

DISTRICT COUNCIL OF ROBE

General Purpose Financial Reports for the year ended 30 June 2010

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DISTRICT COUNCIL OF ROBE

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
INCOME			
Rates	2	3,690	3,533
Statutory charges	2	67	59
User charges	2	662	508
Grants, subsidies and contributions	2	910	655
Investment income	2	45	22
Reimbursements	2	21	21
Other income	2	<u>1,630</u>	<u>138</u>
Total Income		<u>7,025</u>	<u>4,936</u>
EXPENSES			
Employee costs	3	1,466	1,381
Materials, contracts & other expenses	3	1,630	2,015
Finance costs	3	194	259
Depreciation, amortisation & impairment	3	<u>1,640</u>	<u>1,276</u>
Total Expenses		<u>4,930</u>	<u>4,931</u>
OPERATING SURPLUS / (DEFICIT)		2,095	5
Asset disposal & fair value adjustments	4	463	(176)
Amounts received specifically for new or upgraded assets	2	114	302
NET SURPLUS / (DEFICIT)		<u>2,672</u>	<u>131</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	<u>(293)</u>	<u>42,712</u>
Total Other Comprehensive Income		<u>(293)</u>	<u>42,712</u>
TOTAL COMPREHENSIVE INCOME		<u>2,379</u>	<u>42,843</u>

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

DISTRICT COUNCIL OF ROBE

BALANCE SHEET as at 30 June 2010

ASSETS	Notes	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	5	313	556
Trade & other receivables	5	239	420
Inventories	5	<u>460</u>	<u>463</u>
Total Current Assets		<u>1,012</u>	<u>1,439</u>
Non-current Assets			
Financial Assets	6	96	109
Infrastructure, Property, Plant & Equipment	7	<u>94,285</u>	<u>93,707</u>
Total Non-current Assets		<u>94,381</u>	<u>93,816</u>
Total Assets		<u>95,393</u>	<u>95,255</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	3,217	3,364
Borrowings	8	1,138	1,522
Provisions	8	<u>401</u>	<u>375</u>
Total Current Liabilities		<u>4,756</u>	<u>5,261</u>
Non-current Liabilities			
Borrowings	8	1,244	1,487
Provisions	8	<u>25</u>	<u>1,518</u>
Total Non-current Liabilities		<u>1,269</u>	<u>3,005</u>
Total Liabilities		<u>6,025</u>	<u>8,266</u>
NET ASSETS		<u>89,368</u>	<u>86,989</u>
EQUITY			
Accumulated Surplus		8,390	5,928
Asset Revaluation Reserves	9	79,637	79,930
Other Reserves	9	<u>1,341</u>	<u>1,131</u>
TOTAL EQUITY		<u>89,368</u>	<u>86,989</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 2010

2010	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		5,928	79,930	1,131	86,989
Restated opening balance		5,928	79,930	1,131	86,989
Net Surplus / (Deficit) for Year		2,672			2,672
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	(293)	-	(293)
Transfers between reserves		(210)	-	210	-
Balance at end of period		8,390	79,637	1,341	89,368
2009					
Balance at end of previous reporting period		6,180	37,218	748	44,146
Restated opening balance		6,180	37,218	748	44,146
Net Surplus / (Deficit) for Year		131	-	-	131
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	42,712	-	42,712
Transfers between reserves		(383)	-	383	-
Balance at end of period		5,928	79,930	1,131	86,989

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

DISTRICT COUNCIL OF ROBE

CASH FLOW STATEMENT for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		7,048	5,048
Investment receipts		45	23
<u>Payments</u>			
Operating payments to suppliers & employees		(4,664)	(3,402)
Finance payments		(196)	(306)
Net Cash provided by (or used in) Operating Activities		2,233	1,363
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		114	302
Sale of replaced assets		160	90
Sale of surplus assets		467	196
Sale of real estate developments		-	72
Repayments of loans by community groups		12	17
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,247)	(368)
Expenditure on new/upgraded assets		(1,428)	(145)
Loans made to community groups		-	(30)
Net Cash provided by (or used in) Investing Activities		(1,922)	134
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	30
Premiums received in advance (Marina)		158	650
<u>Payments</u>			
Repayments of Borrowings		(574)	(1,777)
Repayment of Finance Lease Liabilities		(53)	(29)
Repayment of Premiums Received in Advance (Marina)		(85)	(8)
Net Cash provided by (or used in) Financing Activities		(554)	(1,134)
Net Increase (Decrease) in cash held		(243)	363
Cash & cash equivalents at beginning of period	10	<u>556</u>	<u>193</u>
Cash & cash equivalents at end of period	10	<u>313</u>	<u>556</u>

