-	-	(3)	-	-	-	-	-	111
-Footways	708		16	-	-	(25)	-	-	-	-	-	699
-Stormwater Drainage	794		18	-	-	(26)	-	-	-	-	-	786
-Marina Development	3,357		2	-	-	(91)	-	-	-	-	-	3,268
-Common Effluent	4,898		790	638	-	(161)	-	-	-	-	-	6,165
Other Community Assets	138		-	-	-	(2)	-	-	-	-	-	136
Library Stock	1		-	-	-	-	-	-	-	-	-	1
Plant, Machinery & Equipment	1,108		6	454	(28)	(209)	-	-	-	-	-	1,331
Furniture & Fittings	34		5	17	(3)	(21)	-	-	-	-	-	32
Total IPP&E	91,013	-	968	1,724	(235)	(2,183)	125	(125)	(448)	(6,463)	91,287	
	95,878		993	2,917	(104)	(2,208)	448	(448)	(6,463)	91,013		

Comparatives

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 2020

Note 7 (con't) – 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.

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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
Vehicles and Road-making Equip	3 to 8 years
Other Plant & Equipment	5 to 20 years
Building & Other Structures	
Buildings – masonry	15 to 100 years
Buildings – other construction	15 to 50 years
Park Structures – masonry	30 to 100 years
Park Structures – other construction	30 to 80 years
Playground equipment	15 years
Benches, seats, etc	10 to 25 years
Infrastructure	
Sealed Roads – Surface	20 to 100 years
Sealed Roads – Structure	100 to 400 years
Unsealed Roads	20 to 100 years
Bridges – Concrete	50 to 60 years
Paving & Footpaths, Kerb & Gutter	20 to 400 years
Drains	3 to 90 years
Culverts	50 to 400 years
Bores	80 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	50 to 60 years
Pumps & Telemetry	20 years
Other Assets	
Library Books	4 to 20 years

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings & Other Structures

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

Infrastructure

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

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

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

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

Plant, 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 2020

Note 8 - LIABILITIES

	Notes	2020		2019	
		Current	Non-current	Current	Non-current
		2020		2019	
		(\$'000)		(\$'000)	
TRADE & OTHER PAYABLES					
Goods & Services		334		265	
Payments received in advance		55	-	40	-
Accrued expenses - employee entitlements		28	-	79	-
Accrued expenses - other		187	-	206	-
Premiums Received in Advance Marina		47	2,498	37	2,547
Deposits, Retentions & Bonds		100	-	-	-
		<u>751</u>	<u>2,498</u>	<u>627</u>	<u>2,547</u>
BORROWINGS					
Loans		12	12	11	24
		<u>12</u>	<u>12</u>	<u>11</u>	<u>24</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		526	45	544	52
		<u>526</u>	<u>45</u>	<u>544</u>	<u>52</u>

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2019	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2020
	Notes	\$'000	\$'000	\$'000
Land		21,115	-	21,115
Buildings and Other Structures		5,838	-	5,838
Infrastructre		41,822	-	41,822
Plant, Machinery & Equipment		4,064	-	4,064
TOTAL		72,839	-	72,839
	Comparatives	79,302	(6,463)	72,839

OTHER RESERVES	1/7/2019	Transfers to Reserve	Transfers from Reserve	30/6/2020
CED Maintenance Reserve	1,349	944	(1,752)	541
Contribution Reserve	34	-	-	34
Childcare Reserve	204	803	(782)	225
Road Safety Group Reserve	1	-	-	1
TOTAL OTHER RESERVES	1,588	1,747	(2,534)	801
	Comparatives	1,677	(1,074)	1,588

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).

Other Reserves

CED Maintenance Reserve

CED Maintenance Reserve is for future asset replacement and capital maintenance

Contribution Reserve

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

Childcare Reserve

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

Road Safety Group

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

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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	2020 \$'000	2019 \$'000
Total cash & equivalent assets	5	<u>1,017</u>	<u>1,123</u>
Balances per Cash Flow Statement		<u>1,017</u>	<u>1,123</u>

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

Net Surplus (Deficit)		(59)	834
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,183	2,208
Net increase (decrease) in unpaid employee benefits		(76)	(81)
Change in allowances for under-recovery		(7)	22
Non-cash asset acquisitions		-	(283)
Grants for capital acquisitions treated as Investing Activity		(20)	(156)
Net (Gain) Loss on Disposals		<u>96</u>	<u>(2)</u>
		2,117	2,542
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		131	(193)
Net (increase) decrease in inventories		41	111
Net increase (decrease) in trade & other payables		<u>126</u>	<u>(558)</u>
Net Cash provided by (or used in) operations		<u>2,415</u>	<u>1,902</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	<u>-</u>	<u>283</u>
		<u>-</u>	<u>283</u>

(d) Financing Arrangements

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

Corporate Credit Cards		12	11
LGFA Cash Advance Debenture facility		1,150	1,150

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

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Administration	5,539	5,400	1,966	1,640	3,573	3,760	32	42	2,842	2,842
Public Order & Safety	19	16	78	70	(59)	(54)	-	-	5	5
Health	32	20	82	87	(50)	(67)	-	-	13	13
Social Security & Welfare	835	867	830	861	5	6	290	334	587	587
Housing & Community Amenities	113	167	1,191	1,279	(1,078)	(1,112)	-	-	4,109	4,110
Protection of the Environment	26	-	91	118	(65)	(118)	26	-	569	569
Sports & Recreation	23	30	669	647	(646)	(617)	4	5	18,207	18,211
Mining Manufacturing & Construction	98	52	169	174	(71)	(122)	-	-	-	-
Transport & Communication	238	349	1,779	1,843	(1,541)	(1,494)	229	340	53,231	53,244
Economic Affairs	559	586	563	556	(4)	30	-	-	10,864	10,866
Other Purposes NEC	66	40	113	(141)	(47)	181	-	-	2,317	2,317
TOTALS	7,548	7,527	7,531	7,134	17	393	581	721	92,744	92,764

