

DISTRICT COUNCIL OF ROBE
General Purpose Financial Reports
for the year ended 30 June 2019

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DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2019

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 2019 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: 16 September 2019

DISTRICT COUNCIL OF ROBE
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
INCOME			
Rates	2	5,216	5,002
Statutory charges	2	86	98
User charges	2	1,161	942
Grants, subsidies and contributions	2	721	928
Investment income	2	37	48
Reimbursements	2	16	22
Other income	2	290	175
Total Income		<u>7,527</u>	<u>7,215</u>
EXPENSES			
Employee costs	3	2,179	2,130
Materials, contracts & other expenses	3	2,728	2,240
Depreciation, amortisation & impairment	3	2,208	2,273
Finance costs	3	19	19
Total Expenses		<u>7,134</u>	<u>6,662</u>
OPERATING SURPLUS / (DEFICIT)		<u>393</u>	<u>553</u>
Asset disposal & fair value adjustments	4	2	(13)
Amounts received specifically for new or upgraded assets	2	156	520
Physical resources received free of charge	2	283	735
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		<u>834</u>	<u>1,795</u>
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		<u>(6,463)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(5,629)</u>	<u>1,795</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 2019

ASSETS	Notes	2019	2018
		\$	\$
Current Assets			
Cash and cash equivalents	5	1,123	2,581
Trade & other receivables	5	510	337
Inventories	5	79	190
Total Current Assets		<u>1,712</u>	<u>3,108</u>
Non-current Assets			
Financial assets	6	39	56
Infrastructure, property, plant & equipment	7	91,013	95,878
Total Non-current Assets		<u>91,052</u>	<u>95,934</u>
Total Assets		<u>92,764</u>	<u>99,042</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	627	1,163
Borrowings	8	11	10
Provisions	8	544	610
Total Current Liabilities		<u>1,182</u>	<u>1,783</u>
Non-current Liabilities			
Trade & Other Payables	8	2,547	2,561
Borrowings	8	24	35
Provisions	8	52	75
Total Non-current Liabilities		<u>2,623</u>	<u>2,671</u>
Total Liabilities		<u>3,805</u>	<u>4,454</u>
NET ASSETS		<u>88,959</u>	<u>94,588</u>
EQUITY			
Accumulated Surplus		14,532	13,609
Asset Revaluation Reserves	9	72,839	79,302
Other Reserves	9	1,588	1,677
TOTAL EQUITY		<u>88,959</u>	<u>94,588</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 2019

2019	Notes	Acc'd Surplus \$	Asset Rev'n Reserve \$	Other Reserves \$	Total Council Equity \$	TOTAL EQUITY \$
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						
Gain on revaluation of 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

2018	Notes	Acc'd Surplus \$	Asset Rev'n Reserve \$	Other Reserves \$	Total Council Equity \$	TOTAL EQUITY \$
Balance at end of previous reporting period		12,182	79,302	1,309	92,793	92,793
Restated opening balance		12,182	79,302	1,309	92,793	92,793
Net Surplus / (Deficit) for Year		1,795			1,795	1,795
Other Comprehensive Income						
Transfers between reserves	9	(368)		368	-	-
Balance at end of period		13,609	79,302	1,677	94,588	94,588

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 2019

		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Rates - general & other		5,174	5,047
Fees & other charges		86	106
User charges		992	1,021
Investment receipts		44	49
Grants utilised for operating purposes		721	998
Reimbursements		16	24
Other revenues		294	775
Payments:			
Employee costs		(2,260)	(2,117)
Materials, contracts & other expenses		(3,146)	(2,610)
Finance payments		(19)	207
Net Cash provided by (or used in) Operating Activities		1,902	3,500
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets		156	520
Sale of replaced assets		104	238
Sale of surplus assets		2	-
Repayments of loans by community groups		15	23
Payments:			
Expenditure on renewal/replacement of assets		(2,634)	(1,031)
Expenditure on new/upgraded assets		(993)	(2,892)
Net Cash provided by (or used in) Investing Activities		(3,350)	(3,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(10)	(10)
Net Cash provided by (or used in) Financing Activities		(10)	(10)
Net Increase (Decrease) in cash held		(1,458)	348
Cash & cash equivalents at beginning of period	10	2,581	2,233
Cash & cash equivalents at end of period	10	1,123	2,581

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 2019

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 11 September 2019.

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.

