

# DISTRICT COUNCIL OF ROBE

## General Purpose Financial Reports for the year ended 30 June 2016

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## DISTRICT COUNCIL OF ROBE

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

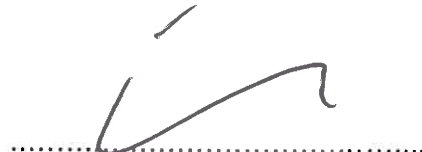
#### CERTIFICATION OF FINANCIAL STATEMENTS

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 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....  
Roger Sweetman  
**CHIEF EXECUTIVE OFFICER**



.....  
Peter Riseley  
**MAYOR/COUNCILLOR**

Date: 12 October 2016

**DISTRICT COUNCIL OF ROBE**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>INCOME</b>			
Rates	2	4,762	4,621
Statutory charges	2	86	83
User charges	2	700	691
Grants, subsidies and contributions	2	815	850
Investment income	2	36	23
Reimbursements	2	21	26
Other income	2	197	206
<b>Total Income</b>		<u>6,617</u>	<u>6,500</u>
<b>EXPENSES</b>			
Employee costs	3	2,113	2,184
Materials, contracts & other expenses	3	2,319	2,132
Depreciation, amortisation & impairment	3	2,206	2,156
Finance costs	3	18	21
<b>Total Expenses</b>		<u>6,656</u>	<u>6,493</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(39)</b>	7
Asset disposal & fair value adjustments	4	22	(2)
Amounts received specifically for new or upgraded assets	2	10	20
Physical resources received free of charge	2	-	-
<b>NET SURPLUS / (DEFICIT)</b>		<u>(7)</u>	<u>25</u>
transferred to Equity Statement			
<b>Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(7)</u>	<u>25</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 2016

<b>ASSETS</b>	Notes	<b>2016</b> \$'000	2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	1,051	207
Trade & other receivables	5	709	508
Inventories	5	230	210
<b>Total Current Assets</b>		<b>1,990</b>	<b>925</b>
<b>Non-current Assets</b>			
Financial assets	6	92	87
Infrastructure, property, plant & equipment	7	94,560	95,581
<b>Total Non-current Assets</b>		<b>94,652</b>	<b>95,668</b>
<b>Total Assets</b>		<b>96,642</b>	<b>96,593</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	514	393
Borrowings	8	9	81
Provisions	8	565	530
<b>Total Current Liabilities</b>		<b>1,088</b>	<b>1,004</b>
<b>Non-current Liabilities</b>			
Trade & Other Payables	8	2,685	2,716
Borrowings	8	55	65
Provisions	8	81	68
<b>Total Non-current Liabilities</b>		<b>2,821</b>	<b>2,849</b>
<b>Total Liabilities</b>		<b>3,909</b>	<b>3,853</b>
<b>NET ASSETS</b>		<b>92,733</b>	<b>92,740</b>
<b>EQUITY</b>			
Accumulated Surplus		12,418	12,673
Asset Revaluation Reserves	9	79,302	79,302
Other Reserves	9	1,013	765
<b>TOTAL EQUITY</b>		<b>92,733</b>	<b>92,740</b>

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 2016

2016	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		12,673	79,302	765	92,740
Restated opening balance		12,673	79,302	765	92,740
<b>Net Surplus / (Deficit) for Year</b>		(7)			(7)
<b>Other Comprehensive Income</b>					
Transfers between reserves	9	(248)		248	-
<b>Balance at end of period</b>		<b>12,418</b>	<b>79,302</b>	<b>1,013</b>	<b>92,733</b>
<b>2015</b>					
Balance at end of previous reporting period		12,239	79,302	1,174	92,715
Restated opening balance		12,239	79,302	1,174	92,715
<b>Net Surplus / (Deficit) for Year</b>		25			25
<b>Other Comprehensive Income</b>					
Transfers between reserves	9	409		(409)	-
<b>Balance at end of period</b>		<b>12,673</b>	<b>79,302</b>	<b>765</b>	<b>92,740</b>

