

Roper Gulf Regional Council

ABN 94 746 956 090

**Financial Report
For the Year Ended 30 June 2023**

Roper Gulf Regional Council

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Financial Report For the Year Ended 30 June 2023

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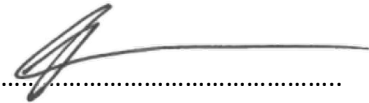
**ROPER GULF REGIONAL COUNCIL
CHIEF EXECUTIVE OFFICER'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

Chief Executive Officer's Statement

I, Marc Gardner, the Chief Executive Officer of Roper Gulf Regional Council, certify that to the best of my knowledge, information and belief:

(a) the financial statements have been properly drawn up in accordance with the *Northern Territory Local Government Act 2019*, the *Local Government (General) Regulations* and the Australian Accounting Standards so as to present fairly the financial position of the Council as at 30 June 2023 and the results for the year then ended; and

(b) the financial statements are in accordance with the accounting and other records of the Council.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a horizontal line, positioned above a dotted line.

Marc Gardner
Chief Executive Officer
Dated: 14 November 2023

**ROPER GULF REGIONAL COUNCIL
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTES	2023 \$	2022 \$
Revenue			
Grants and contributions	4(a)	31,281,452	22,117,357
User charges and fees	4(b)	531,430	643,512
Rates and annual charges	4(c)	3,046,077	2,727,230
Other revenue	4(d)	12,283,925	12,454,177
Gain on disposal of assets	6	-	692,345
Interest revenue	7(c)	1,253,596	198,920
Total Revenue		48,396,480	38,833,541
Expenses			
Employee costs	5(a)	17,252,009	16,796,818
Materials and contracts	5(b)	9,644,498	7,466,578
Depreciation, amortisation, and impairment	5(c)	6,380,276	8,614,081
Finance costs	5(d)	382,909	305,131
Other expenses	5(e)	8,766,733	7,434,438
Total Expenses		42,426,425	40,617,046
Net Surplus / (Deficit) for the year		5,970,055	(1,783,505)
Other Comprehensive Income/(Loss)			
Revaluation increment / (decrement) of property, plant and equipment	11	-	165,102
Total comprehensive income / (loss) during the year		5,970,055	(1,618,403)

This Statement should be read in conjunction with the accompanying notes.

**ROPER GULF REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTES	2023 \$	2022 \$
Assets			
Current Assets			
Cash and cash equivalents	7	13,034,987	19,322,058
Trade and other receivables	8	1,681,068	2,047,149
Investments	7	27,000,000	25,000,000
Inventories	9	316,409	300,452
Other current assets	10	83,540	119,932
Total Current Assets		<u>42,116,004</u>	<u>46,789,591</u>
Non-current Assets			
Property, plant and equipment	11	82,675,216	77,905,726
Total Non-current Assets		<u>82,675,216</u>	<u>77,905,726</u>
Total Assets		<u>124,791,220</u>	<u>124,695,317</u>
Liabilities			
Current Liabilities			
Trade and other payables	12	2,400,303	3,261,024
Lease Liabilities	13	92,497	87,889
Grant Liabilities	14	5,781,120	11,498,114
Provisions	15	2,214,682	2,112,941
Total Current Liabilities		<u>10,488,602</u>	<u>16,959,968</u>
Non-current Liabilities			
Lease Liabilities	13	4,845,574	4,698,270
Provisions	15	4,661,796	4,211,886
Total Non-current Liabilities		<u>9,507,370</u>	<u>8,910,156</u>
Total Liabilities		<u>19,995,972</u>	<u>25,870,124</u>
Net Assets		<u>104,795,248</u>	<u>98,825,193</u>
Equity			
Asset Revaluation Reserve		54,242,740	54,242,740
Accumulated Funds		50,552,508	44,582,453
Total Equity		<u>104,795,248</u>	<u>98,825,193</u>

This Statement should be read in conjunction with the accompanying notes.

**ROPER GULF REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Assets Revaluation Reserve \$	Accumulated Funds \$	Total \$
Balance as at 1 July 2021	54,077,638	46,365,958	100,443,596
Net Deficit for the year	-	(1,783,505)	(1,783,505)
Revaluation decrement of property, plant and equipment	165,102	-	165,102
Total comprehensive loss for the year	165,102	(1,783,505)	(1,618,403)
Balance as at 30 June 2022	54,242,740	44,582,453	98,825,193
Balance as at 1 July 2022	54,242,740	44,582,453	98,825,193
Net Surplus for the year	-	5,970,055	5,970,055
Revaluation increment of property, plant and equipment	-	-	-
Total comprehensive income for the year	-	5,970,055	5,970,055
Balance as at 30 June 2023	54,242,740	50,552,508	104,795,248

This Statement should be read in conjunction with the accompanying notes.