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 recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Received	Payment	Annual Allocation	Difference	
2016/17	\$203,505		\$134,196	+ / -	\$69,309
2017/18	\$218,370		\$137,427	+ / -	\$80,983
2018/19	\$142,638		\$141,164	+ / -	\$1,474

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 and Net Liabilities Ratio disclosed in Note 15 have also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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 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.

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.

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 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	1.081% (2018, 2.462%)
Weighted average settlement period	1 year (2018, 1 year)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

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 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

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

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.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, the sum of \$0 has been recognised as revenue, in accordance with the current Standards, but would in future be recorded as a liability "Amounts in Advance" until the performance obligations have been fulfilled.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019	2018
		\$	\$
RATES REVENUES			
<u>General Rates</u>		3,765	3,625
Less: Discretionary rebates, remissions & write offs		(26)	(37)
		3,739	3,588
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		214	211
Waste collection		385	354
Community wastewater management systems		862	833
		1,461	1,398
<u>Other Charges</u>			
Penalties for late payment		16	16
		16	16
		5,216	5,002
STATUTORY CHARGES			
Development Act fees		51	66
Health & Septic Tank Inspection fees		15	12
Animal registration fees & fines		12	11
Other licences, fees, & fines		8	9
		86	98
USER CHARGES			
Cemetery/crematoria fees		5	6
Robe Marina		363	325
Childcare Fees		482	190
Garbage Fees		39	31
Caravan Park Fees		139	137
Hall & equipment hire		10	12
Aged Home Income		50	46
Health Centre Rent		5	9
Boatramp Fees		10	12
Tourism Sales		50	40
Sale of Road Reserve		-	127
Sundry		8	7
		1,161	942

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

	Notes	2019 \$	2018 \$
INVESTMENT INCOME			
Local Government Finance Authority		28	41
Banks & other		4	3
Loans to community groups		5	4
		<u>37</u>	<u>48</u>
REIMBURSEMENTS			
- for roadworks		13	22
- other		3	-
		<u>16</u>	<u>22</u>
OTHER INCOME			
Augmentation Fee		122	72
Boatshow Income		33	39
Childcare Sponsor Fee		30	-
Asset Valuation Funding		10	-
Contribution to Fireworks		4	-
Diesel Fuel Rebate		25	16
Sundry		66	48
		<u>290</u>	<u>175</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		156	520
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		305	204
Roads to Recovery		77	154
Childcare Grant		334	563
Library & Communications		4	4
Sundry		1	3
		<u>721</u>	<u>928</u>
		<u>877</u>	<u>1,448</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		411	992
State government		465	456
Other		1	-
		<u>877</u>	<u>1,448</u>
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads		283	505
Common Effluent		-	230
TOTAL PHYSICAL RESOURCES RECEIVED		<u>283</u>	<u>735</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$	2018 \$
EMPLOYEE COSTS			
Salaries and Wages		1,986	1,889
Employee leave expense		101	121
Superannuation - defined contribution plan contributions	16	184	180
Workers' Compensation Insurance		53	53
Less: Capitalised and distributed costs		(145)	(113)
Total Operating Employee Costs		2,179	2,130
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	15
Bad and Doubtful Debts		17	5
Elected members' expenses		88	73
Election expenses		11	11
Subtotal - Prescribed Expenses		133	104
<u>Other Materials, Contracts & Expenses</u>			
Robe Marina		178	137
Maintenance		856	677
Fuels & Oils		115	107
Garbage Collection and Disposal		547	500
Levies paid to government - NRM levy		214	212
Childcare Expenses		203	114
Professional services		307	308
Sundry		175	81
Subtotal - Other Materials, Contracts & Expenses		2,595	2,136
		2,728	2,240

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	2019	2018
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	352	364
Infrastructure		
-Roads	1,281	1,312
-Bridges	3	3
-Footways	26	21
-Stormwater Drainage	25	21
-Marina Development	90	101
-Common Effluent	179	150
Other Community Assets	2	2
Plant, Machinery & Equipment	228	278
Furniture & Fittings	22	21
	<u>2,208</u>	<u>2,273</u>
FINANCE COSTS		
Interest on Loans	19	19
	<u>19</u>	<u>19</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	Notes	2019 \$	2018 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		104	238
Less: Carrying amount of assets sold		104	251
Gain (Loss) on disposal		-	(13)
 <i>Assets surplus to requirements</i>			
Proceeds from disposal		2	-
Gain (Loss) on disposal		2	-
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		2	(13)