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 11 (con't) - 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, 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 depot 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 2020

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 1.25% (2019: 1.5% and 1.25%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.55% (2019: 0.55%) 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: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</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: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</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>
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: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed (or variable rates between 2.2% and 5.05% (2019: 3.6% and 5.05%))</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 2020

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2020	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	1,017			1,017	1,017
Receivables	380	25		405	402
Total	1,397	25	-	1,422	1,419
<u>Financial Liabilities</u>					
Payables	3,034	-	-	3,034	3,034
Current Borrowings	13	-	-	13	12
Non-Current Borrowings	-	13	-	13	12
Total	3,047	13	-	3,060	3,058
2019	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	1,123			1,123	1,123
Receivables	510	42	-	552	549
Total	1,633	42	-	1,675	1,672
<u>Financial Liabilities</u>					
Payables	2,889	-	-	2,889	2,889
Current Borrowings	12	-	-	12	11
Non-Current Borrowings	-	27	-	27	24
Total	2,901	27	-	2,928	2,924

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

	30 June 2020		30 June 2019	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.05	24	5.05	35
		24		35

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 12 - FINANCIAL INSTRUMENTS (con't)

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

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

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

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

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13 - COMMITMENTS FOR EXPENDITURE

	2020	2019
	Notes	\$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Community waste water management scheme	213	1,520
Dredging	120	-
Stormwater	130	-
	463	1,520
These expenditures are payable:		
Not later than one year	463	1,520
	463	1,520
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to Operating Expenditure:		
Employment Contracts	2,291	670
Cleaning Contracts	-	34
Waste Contracts	432	650
	2,723	1,354
These expenditures are payable:		
Not later than one year	714	854
Later than one year and not later than 5 years	2,009	500
	2,723	1,354

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 14 - FINANCIAL INDICATORS

	2020	2019	2018
Operating Surplus Ratio			
<u>Operating Surplus</u>	0.2%	5.0%	7.7%
Total Operating Income			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	32%	28%	21%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These ***Adjusted Ratios*** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.

<i>Adjusted Operating Surplus Ratio</i>	0.1%	4.0%	7.5%
<i>Adjusted Net Financial Liabilities Ratio</i>	33%	31%	19%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	57%	79%	28%
Net Asset Renewals - IAMP			

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.

Ratio Analysis:

Provide a brief analysis about the state of Councils financial health with reference to movements from year to year of the two adjusted ratios as well as the asset renewal ratio.

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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

	2020		2019
	\$'000		\$'000
Income	7,548		7,527
Expenses	<u>(7,531)</u>		<u>(7,134)</u>
Operating Surplus / (Deficit)	17		393
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(1,724)		(2,634)
Add back Depreciation, Amortisation and Impairment	2,183		2,208
Proceeds from Sale of Replaced Assets	<u>128</u>		<u>104</u>
	587		(322)
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(968)		(993)
Amounts received specifically for New and Upgraded Assets	20		156
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>11</u>		<u>2</u>
	(937)		(835)
Net Lending / (Borrowing) for Financial Year	<u>(333)</u>		<u>(764)</u>

DISTRICT COUNCIL OF RBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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 2018-19; 9.50% in 2019-20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018-19) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. 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 2020

**Note 17 - ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF
FINANCIAL POSITION**

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

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.

District Council of Robe
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2020	2019
	\$	\$
Salaries, allowances & other short term benefits	777,846	674,974
Termination benefits	212,387	-
TOTAL	990,233	674,974

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

	2020	2019
	\$	\$
Planning and building applications fees	3,036	245
Rentals for Council property	291	-
TOTAL	3,327	245

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

An Employee was a member of the Robe Netball Club. In accordance with the Local Government Act 1999, this person declared a conflict of interest and took no part in discussions relating to matters of the Netball Club.

KMP and relatives of KMPs own retail businesses from which various supplies and services were purchased as required either for cash or on 30 day account. One Councillor is a director in a company providing CWMS capital works to Council. Total purchases amounted to \$1,321,000 during the year. Additionally, the partner of another KMP has a family business that provides earthmoving works to Council. Total purchases amounted to \$49,988 during the year. These contracts were awarded through a competitive tender process, the KMP's declared conflict of interest where required and were not involved in decisions related to the award of these contracts.

Key management personnel or close family members (including related parties) lodged a total of Four planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhauser CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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INDEPENDENT AUDITOR'S REPORT

To the members of the District Council of Robe

Opinion

We have audited the accompanying financial report of the District Council of Robe, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the District Council of Robe.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

11 / 09 / 2020

David Chant CA, FCPA
Simon Smith CA, FCPA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the District Council of Robe

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

Opinion

We have audited the compliance of the District Council of Robe with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, the District Council of Robe has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020 .

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020 . ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020 . ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

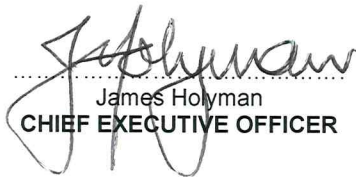
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DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2020

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 2020, 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*.


James Holyman
CHIEF EXECUTIVE OFFICER


Deane Nankivill
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 9/9/2020

DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2020

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2020, 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*.



Tim Muhlhausler

Galpins Accountants, Auditors and Business Consultants

Dated this 11th day of September 2020