**ROPER GULF REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Cash from operating Activities		
Grants received	25,564,458	22,157,706
Receipts from customers	16,530,862	15,698,136
Interest received	895,702	198,920
Payments to suppliers and employees	(36,073,022)	(32,214,805)
Interest paid	(206,104)	(184,083)
Net cash provided by operating activities	6,711,896	5,655,874
Cash from investing activities		
Purchase of property plant and equipment	(10,910,113)	(3,033,602)
Proceeds from sale property, plant and equipment	-	800,301
Acquisitions of short term investments	(2,000,000)	(8,000,000)
Net cash used in investing activities	(12,910,113)	(10,233,301)
Cash flows from financing activities		
Lease liabilities repayments	(88,854)	(84,689)
Net cash used in financing activities	(88,854)	(84,689)
Net (decrease)/increase in cash and cash equivalents	(6,287,071)	(4,662,116)
Cash and cash equivalents at the beginning of the financial year	19,322,058	23,984,174
Cash and cash equivalents at the end of the financial year	13,034,987	19,322,058

This Statement should be read in conjunction with the accompanying notes.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

1. General information

The Roper Gulf Regional Council (the “Council” or “RGRC”) was established as a body corporate by a restructuring order under section 114C of the Local Government Act on 16 October 2007. The Council came into full operation on 1 July 2008, when it merged with other constituent councils to form the local government authority, also referred to as the Roper Gulf Regional Council. The new council incorporated six (6) local government bodies:

1. Borroloola Community Government Council;
2. Jilkmिंगgan Community Government Council
3. Mataranka Community Government Council
4. Numbulwar Numburindi Community Government Council
5. Nyirranggulung Mardulk Ngadberre Regional Council
6. Yugul Mangi Community Government Council; and a large area of currently unincorporated land, the Gulf, Roper Valley, Stuart Plateau and Southern Arnhem Land

Roper Gulf Regional Council registered office and its principal place of business is as follows:

Registered office & principal place of business	Postal address
2 Crawford Street Katherine, NT 0851	P.O. Box 1321, Katherine, NT 0850

The Council has its main office located in Katherine, Northern Territory. The business of the Council is conducted within the community government area situated in the Northern and Eastern Regions around Katherine.

The purpose of this financial report is to provide users with information about the stewardship of the Council and accountability for the resources entrusted to it, information about the financial position, performance and cash flow of the Council.

2 Application of new and revised Australian Accounting Standards

Standards and interpretations effective from 2022-23

Several amending standards and AASB interpretations have been issued that apply to the current reporting period, but are considered to have no or minimal impact on Council financial reporting.

Standards and Interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2022-23.

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on Council financial reporting.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework

The financial statements are general purpose financial statements that have been prepared in accordance with the *Local Government Act 2019, the Local Government (General) Regulations 2021* and the Australian Accounting Standards and professional pronouncements so as to present fairly the financial position of the Council as at 30 June 2023. The Council is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the Chief Executive Officer on 14 November 2023.

The Local Government Reporting Entity

The resources Council controls to carry on its functions have been included in the financial statements forming part of the report.

A summary of activities listing along with their contribution to the operating result is provided in the notes to the financial statements. In the process of reporting on the local government as a single unit, all transactions and balances between those activities (for example, loans and transfers between activities) have been eliminated.

Basis of preparation

The financial statements have been prepared on the accrual basis and based on historical cost, except for Land, Buildings, Infrastructure and Roads, Motor Vehicles and Plant and Equipment assets that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Council takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB "Impairment of Assets".

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue and Other Income

The Council recognises revenue 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.

Accounting for Grants

When the Council receives government grants that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Council to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Council:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - contributions by owners (AASB 1004)
 - a lease liability (AASB 16)
 - a financial instrument (AASB 9)
 - a provision (AASB 137)

- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Council has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Council has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties. Income recognition from grants received by the Council have been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Rates

Rates are enforceable debt linked to rateable property that will be recovered when the property is sold, and therefore control normally passes at the time of levying, or where earlier upon receipt of rates paid in advance. The rating period and reporting period for the Council coincide and accordingly, all rates levied for the year are recognised as revenues.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Leasing

Council as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

i) Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(d) Income tax

The Council is tax exempt under section 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

(e) Property, plant and equipment

Property plant and equipment, other than land, buildings, and infrastructure, motor vehicles, plant and equipment, and roads, is carried at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Asset Recognition Threshold

Purchase of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Land, buildings and infrastructure, motor vehicles, plant and equipment, and roads are measured at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Following initial recognition at cost, land, buildings and infrastructure, motor vehicles, plant and equipment, and roads are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted in sufficient frequency (from 3 to 5 years) to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the end of reporting date. The regularity of independent valuations depends upon the volatility of movements in market values of relevant assets.

A comprehensive revaluation of entire Land, Buildings and Infrastructure and Roads of the Council as of 30 June 2021 was conducted by an independent valuer. The independent valuer also completed a "desktop valuation" of motor vehicle, and plant and equipment assets in June 2022.