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 - CURRENT ASSETS

	Notes	2019 \$	2018 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		139	548
Deposits at Call		984	2,033
		<u>1,123</u>	<u>2,581</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		236	194
Accrued Revenues		1	8
Debtors - general		286	124
GST Recoupment		-	4
Loans to community organisations		15	13
Total		<u>538</u>	<u>343</u>
Less: Allowance for Doubtful Debts		<u>28</u>	<u>6</u>
		<u>510</u>	<u>337</u>
INVENTORIES			
Stores & Materials		79	190
		<u>79</u>	<u>190</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	2019 \$	2018 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		39	56
TOTAL FINANCIAL ASSETS		<u>39</u>	<u>56</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

	Fair Value Level	2018				2019			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
		2018				2019			
		\$'000				\$'000			
	3	20,616	-	-	20,616	21,317	-	-	21,317
Land - Community	2	4,335	-	-	4,335	3,832	-	-	3,832
Land - Other	2	9,669	474	(4,563)	5,580	9,040	1,267	(3,985)	6,322
Buildings & Other Structures (Level 2)	3	7,658	1,293	(3,451)	5,500	6,808	165	(3,616)	3,357
Buildings & Other Structures (Level 3)	2								
Infrastructure	3	79,306	2,897	(37,087)	45,116	75,961	1,551	(32,479)	45,033
-Roads	3	136	10	(44)	102	134	-	(20)	114
-Bridges	3	653	265	(262)	656	1,010	-	(302)	708
-Footways	3	1,864	244	(605)	1,503	2,262	77	(1,545)	794
-Stormwater Drainage	3	3,026	1,729	(737)	4,018	3,806	20	(469)	3,357
-Marina Development	3	9,167	863	(2,877)	7,153	10,059	506	(5,667)	4,898
-Common Effluent	3	-	166	(10)	156	175	-	(37)	138
Other Community Assets	3	243	-	(242)	1	243	-	(242)	1
Library Stock	3	1,123	1,920	(1,949)	1,094	1,123	1,973	(1,988)	1,108
Plant, Machinery & Equipment	3	351	141	(444)	48	351	149	(466)	34
Furniture & Fittings									
Total IPP&E		138,147	10,002	(52,271)	95,878	136,121	5,708	(50,816)	91,013
Comparatives		139,117	5,725	(51,098)	93,744	138,147	10,002	(52,271)	95,878

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 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2019 \$
	\$										
	2018 \$	Additions		Disposals	Depreciation	Transfers		Net Revaluation	Carrying Amount		
Carrying Amount	New / Upgrade	Renewals	In			Out					
Land - Community	20,616	-	-	-	-	-	-	-	701	21,317	
Land - Other	4,335	-	-	-	-	-	-	-	(503)	3,832	
Buildings & Other Structures (Level 2)	5,580	316	951	-	(224)	-	(488)	-	187	6,322	
Buildings & Other Structures (Level 3)	5,500	134	31	-	(128)	488	-	-	(2,668)	3,357	
Infrastructure											
-Roads	45,116	317	1,234	(30)	(1,281)	-	-	-	(323)	45,033	
-Bridges	102	-	-	-	(3)	-	-	-	15	114	
-Footways	656	-	-	-	(26)	-	-	-	78	708	
-Stormwater Drainage	1,503	77	-	-	(25)	-	-	-	(761)	794	
-Marina Development	4,018	5	15	-	(90)	-	-	-	(591)	3,357	
-Common Effluent	7,153	127	379	-	(179)	-	-	-	(2,582)	4,898	
Other Community Assets	156	-	-	-	(2)	-	-	-	(16)	138	
Library Stock	1	-	-	-	-	-	-	-	-	1	
Plant, Machinery & Equipment	1,094	12	304	(74)	(228)	-	-	-	-	1,108	
Furniture & Fittings	48	5	3	-	(22)	-	-	-	-	34	
Total IPP&E	95,878	993	2,917	(104)	(2,208)	488	(488)	(6,463)	91,013		
Comparatives	93,744	3,178	1,480	(251)	(2,273)	-	-	-	95,878		

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 2019

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 2019

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	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	60 to 100 years
Paving & Footpaths, Kerb & Gutter	30 to 100 years
Drains	80 to 125 years
Culverts	50 to 75 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years

DISTRICT COUNCIL OF ROBE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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 periods ended 30 June 2017 and 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage 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 periods 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 periods 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 periods 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 2019