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 2016

	Notes	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		4,751	4,682
Fees & other charges		93	83
User charges		758	721
Investment receipts		36	23
Grants utilised for operating purposes		876	850
Reimbursements		23	26
Other revenues		711	164
<u>Payments</u>			
Employee costs		(2,074)	(2,040)
Materials, contracts & other expenses		(2,854)	(2,262)
Finance payments		(11)	(25)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,309</b>	<b>2,222</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		10	20
Sale of replaced assets		58	86
Sale of surplus assets		172	227
Repayments of loans by community groups		20	23
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(886)	(1,368)
Expenditure on new/upgraded assets		(507)	(1,408)
Loans made to community groups		(250)	(189)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(1,383)</b>	<b>(2,609)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Premiums Received in Advance (Marina)		-	28
<u>Payments</u>			
Repayments of borrowings		(82)	(147)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(82)</b>	<b>(119)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>844</b>	<b>(506)</b>
Cash & cash equivalents at beginning of period	10	207	713
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>1,051</b>	<b>207</b>

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 2016

### 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<sup>th</sup> October 2016.

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

##### 1.4 Rounding

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

#### 2 The Local Government Reporting Entity

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

#### 3 Income recognition

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

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

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



## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 1 - Significant Accounting Policies (cont)

	Cash Payment Received	Annual Allocation	Difference	
2013/14	\$284,137	\$362,368	+ / -	-\$78,232
2014/15	\$212,112	\$135,574	+ / -	\$76,538
2015/16	\$58,276	\$134,814	+ / -	-\$76,538

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

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

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

#### 4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### 5 Inventories

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

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Land under roads

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

##### 6.2 Initial Recognition

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



## **DISTRICT COUNCIL OF ROBE**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2016

#### **Note 1 - Significant Accounting Policies (cont)**

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.

#### **6.3 Materiality**

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

#### **6.4 Subsequent Recognition**

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

#### **6.5 Depreciation of Non-Current Assets**

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

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

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

### **7 Payables**

#### **7.1 Goods & Services**

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

#### **7.2 Payments Received in Advance & Deposits**

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

### **8 Borrowings**

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

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 1 - Significant Accounting Policies (cont)

##### 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	1.714% (2015, 2.34%)
Weighted average settlement period	1 year (2015, 1 year)

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

###### 9.2 Superannuation

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

##### 10 GST Implications

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

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

##### 11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

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

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

*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 2016

### Note 2 - INCOME

	Notes	2016 \$'000	2015 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		3,477	3,369
Less: Discretionary rebates, remissions & write offs		(17)	(15)
		3,460	3,354
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		92	88
Waste collection		400	388
Community wastewater management systems		794	776
		1,286	1,252
<u>Other Charges</u>			
Penalties for late payment		16	15
		16	15
		4,762	4,621
 <b>STATUTORY CHARGES</b>			
Development Act fees		51	45
Health & Septic Tank Inspection fees		14	16
Animal registration fees & fines		13	13
Other licences, fees, & fines		8	9
		86	83
 <b>USER CHARGES</b>			
Cemetery/crematoria fees		5	7
Lake Butler / Robe Marina		325	337
Childcare Fees		151	131
Garbage Fees		27	24
Caravan Park Fees		67	63
Hall & equipment hire		10	9
Aged Home Income		48	47
Health Centre Rent		10	9
Boatramp Fees		15	12
Tourism Sales		35	42
Sundry		7	10
		700	691
 <b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		11	17
Banks & other		4	6
Loans to community groups		21	-
		36	23
 <b>REIMBURSEMENTS</b>			
- for private works		19	6
- other		2	20
		21	26

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### NOTE 2 - INCOME (continued)

	Notes	2016 \$'000	2015 \$'000
<b>OTHER INCOME</b>			
Childcare Sponsor Fee		-	18
Augmentation Fee		11	12
Boatshow Income		42	38
Sundry		<u>144</u>	<u>138</u>
		<u>197</u>	<u>206</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		10	20
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		57	212
Roads to Recovery		221	77
Childcare Grant		513	504
Library & Communications		4	5
Sundry		<u>20</u>	<u>52</u>
		<u>815</u>	<u>850</u>
		<u>825</u>	<u>870</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
<b>Sources of grants</b>			
Commonwealth government		548	579
State government		<u>277</u>	<u>291</u>
		<u>825</u>	<u>870</u>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 3 - EXPENSES