Revaluation adjustments are made on a class basis. Any revaluation increment upon appraisal is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

Revaluation decrements are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any asset revaluation reserve in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation reserve remaining in equity on disposal of the asset is transferred to accumulated funds.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

Depreciation

Depreciable property, plant and equipment are written off to their estimated residual values over their estimated useful lives to the Council using, in all cases, the straight-line method.

Useful lives, residual values and depreciation methods are reviewed at each reporting period and necessary adjustments are recognised in the current or future reporting periods, as appropriate. The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Buildings and Infrastructure	5-20 years
Plant and Equipment	5-15 years
Motor Vehicles	3-7 years
Roads	12-100 years

Impairment

Property, plant and equipment were assessed for impairment at 30 June 2023. Where indications of impairment exists, the assets' recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows and the asset would be replaced if the Council were deprived of the asset, value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the accumulated funds.

Land under Roads

The Council has elected not to value or recognise as an asset land under roads acquired prior to 1 July 2008 in accordance with the election available under AASB 1051 Land under Roads. Land under roads acquired after 1 July 2008 is recognised at cost. The cost of the land under roads will be the fair value as at the date of the acquisition.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

Land under roads is subject to Native Title in all communities with the exception of Borroloola and Mataranka. The presence of Native Title calls into question the capacity of the Council to exert sufficient control over the asset. Accordingly, all road assets outside the Borroloola and Mataranka communities were derecognised at 30 June 2022.

(f) 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.

(g) Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The council has an obligation to remediate and restore the landfills under the Environmental Protection Act. The council recognises a provision for future costs associated with landfill rehabilitation.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

Debt instruments

Debt Instruments are financial assets with fixed or determinable payments that the Council has the positive intent and ability to hold to maturity. Subsequent to initial recognition, Debt instruments are measured at amortised cost. Interest income is recognised by applying the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Impairment of financial assets

The council recognises a loss allowance for Expected Credit Losses (ECL) on investment in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of financial instrument.

The Council recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Council's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Council recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

De-recognition of financial assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method or at Fair Value through Profit and Loss (FVTPL).

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not measured at FVTPL are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of the financial liability.

Financial liabilities at FVTPL

All other financial liabilities except measured at amortise cost are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit and loss.

De-recognition of financial liabilities

The Council derecognises financial liabilities when, and only when, the Council's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Council's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are significant management judgements and estimates in applying the accounting policies of the Council that have the most significant effect on the financial statements.

Useful Lives of Depreciable Assets

The Council estimates the useful lives of depreciable assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

Fair Value of Non-Financial Assets

Management uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 11).

Calculations of Loss allowance

When measuring ECL the Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provision for Landfill Airspace

The Council is obligated to restore the waste management facility sites to a particular standard. The forecast life of these sites is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on expenditures for prior landfill restorations.

Accordingly, the estimation of the provision has been done but it is still dependent on the accuracy of the forecast timing of the work, work required and related costs. The Council recognises the rehabilitation component as a liability in the form of a provision for future works.

(k) Functions

Revenues and expenses have been attributed to the following functions/activities. The Council believes that it is not practical at this stage to reliably attribute the carrying amounts of the assets to the functions/activities. Functions have been broken down to the following components:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services.

Economic Affairs

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, CDP/RJCP, transport and other industries, saleyards and tourism.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

3 Significant Accounting Policies, Financial Reporting Framework (Cont.)

Environmental Protection

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, groundwater and surface water.

Housing and Community Amenities

Housing, housing and community development, water supply and street lighting.

Health

Well baby clinics, dental health services and home nursing services, nursing and convalescent home services, immunisation, infant nutrition and child health, family planning services.

Recreation, Culture and Religion

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

Education

Administration, inspection, support, operation, etc of education programs and services.

Social Protection

Outlays on day care services, family day care, occasional care and outside school hours care, aged services, shelter protection, drug and alcohol treatment programs.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

4 Revenue and Other Income

	2023	2022
	\$	\$
(a) Grants and Contributions		
Operating grant - Australian Government	1,104,024	4,168,449
Operating grant - NT Government	8,495,066	4,484,000
Special purpose grant - Australian Government	8,728,698	8,067,977
Special purpose grant - NT Government	4,155,352	4,383,799
Capital grant - Australian Government	880,781	489,353
Capital grant - NT Government	7,880,003	316,088
Other grants and contributions	37,528	207,692
Total Grants and Contributions	31,281,452	22,117,358
(b) User Charges and Fees		
Property lease rental fee	451,283	505,014
Other user charge	80,147	138,498
Total charges and fees	531,430	643,512
(c) Rates and Annual Charges		
General rate income base	1,628,975	1,427,291
Domestic waste charge income base	1,333,968	1,224,035
Special Rate Base	83,134	75,904
Total rates and annual charges	3,046,077	2,727,230
(d) Other Revenue		
Reimbursement income	752,584	106,143
Sales	1,111,399	993,555
Service fee	664,554	355,952
Contract fee	9,514,699	10,644,939
Other operating income	240,689	353,588
	<u>12,283,925</u>	<u>12,454,177</u>
Income from Sale of Assets	-	692,344
Interest Income	1,253,596	198,920
	<u>1,253,596</u>	<u>891,264</u>
Total other operating revenues	13,537,521	13,345,441
TOTAL INCOME	48,396,480	38,833,541