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 clause 11 of the *Local Government (Financial Management) Regulations 1999*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

District Council of Robe is incorporated under the SA Local Government Act 1999 and has its principal place of business at 1 Royal Circus Robe. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

6.2 Materiality

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

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

6.3 Subsequent Recognition

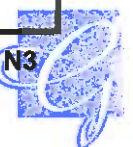
All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	4.70% (2009, 4.69%)
Weighted average settlement period	1 year (2009, 1 year)



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

10 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11 Leases

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

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

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

12 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.

13 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2010 reporting period.

- AASB 1 *First-time Adoption of Australian Accounting Standards*
- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 9 *Financial Instruments*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and*

Errors

DISTRICT COUNCIL OF ROBE

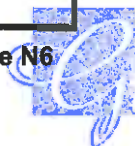
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

- AASB 110 *Events after the Reporting Period*
- AASB 117 *Leases*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 132 *Financial Instruments: Presentation*
- AASB 136 *Impairment of Assets*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 1031 *Financial Instruments: Recognition and Measurement*
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]*
- AASB 2010-1 *Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]*
- *Interpretation 4* *Determining whether an Arrangement contains a Lease*
- *Interpretation 14* *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- (Standards not affecting local government have been excluded from the above list.)

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

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 2 - INCOME

	Notes	2010 \$'000	2009 \$'000
RATES REVENUES			
<u>General Rates</u>		2,689	2,589
Less: Discretionary rebates, remissions & write offs		(13)	(19)
		2,676	2,570
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		72	63
Waste Collection		260	252
Robe Marina Separate Rate		21	26
Community wastewater management systems		649	621
		1,002	962
<u>Other Charges</u>			
Penalties for late payment		12	11
		12	11
Less: Discretionary rebates, remissions & write offs		-	(10)
		3,690	3,533
STATUTORY CHARGES			
Development Act fees		50	43
Town planning fees		6	5
Animal registration fees & fines		7	8
Sundry		4	3
		67	59
USER CHARGES			
Cemetery/crematoria fees		3	2
Lake Butler / Robe Marina		396	305
Caravan Fees		62	40
Hall & equipment hire		7	6
Sundry		194	155
		662	508
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		44	21
Banks & other		1	1
		45	22
REIMBURSEMENTS			
- for private works		9	13
- other		12	8
		21	21
OTHER INCOME			
Reversal of Provision for Future Losses		1,492	0
Sundry		138	138
		1,630	138



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	Notes	2010 \$'000	2009 \$'000
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		114	302
Other grants, subsidies and contributions		875	622
Individually significant item - additional Grants Commission payment	see below	35	33
		1,024	957

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

Sources of grants

Commonwealth government		711	770
State government		307	181
Other		6	6
		1,024	957

Individually Significant Item

On 30 June 2010, Council received payment of the first quarter instalment of the 2010/11 Grant Commission (FAG) grant. This represents a significant increase in income from this source for 2008/09 & 2009/10, with an equivalent reduction in 2010/11.