	Notes	2016 \$'000	2015 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,817	1,890
Employee leave expense		127	133
Superannuation - defined contribution plan contributions	16	164	171
Workers' Compensation Insurance		90	96
Less: Capitalised and distributed costs		(85)	(106)
<b>Total Operating Employee Costs</b>		<b>2,113</b>	<b>2,184</b>
<b>Total Number of Employees</b>		<b>26</b>	<b>27</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		21	17
Bad and Doubtful Debts		8	9
Elected members' expenses		73	78
Election expenses		1	10
Subtotal - Prescribed Expenses		<b>103</b>	<b>114</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Lake Butler / Robe Marina		119	156
Maintenance		637	631
Fuels and Oils		74	111
Garbage Collection and Disposal		555	507
Levies paid to government - NRM levy		90	88
Childcare Expenses		150	137
Professional services		301	352
Sundry		290	36
Subtotal - Other Materials, Contracts & Expenses		<b>2,216</b>	<b>2,018</b>
		<b>2,319</b>	<b>2,132</b>
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		343	340
Infrastructure			
- Roads		1,315	1,283
- Bridges		2	2
- Footways		18	16
- Stormwater Drainage		18	18
- Marina Development		73	63
- Common Effluent		124	134
Other Community Assets		2	2
Plant, Machinery & Equipment		285	276
Furniture & Fittings		26	22
		<b>2,206</b>	<b>2,156</b>
<b>FINANCE COSTS</b>			
Interest on Loans		18	21
		<b>18</b>	<b>21</b>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2016 \$'000	2015 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		58	86
Less: Carrying amount of assets sold		68	157
<b>Gain (Loss) on disposal</b>		<b>(10)</b>	<b>(71)</b>
<i>Assets surplus to requirements</i>			
Proceeds from disposal		172	-
Less: Carrying amount of assets sold		140	-
<b>Gain (Loss) on disposal</b>		<b>32</b>	<b>-</b>
<b>REAL ESTATE DEVELOPMENT ASSETS</b>			
Proceeds from disposal		-	227
Less: Carrying amount of assets sold		-	158
<b>Gain (Loss) on disposal</b>		<b>-</b>	<b>69</b>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<b>22</b>	<b>(2)</b>



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 5 - CURRENT ASSETS

	Notes	2016 \$'000	2015 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		119	49
Deposits at Call		932	158
		<u>1,051</u>	<u>207</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		180	169
Accrued Revenues		4	4
Debtors - general		92	109
GST Recoupment		-	57
Prepayments		9	8
Loans to community organisations		424	199
Total		<u>709</u>	<u>546</u>
Less: Allowance for Doubtful Debts		-	38
		<u>709</u>	<u>508</u>
<b>INVENTORIES</b>			
Stores & Materials		230	210
		<u>230</u>	<u>210</u>

*Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.*



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 6 - NON-CURRENT ASSETS

<b>FINANCIAL ASSETS</b>	<b>Notes</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Receivables			
Loans to community organisations		<u>92</u>	<u>87</u>
<b>TOTAL FINANCIAL ASSETS</b>		<u>92</u>	<u>87</u>

## DISTRICT COUNCIL OF ROBE

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2015 \$'000				2016 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	2	21,098	-	-	21,098	-	-	20,958	20,958
Land - Other	3	4,193	-	-	4,193	-	-	4,193	4,193
Buildings & Other Structures (Level 2)	2	9,976	52	(4,211)	5,817	101	(4,425)	5,652	5,652
Buildings & Other Structures (Level 3)	3	7,351	160	(3,114)	4,397	397	(3,243)	4,505	4,505
Infrastructure									
- Roads	3	80,013	1,009	(34,782)	46,240	1,137	(35,544)	45,606	45,606
- Bridges	3	136	-	(38)	98	136	(40)	96	96
- Footways	3	653	95	(202)	546	653	(220)	568	568
- Stormwater Drainage	3	1,864	-	(548)	1,316	1,864	(566)	1,302	1,302
- Marina Development	3	3,026	296	(487)	2,835	486	(560)	2,952	2,952
- Common Effluent	3	9,167	633	(2,519)	7,281	9,167	(2,643)	7,157	7,157
Other Community Assets									
Library Stock			166	(4)	162	166	(6)	160	160
Plant, Machinery & Equipment									
Furniture & Fittings			1,579	(242)	1	243	(242)	1	1
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>139,257</b>	<b>4,107</b>	<b>(47,783)</b>	<b>95,581</b>	<b>4,827</b>	<b>(49,384)</b>	<b>94,560</b>	<b>94,560</b>
		<b>139,257</b>	<b>1,418</b>	<b>(45,555)</b>	<b>95,118</b>	<b>4,107</b>	<b>(47,783)</b>	<b>95,581</b>	<b>95,581</b>