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

5. Expenses

	2023	2022
	\$	\$
(a) Employee Costs		
Salaries wages and leave entitlements	14,925,055	14,391,581
Superannuation	1,670,407	1,366,817
Workers compensation	613,431	626,842
Allowances and other staff costs	43,116	411,578
Total employee costs	17,252,009	16,796,818
(b) Materials and Contracts		
Consultants	1,572,162	1,084,544
Contractors	6,595,231	5,306,313
Materials	1,477,105	1,075,721
Total materials and contracts	9,644,498	7,466,578
(c) Depreciation, Amortisation, Impairment and Asset Write Off		
Buildings, Roads and Infrastructure	3,979,234	3,933,799
Amortisation of Intangible Assets	694,478	1,319,368
Right-of-Use Assets	158,797	145,399
Plant and Equipment	515,582	506,125
Motor Vehicles	1,032,185	1,132,098
Asset Write-off Expenses	-	1,577,292
Total Depreciation, Amortisation and Impairment	6,380,276	8,614,081
(d) Finance Costs		
Interest Expense	382,909	305,131
(e) Other Expenses		
Accounting and audit fees	83,751	42,570
Advertising	39,513	16,943
Bad debts (reversal)/expense	54,545	(64,397)
Bank fees and Charges	5,194	9,214
Chairman and councillor payments	357,002	342,919
Communication	544,836	640,639
Contributions and donations	469,177	105,813
Cost of sales	358,469	417,703
Food and catering	392,462	331,953
Freight	153,958	93,027

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

5. Expenses (Cont.)

	2023	2022
	<u>\$</u>	<u>\$</u>
(e) Other Expenses (cont.)		
Fuel and oil	694,024	457,382
Insurance	1,096,264	1,039,258
Leases	358,617	200,498
Legal fees	-	73,193
Licenses and registrations	132,562	151,242
Memberships and subscriptions	209,641	139,750
Repairs and maintenance	218,881	146,673
Printing and stationeries	81,402	65,673
Software and computer expenses	10,197	54,038
Trainings and seminars	516,045	400,417
Travel and accommodation	949,563	774,136
Utilities	963,703	931,879
Inventory Items for Resale	346,750	273,285
Outdoor Recreation Activity Expenses	78,021	266,506
Sundry expenses	652,156	522,102
Total other expenses	<u>8,766,733</u>	<u>7,434,438</u>
 TOTAL EXPENSES	 <u>42,426,425</u>	 <u>40,617,046</u>

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

6. Gain or Loss on Disposal of Asset

	2023	2022
	\$	\$
	<hr/>	<hr/>
Profit on disposal of assets	-	692,345
Loss on disposal of assets	<hr/> -	<hr/> -
Total gain/(loss) on disposal of assets	<hr/> -	<hr/> 692,345

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

7. Cash and Cash Equivalents

	2023	2022
	\$	\$
a) Cash at Bank		
Cash at Bank Operational General	80,222	70,466
AMP Saver Account	8,350	52,616
Cash at Bank Business Online Saver	9,882,348	16,180,639
Cash at Bank Trust Account	1,002	36,678
Cash at Bank - Numbulwar Fuel	3,059,694	2,978,688
Cash on Hand Petty Cash	3,371	2,971
Cash at Bank	13,034,987	19,322,058
b) Short Term Deposits		
Investment - Term Deposit - AMP	10,000,000	9,000,000
Investments - Term Deposit - NAB	7,000,000	-
Investments - Term Deposit - JUDO BANK	5,000,000	5,000,000
Investment - Term Deposit - Great Southern Bank	5,000,000	-
Investments - Term Deposit - CBA	-	5,000,000
Investments - Term Deposit - ME Bank	-	3,000,000
Investment - Term Deposit - Bank of Queensland	-	3,000,000
Short Term Deposits	27,000,000	25,000,000
c) Interest Income		
Interest Income	1,253,596	198,920

Interest rates on business accounts ranged from 1.01% to 5.11% in 2023 and 0.35% to 1.01% in 2022.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

8 TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade receivables	83,979	1,034,614
Allowance for doubtful debts	-	-
	83,979	1,034,614
Rates receivables	570,400	355,238
Allowance for doubtful rates receivable	-	-
	570,400	355,238
Accrued Income	1,026,689	657,297
TOTAL TRADE AND OTHER RECEIVABLES	1,681,068	2,047,149

The movement in the allowance for impairment is reconciled as follows:

Balance at the beginning of the year	-	70,878
(Reversal of previously impaired)/		
Impairment loss recognised on receivables	-	(64,397)
Doubtful debts written-off during the year	-	(6,481)
Balance at the end of the year	-	-