		35	33
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Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period		292	63
Less: expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		-	(63)
Sport and Recreation		(202)	-
Community Infrastructure		(90)	(10)
Subtotal		(292)	(73)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Community Infrastructure		-	100
Sport and Recreation		114	202
Subtotal		114	302
Unexpended at the close of this reporting period		114	292
Net increase (decrease) in assets subject to conditions in the current reporting period		(178)	229



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - EXPENSES

	Notes	2010 \$'000	2009 \$'000
EMPLOYEE COSTS			
Salaries and Wages		1,329	1,182
Employee leave expense		62	70
Superannuation - defined contribution plan contributions	16	108	99
Workers' Compensation Insurance		63	67
Less: Capitalised and distributed costs		(96)	(37)
Total Operating Employee Costs		1,466	1,381
Total Number of Employees		17	17
<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		10	10
- Other Services		-	-
Bad and Doubtful Debts		5	-
Elected members' expenses		45	45
Subtotal - Prescribed Expenses		60	55
<u>Other Materials, Contracts & Expenses</u>			
Energy		2	1
Maintenance		495	571
Legal Expenses		5	82
Levies paid to government - NRM levy		71	63
Future Losses Recognised		-	267
Professional services		165	273
Sundry		832	703
Subtotal - Other Materials, Contracts & Expenses		1,570	1,960
		1,630	2,015
FINANCE COSTS			
Interest on Borrowings		194	259
		194	259
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		188	146
Infrastructure		1,122	922
Plant and Equipment		247	184
Furniture & Fittings		48	20
Other Community Assets		35	4
		1,640	1,276



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2010 \$'000	2009 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	156	90
Less: Carrying amount of assets sold	160	101
Gain (Loss) on disposal	(4)	(11)
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	467	196
Less: Carrying amount of assets sold	-	106
Gain (Loss) on disposal	467	90
 REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	-	72
Less: Carrying amount of assets sold	-	46
Gain (Loss) on disposal	-	26
 FAIR VALUE ADJUSTMENTS		
Revaluation decrements expensed	-	(281)
	-	(281)
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 463	 (176)

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 5 - CURRENT ASSETS

	Notes	2010 \$'000	2009 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		313	556
		313	556
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		150	125
Debtors - general		80	283
Prepayments		1	-
Loans to community organisations		17	16
Total		248	424
Less: Allowance for Doubtful Debts		9	4
		239	420
 INVENTORIES			
Stores & Materials		71	74
Real Estate Developments		389	389
		460	463
 <i>Real Estate Developments</i>			
<i>(Valued at the lower of cost and net realisable value)</i>			
<i>Residential</i>		389	389
Total Real Estate for Resale		389	389
 <i>Represented by:</i>			
<i>Development Costs</i>		389	389
Total Real Estate for Resale		389	389



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2010 \$'000	2009 \$'000
Receivables			
Loans to community organisations		<u>96</u>	<u>109</u>
		<u>96</u>	<u>109</u>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2009 \$'000				2010 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	20,245	-	-	20,245	20,245	-	20,245	
Buildings & Other Structures	14,592	-	(4,595)	9,997	14,592	438	10,248	
Infrastructure	84,988	-	(23,334)	61,654	84,988	1,252	61,783	
Marina WIP	-	146	-	146	-	-	146	
Plant and Equipment	1,377	-	-	1,377	1,186	683	1,648	
Furniture & Fittings	351	-	(164)	187	351	10	149	
Other Community Assets	239	-	(138)	101	239	-	66	
TOTAL PROPERTY, PLANT & EQUIPMENT	121,792	146	(28,231)	93,707	121,601	2,529	(29,845)	
2009 Totals	48,812	19,977	(16,543)	52,246	121,792	146	(28,231)	
							93,707	

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 2010

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2009 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2010 CARRYING AMOUNT \$'000
		Additions		Disposals	Depreciation	Net Revaluation		
		New/Upgrade	Renewals					
Land	20,245	293	-	-	-	(293)	20,245	
Buildings & Other Structures	9,997	374	65	-	(188)	-	10,248	
Infrastructure	61,654	760	491	-	(1,122)	-	61,783	
Marina WIP	146	-	-	-	-	-	146	
Plant and Equipment	1,377	-	682	(164)	(247)	-	1,648	
Furniture & Fittings	187	1	9	-	(48)	-	149	
Other Community Assets	101	-	-	-	(35)	-	66	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	93,707	1,428	1,247	(164)	(1,640)	(293)	94,285	
2009 Totals	52,246	145	519	(206)	(1,276)	42,431	93,707	

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 2010

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land & Land Improvements

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2009 by Gavin Halliday (B Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services, Property Consultants and Valuers. Additions are recognised at cost.