Note 8 - LIABILITIES

	Notes	2019		2018	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		265		537	
Payments received in advance		40	-	47	-
Accrued expenses - employee entitlements		79	-	71	-
Accrued expenses - other		206	-	471	-
Premiums Received in Advance Marina		37	2,547	37	2,561
		<u>627</u>	<u>2,547</u>	<u>1,163</u>	<u>2,561</u>
BORROWINGS					
Loans		11	24	10	35
		<u>11</u>	<u>24</u>	<u>10</u>	<u>35</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		544	52	610	75
		<u>544</u>	<u>52</u>	<u>610</u>	<u>75</u>

DISTRICT COUNCIL OF ROBE

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2018	Net Increments/ (Decrements)	Transfers, Impairments	30-6-2019
Notes	\$	\$	\$	\$
Land	20,917	198	-	21,115
Buildings & Other Structures	8,319	(2,481)	-	5,838
Infrastructure	46,002	(4,180)	-	41,822
Plant, Machinery & Equipment	4,064	-	-	4,064
TOTAL	79,302	(6,463)	-	72,839
Comparatives	79,302	-	-	79,302

OTHER RESERVES	1-7-2018	Transfers to Reserve	Transfers from Reserve	30-6-2019
CED Maintenance	1,438	984	(1,073)	1,349
Contribution Reserve	33	1	-	34
Childcare Reserve	205	-	(1)	204
Road Safety Group Reserve	1	-	-	1
TOTAL OTHER RESERVES	1,677	985	(1,074)	1,588
Comparatives	1,309	905	(537)	1,677

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 2019

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	2019 \$	2018 \$
Total cash & equivalent assets	5	<u>1,123</u>	<u>2,581</u>
Balances per Cash Flow Statement		<u>1,123</u>	<u>2,581</u>

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

Net Surplus (Deficit)		834	1,795
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,208	2,273
Net increase (decrease) in unpaid employee benefits		(81)	13
Change in allowances for under-recovery		22	-
Non-cash asset acquisitions		(283)	(735)
Grants for capital acquisitions treated as Investing Activity		(156)	(520)
Net (Gain) Loss on Disposals		<u>(2)</u>	<u>13</u>
		2,542	2,839
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(193)	11
Net (increase) decrease in inventories		111	20
Net increase (decrease) in trade & other payables		<u>(558)</u>	<u>630</u>
Net Cash provided by (or used in) operations		<u>1,902</u>	<u>3,500</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	<u>283</u>	<u>735</u>
		<u>283</u>	<u>735</u>

(d) Financing Arrangements

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

Corporate Credit Cards		11	15
LGFA Cash Advance Debenture facility		1,150	250

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 2019

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	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$				
Administration	5,400	5,119	1,640	1,507	3,760	3,612	42	21	2,842	2,917
Public Order & Safety	16	14	70	68	(54)	(54)	-	-	5	5
Health	20	23	87	99	(67)	(76)	-	-	13	13
Social Security & Welfare	867	799	861	777	6	22	334	563	587	602
Housing & Community Amenities	167	109	1,279	1,202	(1,112)	(1,093)	-	-	4,110	4,217
Protection of the Environment	-	-	118	45	(118)	(45)	-	-	569	849
Sport & Recreation	30	27	647	630	(617)	(603)	5	4	18,211	18,686
Mining Manufacturing & Construction	52	66	174	158	(122)	(92)	-	-	-	-
Transport & Communication	349	349	1,843	1,849	(1,494)	(1,500)	340	340	53,244	58,225
Economic Affairs	586	668	556	523	30	145	-	-	10,866	11,150
Other Purposes NEC	40	41	(141)	(196)	181	237	-	-	2,317	2,378
TOTALS	7,527	7,215	7,134	6,662	393	553	721	928	92,764	99,042

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 2019

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: 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 1.5% and 1.25% (2018: 1.5% and 1.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.55% (2018: 0.56%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of 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: 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 3.6% and 5.05% (2018: 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 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<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
2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	2,581			2,581	2,581
Receivables	149	56	-	205	205
Total	2,730	56	-	2,786	2,786
<u>Financial Liabilities</u>					
Payables	3,182	-	-	3,182	3,182
Current Borrowings	12	-	-	12	10
Non-Current Borrowings	-	35	-	35	35
Total	3,194	35	-	3,229	3,227