The following table details Council's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Council and the customer or counter party to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Council. The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due and Not Impaired	Not Past Due
2023				
TRADE RECEIVABLES	83,979	-	34,897	49,082
OTHER RECEIVABLES	570,400	-	563,804	6,596
ACCRUED INCOME	1,026,689	-	-	1,026,689
	1,681,068	-	598,701.00	1,082,367
	Gross Amount	Past Due and Impaired	Past Due and Impaired	Not Past Due
2022				
TRADE RECEIVABLES	1,034,614	-	62,413	972,201
OTHER RECEIVABLES	355,238	-	355,238	-
ACCRUED INCOME	657,297	-	-	657,297
	2,047,149	-	417,651.00	1,629,498

The Council does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

9. Inventories

	2023	2022
	\$	\$
	<hr/>	<hr/>
Workshop inventory	116,523	116,524
Diesel fuel	172,171	145,826
Opal fuel	27,715	38,102
	<hr/>	<hr/>
Total inventories	316,409	300,452
	<hr/>	<hr/>

10. Other Current Assets

Prepayments	72,649	107,521
Others	10,891	12,411
	<hr/>	<hr/>
Total other current assets	83,540	119,932
	<hr/>	<hr/>

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

11. Property, plant and equipment

	2023	2022
	\$	\$
<i>Net Carrying amounts of:</i>		
Land and improvements	4,141,000	4,141,000
Right-Of-Use-Asset	4,589,323	4,507,354
Intangible Assets other	2,604,413	3,300,004
Buildings and infrastructure	45,351,581	48,246,635
Roads	7,200,503	7,526,712
Plant and equipment	3,402,377	2,766,234
Motor vehicles	1,654,425	2,496,874
Capital Work in progress	13,731,594	4,920,913
	<u>82,675,216</u>	<u>77,905,726</u>

The Council's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

In June 2021, the Council undertook a full review of all its Land, Buildings and Infrastructures assets. Further in June 2022, the Council also undertook a full review of all its motor vehicles and plant and equipment. The fair value of the Council's fixed assets was determined and approved by the Council on the basis of an independent valuation carried out by assetVal, who are certified practicing valuers. The land, buildings, infrastructure assets, motor vehicles and plant and equipment are valued at depreciated current replacement costs. Land is valued based on sale of similar items within

Council assets are revalued at least after every five years as per Council's policy. The next revaluations are due no later than 2026.

Details of the Council's property, plant and equipment and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 2	Level 3	Fair value as at 30/06/2023
	\$	\$	\$
Land	2,945,000	1,196,000	4,141,000
Buildings and Infrastructure	2,360,000	42,991,581	45,351,581
Roads	-	7,200,503	7,200,503
Motor Vehicles	-	1,654,425	1,654,425
Plant and Equipment	-	3,402,377	3,402,377
Capital Work in progress	-	13,731,594	13,731,594
	<u>5,305,000</u>	<u>70,176,480</u>	<u>75,481,480</u>

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

11. Property, plant and equipment (Cont.)

	Level 2	Level 3	Fair value as at 30/06/2022
	\$	\$	\$
Land	2,945,000	1,196,000	4,141,000
Buildings and Infrastructure	2,360,000	45,886,635	48,246,635
Roads	-	7,526,712	7,526,712
Motor Vehicles	-	2,496,874	2,496,874
Plant and Equipment	-	2,766,234	2,766,234
Capital Work in progress	-	4,920,913	4,920,913
	5,305,000	64,793,368	70,098,368

The fair value of the Council land was determined based on the market comparable approach that reflects recent transaction prices for similar land.

For the purpose of buildings, these have been segregated as specialised and non-specialised buildings. The fair value of the specialised buildings, roads and other infrastructure, motor vehicles, plant and equipment and capital works in progress was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. The significant inputs include the estimated construction costs and other ancillary expenditure and a depreciation factor applied to the estimated construction cost. Changes in the depreciation factor and/or construction costs can impact the fair value of the buildings.