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 2016

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000				2016 \$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	CARRYING AMOUNT
		New/Upgrade	Renewals			
Land - Community	21,098	-	-	(140)	-	20,958
Land - Other	4,193	-	-	-	-	4,193
Buildings & Other Structures (Level 2)	5,817	8	41	-	(214)	5,652
Buildings & Other Structures (Level 3)	4,397	214	23	-	(129)	4,505
Infrastructure						
- Roads	46,240	51	630	-	(1,315)	45,606
- Bridges	98	-	-	-	(2)	96
- Footways	546	39	1	-	(18)	568
- Stormwater Drainage	1,316	4	-	-	(18)	1,302
- Marina Development	2,835	190	-	-	(73)	2,952
- Common Effluent	7,281	-	-	-	(124)	7,157
Other Community Assets	162	-	-	-	(2)	160
Library Stock	1	-	-	-	-	1
Plant, Machinery & Equipment	1,506	-	191	(68)	(285)	1,344
Furniture & Fittings	91	1	-	-	(26)	66
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>95,581</b>	<b>507</b>	<b>886</b>	<b>(208)</b>	<b>(2,206)</b>	<b>94,560</b>
<b>Comparatives</b>	<b>95,118</b>	<b>1,408</b>	<b>1,368</b>	<b>(157)</b>	<b>(2,156)</b>	<b>95,581</b>

*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 2016

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

#### Valuation of Assets

##### General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## District Council of Robe

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 7 – Property, Plant & Equipment (cont)

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
Long Life Pavements	400 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

#### Land & Land Improvements

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. Additions are recognised at cost.

#### Buildings & Other Structures

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

#### Infrastructure

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

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

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

#### Plant, Furniture & Equipment

These assets are recognised on the cost basis.

#### All other assets

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

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 8 - LIABILITIES

	Notes	2016 \$'000		2015 \$'000	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		161		96	
Payments received in advance		29	-	27	-
Accrued expenses - employee entitlements		74	-	83	-
Accrued expenses - other		247	-	184	-
Premiums Received in Advance Marina		-	2,685	-	2,716
Deposits, Retentions & Bonds		3	-	3	-
		<u>514</u>	<u>2,685</u>	<u>393</u>	<u>2,716</u>
<b>BORROWINGS</b>					
Loans		9	55	81	65
		<u>9</u>	<u>55</u>	<u>81</u>	<u>65</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		565	81	530	68
		<u>565</u>	<u>81</u>	<u>530</u>	<u>68</u>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2015	Net Increments (Decrements)	Transfers, Impairments	30/6/2016
Notes	\$'000	\$'000	\$'000	\$'000
Land	20,917	-	-	20,917
Buildings & Other Structures	8,319	-	-	8,319
Infrastructure	46,002	-	-	46,002
Plant and Equipment	4,064	-	-	4,064
<b>TOTAL</b>	<b>79,302</b>	<b>-</b>	<b>-</b>	<b>79,302</b>
<i>Comparatives</i>	<u>79,302</u>	<u>-</u>	<u>-</u>	<u>79,302</u>

OTHER RESERVES	1/7/2015	Transfers to Reserve	Transfers from Reserve	30/6/2016
CED Maintenance	424	805	(446 )	783
Contribution Reserve	32	-	-	32
Childcare Reserve	309	-	(112 )	197
Road Safety Group	-	1	-	1
<b>TOTAL OTHER RESERVES</b>	<b>765</b>	<b>806</b>	<b>(558 )</b>	<b>1,013</b>
<i>Comparatives</i>	<u>1,174</u>	<u>789</u>	<u>(1,198 )</u>	<u>765</u>