Buildings & Other Structures

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

Infrastructure

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

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

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

Plant, Furniture & Equipment

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

All other assets

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 8 - LIABILITIES

	Notes	2010 \$'000		2009 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		258		309	
Payments received in advance		534	-	644	-
Accrued expenses - employee entitlements		14	-	12	-
Accrued expenses - other		76	-	78	-
Premiums Received in Advance (Marina)		2,230	-	2,157	-
Deposits, Retentions & Bonds		105	-	164	-
		<u>3,217</u>	<u>-</u>	<u>3,364</u>	<u>-</u>
BORROWINGS					
Loans		1,138	1,244	1,469	1,487
Finance Leases	13	-	-	53	-
		<u>1,138</u>	<u>1,244</u>	<u>1,522</u>	<u>1,487</u>
PROVISIONS					
Employee entitlements (including oncosts)		255	25	229	26
Future Losses (Marina)		-	-	-	1,492
Marina Completion		146	-	146	-
		<u>401</u>	<u>25</u>	<u>375</u>	<u>1,518</u>

All interest bearing liabilities are secured over the future revenues of the Council.

As a condition of underlease agreements related to the Marina, Council will be liable for future maintenance, renewal and replacement costs associated with the Marina's infrastructure assets. The Council had serious concerns that future revenue streams associated with the Marina Development would not be sufficient to meet these costs. A provision had been recorded in the financial statements for these future costs. Following the Geoff Wells report these concerns have eased. (Note 17)



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2009	Net Increments (Decrements)	Transfers, Impairments	30/6/2010
Notes	\$'000	\$'000	\$'000	\$'000
Land	16,052	(293)	-	15,759
Buildings & Other Structures	8,330	-	-	8,330
Infrastructure	51,484	-	-	51,484
Plant and Equipment	4,064	-	-	4,064
TOTAL	79,930	(293)	-	79,637
<i>2009 Totals</i>	<i>37,218</i>	<i>42,712</i>	<i>-</i>	<i>79,930</i>

OTHER RESERVES	1/7/2009	Transfers to Reserve	Transfers from Reserve	30/6/2010
Trust Reserves	76	-	(46)	30
Plant Replacement Reserve	15	-	(15)	0
CED Maintenance	473	177	-	650
CWMS Maintenance	397	17	-	414
Contribution Reserve	25	1	-	26
Lake Butler Reserve	4	-	(4)	0
Garbage Reserve	141	80	-	221
TOTAL OTHER RESERVES	1,131	275	(65)	1,341
<i>2009 Totals</i>	<i>748</i>	<i>921</i>	<i>(538)</i>	<i>1,131</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets and available-for-sale financial assets

Trust Funds Reserve

Trust Funds Reserve is for the development of Parks through a bequest, Sporting monies and CWA monies are also held in separate accounts under the Council's name.

Plant Replacement Reserve

Plant Replacement Reserve was for the Lake Butler Plant Replacement - Monies had been contibuted by Robe Marina, this reserve has now been closed.

CED Maintenance Reserve

CED Maintenance Reserve is for future asset replacement and capital maintenance. This reserve will be spent in 2010/11 on the upgrade of the CWMS.

CMWS Maintenance Reserve

CWMS Maintenance Reserve is for future asset replacement and capital maintenance. This reserve will be spent in 2010/11 on the upgrade of the CWMS.

Contribution Reserve

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

Lake Butler Reserve

Lake Butler Reserve was for expenditure on projects associated with Lake Butler, this reserve has now been closed monies were spent on the new boardwalk.

Garbage Reserve

Garbage Reserve is for future asset replacement, this reserve will be spent in 2010/11 on the construction of the new resource recovery facility.