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

	30 June 2019		30 June 2018	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	5.05	35	5.05	45
		<u>35</u>		<u>45</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 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 2019

Note 13 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Community waste water management scheme	<u>1,520</u>	<u>-</u>
	<u>1,520</u>	<u>-</u>
These expenditures are payable:		
Not later than one year	<u>1,520</u>	<u>-</u>
	<u>1,520</u>	<u>-</u>
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Employment Contracts	670	349
Cleaning Contracts	34	66
Waste Contracts	<u>650</u>	<u>1,840</u>
	<u>1,354</u>	<u>2,255</u>
These expenditures are payable:		
Not later than one year	854	686
Later than one year and not later than 5 years	<u>500</u>	<u>1,569</u>
	<u>1,354</u>	<u>2,255</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - FINANCIAL INDICATORS

	2019	2018	2017
Operating Surplus Ratio			
<u>Operating Surplus</u>	5%	7.7%	2.0%
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>	28%	21.0%	16.0%
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>	4%	7.5%	3.0%
<i>Adjusted Net Financial Liabilities Ratio</i>	31%	19.0%	16.0%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	79%	28.0%	44.0%
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.

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

	2019		2018
	\$		\$
Income	7,527		7,215
Expenses	<u>(7,134)</u>		<u>(6,662)</u>
Operating Surplus / (Deficit)	393		553
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,255)		(1,031)
Add back Depreciation, Amortisation and Impairment	2,208		2,273
Proceeds from Sale of Replaced Assets	<u>104</u>		<u>238</u>
	57		1,480
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,372)		(2,892)
Amounts received specifically for New and Upgraded Assets	156		520
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>2</u>		<u>-</u>
	<u>(1,214)</u>		<u>(2,372)</u>
Net Lending / (Borrowing) for Financial Year	<u>(764)</u>		<u>(339)</u>

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 2017-18) 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 2017. 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 2019

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 2019

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, 16 persons were paid the following total compensation:

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	674,974	568,659
TOTAL	674,974	568,659

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

	2019	2018
	\$	\$
Planning and building applications fees	245	1,860
Rentals for Council property	-	148
TOTAL	245	2,008

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

An Employee was a member of the Robe Golf 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 involving the golf club. During the year the club received a 75% rebate, a loan of \$200,000 and contribution towards to the irrigation system \$57,000.

One close family members of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the *Local Government Act* 1999.

Key management personnel or close family members (including related parties) lodged a total of One 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.

An Elected Member is a member of the Robe Netball Club. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee.

An Elected Member is a member of the Robe Lions Club. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee.

DISTRICT COUNCIL OF ROBE
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES (Cont)

An Elected Member is a member of the Bray CFS. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee. During the year the CFS received \$2,000 from the Council

An Elected Member is a member of the Robe Football Club. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee.

An Elected Member is a member of the AC Care Fostercare. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee.

An Elected Member is a member of the Southern Camp Draft Association. In accordance with the Local Government Act 1999, this person declares a conflict of interest and takes no part in discussions relating to matters involving the committee.

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler 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

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 2018 to 30 June 2019 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 2018 to 30 June 2019.

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 2018 to 30 June 2019. 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 2018 to 30 June 2019 . 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

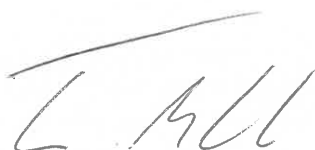
Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

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

18 / 09 / 2019

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

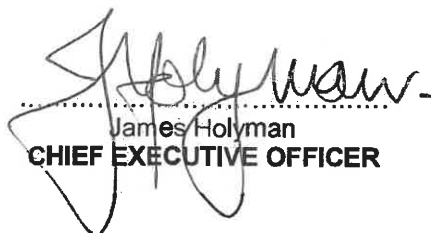
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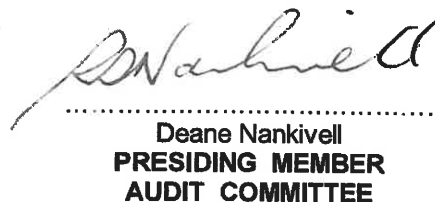
DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2019

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 2019, 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 Nankivell
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 16 September 2019

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler 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 2019, 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 2019, 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* (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.

DISTRICT COUNCIL OF ROBE
Annual Financial Statements
for the year ended 30 June 2019

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2019, 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 18th day of September 2019