#### **PURPOSES OF RESERVES**

##### **Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

##### **CED Maintenance Reserve**

CED Maintenance Reserve is for future asset replacement and capital maintenance

##### **Contribution Reserve**

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

##### **Childcare Reserve**

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

##### **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 2016

### 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	2016 \$'000	2015 \$'000
Total cash & equivalent assets	5	<u>1,051</u>	<u>207</u>
Balances per Cash Flow Statement		<u>1,051</u>	<u>207</u>

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

Net Surplus (Deficit)		(7)	25
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,206	2,156
Net increase (decrease) in unpaid employee benefits		39	144
Change in allowances for under-recovery		(38)	10
Non-cash asset acquisitions		-	
Grants for capital acquisitions treated as Investing Activity		(10)	(20)
Net (Gain) Loss on Disposals		<u>(22)</u>	<u>2</u>
		2,168	2,317
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		62	52
Net (increase) decrease in inventories		(20)	76
Net increase (decrease) in trade & other payables		<u>99</u>	<u>(223)</u>
<b>Net Cash provided by (or used in) operations</b>		<u>2,309</u>	<u>2,222</u>

**(c) Financing Arrangements**

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

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

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 2016**

**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	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Administration	4,952	4,823	1,357	1,355	3,595	3,468	32	52	2,853	2,852	
Public Order and Safety	17	19	65	63	(48)	(44)	-	-	5	5	
Health	24	26	99	112	(75)	(86)	-	-	13	13	
Social Security and Welfare	714	683	750	772	(36)	(89)	513	504	589	589	
Housing & Community Amenities	43	43	1,127	1,094	(1,084)	(1,051)	-	-	4,127	4,125	
Protection of the Environment NEC	-	46	63	32	(63)	14	-	46	571	571	
Sport and Recreation	29	36	660	587	(631)	(551)	4	5	18,287	18,277	
Mining Manufacturing & Construction	51	45	175	256	(124)	(211)	-	-	-	-	
Transport & Communication	283	256	1,852	1,628	(1,569)	(1,372)	266	243	56,960	56,930	
Economic Affairs	469	480	472	504	(3)	(24)	-	-	10,911	10,905	
Other Purposes NEC	35	43	36	90	(1)	(47)	-	-	2,326	2,326	
<b>TOTALS</b>	<b>6,617</b>	<b>6,500</b>	<b>6,656</b>	<b>6,493</b>	<b>(39)</b>	<b>7</b>	<b>815</b>	<b>850</b>	<b>96,642</b>	<b>96,593</b>	

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, 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 2016

### Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

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 2016

### Note 12 - FINANCIAL INSTRUMENTS

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

#### Accounting Policies - Recognised Financial Instruments

<p><b>Bank, Deposits at Call, Short Term Deposits</b></p>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 1.75% and 2.5% (2015: 2% and 2.5%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<p><b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b></p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 0.6041% (2015: 0.65%) 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<p><b>Receivables - Fees &amp; other charges</b></p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<p><b>Receivables - other levels of government</b></p>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Creditors and Accruals</b></p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Interest Bearing Borrowings</b></p>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.05% and 5.05% (2015: 5.05% and 6.65)</p> <p><b>Carrying amount:</b> approximates fair value.</p>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 12 (cont) - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	1,051			1,051	1,051
Receivables	546	63	12	621	621
<b>Total</b>	<b>1,597</b>	<b>63</b>	<b>12</b>	<b>1,672</b>	<b>1,672</b>
<b>Financial Liabilities</b>					
Payables	2,878	-	-	2,878	2,878
Current Borrowings	9	-	-	9	9
Non-Current Borrowings	-	55	-	55	55
<b>Total</b>	<b>2,887</b>	<b>55</b>	<b>-</b>	<b>2,942</b>	<b>2,942</b>
2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	207			207	207
Receivables	384	56	24	464	464
<b>Total</b>	<b>591</b>	<b>56</b>	<b>24</b>	<b>671</b>	<b>671</b>
<b>Financial Liabilities</b>					
Payables	2,842	-	-	2,842	2,842
Current Borrowings	81	-	-	81	81
Non-Current Borrowings	-	65	-	65	65
<b>Total</b>	<b>2,923</b>	<b>65</b>	<b>-</b>	<b>2,988</b>	<b>2,988</b>