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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	2010 \$'000	2009 \$'000
Total cash & equivalent assets	5	313	556
Balances per Cash Flow Statement		313	556

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

Net Surplus (Deficit)		2,672	131
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,640	1,276
Net increase (decrease) in unpaid employee benefits		27	73
Change in allowances for under-recovery		5	-
Grants for capital acquisitions treated as Investing Activity		(114)	(302)
Net (Gain) Loss on Disposals		(463)	176
		3,767	1,354
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		177	(178)
Net (increase) decrease in inventories		3	74
Net increase (decrease) in trade & other payables		(222)	62
Net increase (decrease) in other provisions		(1,492)	51
Net Cash provided by (or used in) operations		2,233	1,363

(c) Financing Arrangements

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

Bank Overdrafts		5,352	5,026
Corporate Credit Cards		4	4

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administration	3,853	3,649	956	938	2,897	2,711	34	34	2,845	2,841
Public Order and Safety	9	12	40	39	(31)	(27)	-	-	5	5
Health	12	20	30	25	(18)	(5)	-	-	13	13
Social Security and Welfare	574	549	574	545	-	4	466	455	581	580
Housing and Community Amenities	67	86	539	527	(472)	(441)	5	-	4,073	4,067
Protection of the Environment NEC	6	-	7	20	(1)	(20)	6	-	564	563
Sport and Recreation	57	25	491	356	(434)	(331)	5	4	18,048	18,022
Mining Manufacturing and Construction	49	44	128	159	(79)	(115)	-	-	-	-
Transport and Communications	402	193	1,258	1,052	(856)	(859)	388	156	56,215	56,134
Economic Affairs NEC	1,960	355	531	890	1,429	(535)	6	6	10,768	10,753
Other Purposes NEC	36	3	376	380	(340)	(377)	-	-	2,281	2,277
TOTALS	7,025	4,936	4,930	4,931	2,095	5	910	655	95,393	95,255

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

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 11 (cont) - FUNCTIONS

The activities relating to Council functions are as follows:

Administration:

General and office operations not attributable to another specific activity, rates and elected members expenses.

Public Order and Safety:

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

Health:

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

Social Security and Welfare:

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

Housing and Community Amenities:

Rubbish collection services, operation of tip, effluent drainage, public toilets, street cleaning and lighting, town planning and maintenance of cemeteries.

Protection of the Environment NEC:

Foreshore protection, beach patrol, coast and marine.

Sport and Recreation:

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

Mining, Manufacturing and Construction:

Development act requirements, quarry operations.

Transport and Communications:

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

Economic Affairs NEC:

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

Other Purposes NEC:

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.75% and 4.5% (2009: 2.75% and 7%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & 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 0.58% (2009: 0.93%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4% and 11.5% (2009: 5.44% and 11.5%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2010	Due < 1 year \$'000	Due > 1 year; ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash and cash equivalents	313			313	313
Receivables	100	59	35	194	194
Total	413	59	35	507	507
Financial Liabilities					
Payables	3,127			3,127	3,127
Borrowings	1,138	550	694	2,382	2,382
Total	4,265	550	694	5,509	5,509

2009	Due < 1 year \$'000	Due > 1 year; ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash and cash equivalents	556			556	556
Receivables	190	65	44	299	299
Total	746	65	44	855	855
Financial Liabilities					
Payables	3,274			3,274	3,274
Borrowings	1,469	784	756	3,009	3,009
Total	4,743	784	756	6,283	6,283

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

	30 June 2010		30 June 2009	
	Weighted Average Interest Rate %	Carrying Value \$'000	Weighted Average Interest Rate %	Carrying Value \$'000
Other Variable Rates	4.00%	4,025	4.00%	4,656
Fixed Interest Rates	6.37%	1,484	6.93%	1,627
		5,509		6,283

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 2010

Note 13 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2010 \$'000	2009 \$'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land		-	293
		-	293
These expenditures are payable:			
Not later than one year		-	293
		-	293

Finance Lease Commitments

Council leases various plant and equipment with a carrying amount of (2009 - \$58,000) under finance leases expiring within 1 to 4 years. At expiry, Council may re-lease, or return or acquire the leased assets.

Commitments under finance leases at the reporting date are as follows:

Not later than one year		-	53
Net Lease Liability		-	53
Representing lease liabilities:			
Current	8	-	53
		-	53



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 14 - FINANCIAL INDICATORS

2010 2009 2008

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

Operating Surplus 2,095 5 (1,446)

Being the operating surplus (deficit) before capital amounts .