The fair value of non-specialised buildings was determined based on income approach using future cash generating capability of the asset based on current market expectations. Any change in estimated rental yield on property may have significant impact on the fair value buildings.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	Land \$	Buildings & infrastructure \$	Roads \$	Motor Vehicle \$	Plant & Equipment \$	Furniture & Fittings \$	Right of Use Assets \$	Capital Work in Progress \$	Intangible Assets \$	TOTAL \$
Balance as at 1 July 2021	4,141,000	49,149,286	9,333,216	5,554,793	8,612,980	-	4,829,137	5,161,780	4,979,099	91,761,291
Additions	-	-	398,774	-	10,845	-	-	2,458,883	-	2,868,502
Remeasurement of ROU Assets	-	-	-	-	-	-	142,174	-	-	142,174
Remeasurement of Landfill Airspace Assets	-	-	-	-	-	-	-	-	(359,727)	(359,727)
Transfers	-	2,587,202	-	67,606	44,942	-	-	(2,699,750)	-	0
Assets written-off	-	-	(928,289)	-	(649,004)	-	-	-	-	(1,577,293)
Disposals	-	-	(147,018)	(209,394)	(1,290,008)	-	-	-	-	(1,646,420)
Revaluation increment	-	-	-	677,334	-	-	-	-	-	677,334
Balance as at 30 June 2022	4,141,000	51,736,488	8,656,683	6,090,339	6,729,755	-	4,971,311	4,920,913	4,619,372	91,865,861
Accumulated Depreciation and Impairment										
Balance at 1 July 2021	-	-	(833,045)	(2,158,642)	(4,733,558)	-	(318,558)	-	-	(8,043,803)
Depreciation/Amortisation Expense	-	(3,489,853)	(443,945)	(1,132,098)	(506,125)	-	(145,399)	-	(1,319,368)	(7,036,788)
Eliminated on Disposal of Assets	-	-	147,019	209,507	1,276,162	-	-	-	-	1,632,688
	-	-	-	(512,232)	-	-	-	-	-	(512,232)
Balance at 30 June 2022	-	(3,489,853)	(1,129,971)	(3,593,465)	(3,963,521)	-	(463,957)	-	(1,319,368)	(13,960,135)
Net Carrying Value at 30 June 2022	4,141,000	48,246,635	7,526,712	2,496,874	2,766,234	-	4,507,354	4,920,913	3,300,004	77,905,726
Balance as at 1 July 2022	4,141,000	51,736,488	8,656,683	6,090,339	6,729,755	-	4,971,311	4,920,913	4,619,372	91,865,861
Additions	-	661,639	96,332	-	1,151,725	-	-	9,000,417	-	10,910,113
Remeasurement of ROU Assets	-	-	-	-	-	-	240,766	-	-	240,766
Remeasurement of Landfill Airspace Assets	-	-	-	-	-	-	-	-	(1,113)	(1,113)
Transfers	-	-	-	189,736	-	-	-	(189,736)	-	-
Assets written-off	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increment	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	4,141,000	52,398,127	8,753,015	6,280,075	7,881,480	-	5,212,077	13,731,594	4,618,259	103,015,627
Accumulated Depreciation and Impairment										
Balance at 1 July 2022	-	(3,489,853)	(1,129,971)	(3,593,465)	(3,963,521)	-	(463,957)	-	(1,319,368)	(13,960,135)
Depreciation/Amortisation Expense	-	(3,556,693)	(422,541)	(1,032,185)	(515,582)	-	(158,797)	-	(694,478)	(6,380,276)
Eliminated on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Revaluation increment	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	-	(7,046,546)	(1,552,512)	(4,625,650)	(4,479,103)	-	(622,754)	-	(2,013,846)	(20,340,411)
Net Carrying Value at 30 June 2023	4,141,000	45,351,581	7,200,503	1,654,425	3,402,377	-	4,589,323	13,731,594	2,604,413	82,675,216

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

12. Trade and Other Payables

	2023	2022
	\$	\$
Trade payables	914,927	1,521,442
Accrued Expenses	718,321	992,099
Other payables	767,055	747,483
Total trade and other payables	2,400,303	3,261,024

13. Lease Liabilities

Current		
Lease Liabilities	92,497	87,889
Non-current		
Lease Liabilities	4,845,574	4,698,270
Total Leases	4,938,071	4,786,159

14. Grant Liabilities

Grants Unspent	5,781,120	11,498,114
Total	5,781,120	11,498,114

15. Provisions

Current		
Annual Leave	1,170,617	1,206,685
Long Service Leave	463,838	326,872
Landfill Rehabilitation	580,227	579,384
Sub-total Current	2,214,682	2,112,941
Non-current		
Long Service Leave	325,911	50,850
Landfill Rehabilitation	4,335,885	4,161,036
Sub-total Non-current	4,661,796	4,211,886
TOTAL	6,876,478	6,324,827

16. Commitments

Leases		
Non-cancellable operating lease commitments		
Within one year	157,223	298,386
More than one but less than five years	-	7,954
Total Balance at end of financial year	157,223	306,339

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

17. Grants Obligations

	2023	2022
	\$	\$
a) Unexpended grants		
Australian Government	1,186,478	2,178,960
NT Government	4,594,642	9,018,316
Other grants and contributions	-	300,838
	5,781,120	11,498,114
b) Reconciliation of unexpended grants		
Unexpended grants at 1 July	11,498,114	11,457,766
Grants received during the year	15,144,679	13,177,749
Grants expended during the year	<u>(20,861,673)</u>	<u>(13,137,401)</u>
Total unexpended grants at 30 June	5,781,120	11,498,114

18. Contingent Assets & Liabilities

The Council does not have any contingent assets and liabilities as at reporting date.

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

19 Financial Risk Management

The main risks Roper Gulf Regional Council is exposed to through its financial instruments are credit risk, liquidity risk, market risk and interest rate risk.