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.05	64	6.025	146
		<u>64</u>		<u>146</u>

#### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

#### Risk Exposures

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

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

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

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

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 13 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2016 \$'000	2015 \$'000
<b>Other Expenditure Commitments</b>			
Other non-capital expenditure commitments in relation to investment properties:			
Employment Contracts		628	157
Cleaning Contracts		39	77
Waste Contracts		101	294
IT Contracts		9	18
		<u>777</u>	<u>546</u>
These expenditures are payable:			
Not later than one year		306	398
Later than one year and not later than 5 years		471	148
Later than 5 years		-	-
		<u>777</u>	<u>546</u>



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 14 - FINANCIAL INDICATORS

	2016	2015	2014
<p>These Financial Indicators have been calculated in accordance with <i>Information Paper 9 - Local Government Financial Indicators</i> 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.</p>			
<p>The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.</p>			
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	(1.0%)	0.0%	3.0%
Total Operating Revenue			
<p><i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i></p>			
<b>Adjusted Operating Surplus Ratio</b>	1%	0%	3%
<p><i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The <b>Adjusted Operating Surplus Ratio</b> adjusts for the resulting distortion in the disclosed operating result for each year.</i></p>			
<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	31%	47%	48%
Total Operating Revenue			
<p><i>Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.</i></p>			
<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	74%	71%	74%
Infrastructure & Asset Management Plan required expenditure			
<p><i>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.</i></p>			



# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### 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

	2016 \$'000	2015 \$'000
Income	6,617	6,500
less Expenses	<u>6,656</u>	<u>6,493</u>
<b>Operating Surplus / (Deficit)</b>	<b>(39)</b>	<b>7</b>
<i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	886	1,368
Depreciation, Amortisation and Impairment	(2,206)	(2,156)
Proceeds from Sale of Replaced Assets	<u>(58)</u>	<u>(86)</u>
	<b>(1,378)</b>	<b>(874)</b>
<i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	507	1,408
Amounts received specifically for New and Upgraded Assets	(10)	(20)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>(172)</u>	<u>(227)</u>
	<b>325</b>	<b>1,161</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>1,014</u></b>	<b><u>(280)</u></b>

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### 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 2015/16; 9.50% in 2014/15). 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 2014/15) of "superannuation" salary.

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

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

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

#### Contributions to Other Superannuation Schemes

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

# DISTRICT COUNCIL OF ROBE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

### Note 21 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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

1. **LAND UNDER ROADS**

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

# DISTRICT COUNCIL OF ROBE

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

### 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 2016, the Council's Auditor, Galpins, Accountants, Auditors and Business Consultants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....  
Roger Sweetman  
CHIEF EXECUTIVE OFFICER



.....  
Deane Nankivell  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 12 October 2016

**DISTRICT COUNCIL OF ROBE**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2016**

**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of District Council of Robe for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**Timothy Muhlhausler**

**Galpins, Accountants, Auditors and Business Consultants**

Dated this 18th day of October 2016



Accountants, Auditors  
& Business Consultants

David Chant FCPA  
Simon Smith FCPA  
David Sullivan CPA  
Jason Seidel CA  
Renae Nicholson CA  
Tim Muhlhauser CA  
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under Professional Standards Legislation

## INDEPENDENT AUDITOR'S REPORT

To the members of District Council of Robe

### Report on the Financial Report

We have audited the accompanying financial report of District Council of Robe (the Council), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of Financial Statements signed by the Council.

### Council's Responsibility for the Financial Report

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

**Independence**

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

**Opinion**

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

- i. presenting fairly, in all material respects, the Council's financial position as at 30 June 2016 and its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Local Government (Financial Management) Regulations 2011 (SA).

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

18 / 10 / 2016





Accountants, Auditors  
& Business Consultants

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Simon Smith FCPA  
David Sullivan CPA  
Jason Seidel 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

We have audited the compliance of the District Council of Robe (the Council) 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 2015 to 30 June 2016 have been conducted properly and in accordance with law.

### The Council's Responsibility for the 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* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### Our 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 2015 to 30 June 2016. 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.

### Limitation on 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 that for which it was prepared.

### **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.

### **Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

### **Opinion**

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 2015 to 30 June 2016.

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

18/10/2016