Adjusted Operating Surplus 2,062 (28) (1,446)

*In June 2009 the Commonwealth Government made an advance payment approximately equal to one quarter of the 2009/10 Financial Assistance Grant (see Note 2). This income has materially distorted the amount of the Operating Result for both the 2008/09 and 2010/11 reporting periods. The **Adjusted Operating Surplus** and **Adjusted Operating Surplus Ratio** adjust for this distortion.*

Operating Surplus Ratio

Operating Surplus 58% 0% (49%)

Rates - general & other less NRM levy

Adjusted Operating Surplus Ratio 57% (1%) (49%)

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

Net Financial Liabilities

5,377 7,181 8,637

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

Net Financial Liabilities Ratio

Net Financial Liabilities 77% 147% 189%

Total Operating Revenue less NRM levy

Interest Cover Ratio

Net Interest Expense 2.2% 4.9% 8.6%

Total Operating Revenue less NRM levy less
Investment Income

Asset Sustainability Ratio

Net Asset Renewals 66% 22% 3%

Depreciation Expense

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

Asset Consumption Ratio

Carrying value of depreciable assets 71% 72% 62%

Gross value of depreciable assets

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



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

	2010 \$'000	2009 \$'000
Income	7,025	4,936
<i>less</i> Expenses	<u>4,930</u>	<u>4,931</u>
	2,095	5
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,247	368
<i>less</i> Depreciation, Amortisation and Impairment	1,640	1,276
<i>less</i> Proceeds from Sale of Replaced Assets	<u>160</u>	<u>90</u>
	(553)	(998)
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	1,428	145
<i>less</i> Amounts received specifically for New and Upgraded Assets	114	302
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>467</u>	<u>268</u>
	847	(425)
 Net Lending / (Borrowing) for Financial Year	 <u>1,801</u>	 <u>1,428</u>



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 16 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2009/10 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2008/09). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2008/2009) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.



DISTRICT COUNCIL OF ROBE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 17 – ROBE MARINA

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

Council has determined that it will maintain control of the Marina. Council will be liable to incur additional capital expenditure to complete Stage 1 of the Development. A provision of \$146,000 has been established in the accounts for the completion of Stage 1.

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

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

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

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

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

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



DISTRICT COUNCIL OF ROBE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, William Hender, the person for the time being occupying the position of Chief Executive Officer of District Council of Robe, do hereby state that the Financial Statements of the Council for the year ended 30 June 2010 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.

William Hender



CHIEF EXECUTIVE OFFICER

Dated this 7th day of September 2010

ADOPTION STATEMENT

Laid before the District Council of Robe and adopted on the 9th day of November 2010.



William Peden

MAYOR



GALPIN, ENGLER, BRUINS & DEMPSEY

Accountants, Auditors & Business Consultants

Unit 4/3-5 Mount Barker Road
PO Box 727
Stirling S.A. 5152
Telephone 08 8339 1255
Facsimile 08 8339 1266
Email stirling@galpins.com.au

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

Scope

The financial report and Chief Executive Officer's responsibility

The financial report comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, accompanying Notes to the Financial Statements and the Chief Executive Officer's Statement of District Council of Robe (the Council) for the year ended 30 June 2010.

The Chief Executive Officer is responsible for the preparation and presentation of the financial report and the information contained therein. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulations 1999, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and context of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

Audit Opinion

In our opinion, the financial report of the District Council of Robe for the year ended 30 June 2010 is properly drawn up:

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

GALPIN ENGLER BRUINS & DEMPSEY

 25-10-10

L J Galpin FCPA
Partner

DISTRICT COUNCIL OF ROBE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

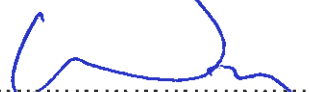
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2010, the Council's Auditor, Galpin, Engler, Bruins and Dempsey, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



William Hender
CHIEF EXECUTIVE OFFICER



William Peden
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 20/9/10

DISTRICT COUNCIL OF ROBE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2010, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



Laurence John Galpin

Galpin, Engler, Bruins and Dempsey

Dated this 25th day of October 2010