The Council's financial instruments consist mainly of Debt instruments (Investments & trade and other receivables) and trade & other payables and lease liabilities.

(a) Risk Management Objectives

The Council has given the Chief Executive Officer (CEO) the power to invest funds of the Council. The Council's objective is to minimise financial risk by investing only in short term deposits with local banks. Before any investments are made, banks are contacted by the Finance Committee to obtain available rates; the Finance Committee will present the information to the CEO who will approve the investment to be made. Monthly reports on investments are prepared and given out at council meetings. The CEO and Finance Committee of the Council receive monthly investment summaries from banks confirming the amount of investments.

(b) Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Council. The Council is exposed to this risk for various financial instruments arising from receivables in the conduct of its operations. The Council minimises risk by only investing with banks.

The Council does not have a material credit risk exposure relating to term deposits and bank accounts held with the National Australia Bank, Great Southern Bank, Judo Bank, AMP and Commonwealth Bank of Australia.

The Council believes that it does not have any significant credit risk exposure to any other counter party or group of counter parties as the Council actively manages credit risk by following up outstanding debtors.

None of the Council's financial assets are secured by collateral or other credit enhancements. An ageing analysis of the Council's trade and other receivables is disclosed in Note 8.

(c) Liquidity Risk

Liquidity risk or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also result from the inability to sell financial assets quickly at their fair values.

The Council reduces its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables.

The Council maintains cash and cash equivalents deemed sufficient to finance its operations. Excess cash are invested in short-term investment

The following table details the Council's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows (where relevant). The contractual maturity is based on the earliest date on which the Council may be required to pay.

30 June 2023					
	Note	Within One year	1-5 Years	Over 5 Years	Total
Trade and other payables	12	2,400,303	-	-	2,400,303
Lease liabilities	13	286,442	1,432,210	6,874,608	8,593,260
		<u>2,686,745</u>	<u>1,432,210</u>	<u>6,874,608</u>	<u>10,993,563</u>

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

19 Financial Risk Management (Cont.)

30 June 2022					
	Note	Within One year	1-5 Years	Over 5 Years	Total
Trade and other payables	12	3,261,024	-	-	3,261,024
Lease liabilities	13	268,772	1,343,860	6,486,596	8,099,228
		3,529,796	1,343,860	6,486,596	11,360,252

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Council is exposed to market risk through its use of financial instruments and specifically to interest rate risks from its operating, investing and financing activities.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Council is exposed to interest rate risk primarily from its cash surpluses invested in short term interest bearing deposits.

The deposits are only made with reputable financial institutions with maturity dates generally being no more than a year.

	Note	2023 \$	2022 \$
Short-term deposit	7(b)	27,000,000	25,000,000

The Council has not entered into any loans or other financial commitments that present exposure to interest rate risk as at the end of reporting period. Credit cards are the only short term financial instrument used by the Council and balances are cleared at month end.

Interest earned on term deposits after they mature may be affected by changes in market interest rates. The following table represents the effect to the statement of profit or loss and other comprehensive income (and corresponding effect to the cash value in the statement of financial position) when the current market interest rate is varied by a 100 basis point is anticipated to be a reasonable estimate of the maximum movement in market interest rates in financial year 2022-23.

	2023	2022
	+ 100 basis points \$	+ 100 basis points \$
Effect on statement of profit or loss and other comprehensive income	270,000	250,000
	2023	2022
	- 100 basis points \$	- 100 basis points \$
Effect on statement of profit or loss and other comprehensive income	(270,000)	(250,000)

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

20. Related Parties

The related parties of the Council include:

- the key responsible persons because they have authority and responsibility for planning, directing and controlling the activities of the Council directly; and
- spouses, children and dependents who are close family members of the key responsible persons; and
- any entities controlled or jointly controlled by key responsible persons or controlled or jointly controlled by their close family members.

Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Deputy Mayor, Councillors, CEO and certain prescribed officers under the Local Government Act. They were paid the following total compensation:

	2023	2022
	\$	\$
Short term Employee Benefits	1,125,775	1,150,991
Long term Employee Benefits	21,067	19,296
Post-employment benefits	113,566	84,134
Termination Pay	6,731	85,388
	1,267,139	1,339,808

Local Government Act 2019 regulation 13 requires a separate line for total remuneration provided to the CEO for financial year. The total remuneration provided to the CEO comprised of:

	2023	2022
	\$	\$
CEO Remuneration		
Short term Employee Benefits	309,631	230,969
Long term Employee Benefits	7,510	20,245
Post-employment benefits	24,662	29,604
Termination Pay	-	67,681
	341,803	348,499

21. Reserves

Asset Revaluation Reserve		
Balance at beginning of year	54,242,741	54,077,639
Revaluation increment/(decrement) for the year	-	165,102
Balance at end of year	54,242,741	54,242,741

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

22. Notes to the Statement of Cash Flows

Reconciliation to net cash flows from Operating Activities

	2023	2022
	\$	\$
Net Surplus / (Deficit) for the year	<u>5,970,055</u>	<u>(1,785,527)</u>
Adjustment For :		
Depreciation and amortisation	6,380,276	8,614,081
Gain on disposal of assets	-	(692,345)
Landfill finance cost	176,805	121,048
Operating profit before change in working capital	<u>12,527,136</u>	<u>6,257,258</u>
Change in working capital:		
(Increase) decrease in trade and other receivables	366,081	(126,783)
(Increase) decrease in inventories	(15,957)	(83,782)
(Increase) decrease in other assets	36,392	31,072
(Decrease) increase in trade and other payables	(860,721)	(192,668)
(Decrease) increase in grant liability	(5,716,994)	40,348
(Decrease) increase in provisions	375,959	(271,593)
Net change in working capital	<u>(5,815,240)</u>	<u>(603,406)</u>
Net cash flows generated from Operating Activities	<u>6,711,896</u>	<u>5,653,852</u>

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

24 Remuneration of Auditors

	2023	2022
	\$	\$
Audit or review of financial report	<u>83,487</u>	<u>42,570</u>

25 Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

26 The income derived from each function, the expenditure that can be reliably attributed to each function and the comparison between the budgeted and actual result for the financial year for each Council function are as follows:

	GENERAL PUBLIC SERVICES		PUBLIC ORDER AND SAFETY		ECONOMIC AFFAIRS		ENVIRONMENTAL PROTECTION		AMENITIES	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11 - Income Rates	(1,594,890)	(1,427,945)	(84,048)	(75,250)	-	-	(1,367,140)	(1,224,035)	-	-
12 - Income Council	(357,778)	(400,888)	(12,567)	(14,082)	(559,516)	(626,933)	(36,468)	(40,862)	(30,083)	(33,708)
13 - Income Operating	(10,261,441)	(9,581,528)	(3,651,075)	(3,491,231)	(1,551,658)	(1,483,726)	(105,905)	(101,269)	(1,022,919)	(978,136)
14 - Income Investment	(1,253,596)	(198,920)	-	-	-	-	-	-	-	-
16 - Income Reimbursement	(720,794)	(101,660)	-	-	(31,790)	(4,484)	-	-	-	-
17 - Income Agency and Commercial Services	(803,473)	(849,418)	(4,919)	(5,200)	(9,589,345)	(10,137,699)	(172,595)	(182,464)	(136,079)	(143,861)
18 - Income Capital	(8,760,784)	(805,441)	-	-	-	-	-	-	-	-
19 - Other Income	(66,066)	(931,469)	(66)	(934)	(203)	(2,858)	(204)	(2,878)	-	-
	(23,577,593)	(14,297,269)	(3,752,675)	(3,586,697)	(11,732,511)	(12,255,700)	(1,682,312)	(1,551,508)	(1,189,081)	(1,155,704)
21 - Employee Expense	9,934,354	9,168,204	2,372,515	2,189,544	2,668,183	2,462,409	104,298	96,254	521,278	481,077
22 - Contract and Materials	3,060,106	3,152,544	556,024	572,820	3,657,159	3,767,634	180,848	186,310	1,025,289	1,056,260
23 - Fleet, Plant & Equipment	0	482,307	-	74,953	-	120,404	-	69,900	-	43,737
24 - Depreciation	6,773,287	8,614,081	-	-	-	-	-	-	-	-
25 - Other Operating	5,466,483	3,141,162	526,675	302,639	474,809	272,836	55,994	32,176	168,028	96,553
26 - Other Operating	1,169	4	-	-	12,096	45	-	-	-	-
27 - Finance Expense	387,777	314,082	136	110	148	120	-	-	-	-
31 - Internal Cost Allocations	(6,737,916)	(5,974,803)	574,952	509,835	2,090,520	1,853,755	838,964	743,946	700,393	621,069
	25,623,176	18,897,582	3,455,349	3,649,900	6,812,395	8,477,202	341,140	1,128,586	1,714,595	2,298,695
NET RESULT	2,045,583	4,600,314	(297,326)	63,203	(4,920,115)	(3,778,498)	(1,341,172)	(422,922)	525,514	1,142,991
NET CARRYING VALUE OF FIXED ASSETS	82,675,216	77,905,726	-	-	-	-	-	-	-	-

**ROPER GULF REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

26 The income derived from each function, the expenditure that can be reliably attributed to each function and the comparison between the budgeted and actual result for the financial year for each Council function are as follows: (Cont.)

	HEALTH		RELIGION		EDUCATION		SOCIAL PROTECTION		TOTAL	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11 - Income Rates	-	-	-	-	-	-	-	-	(3,046,077)	(2,727,230)
12 - Income Council	-	-	-	-	-	-	-	-	(996,412)	(1,116,472)
13 - Income Operating	(365,060)	(349,078)	(1,679,988)	(1,606,438)	-	-	(3,890,852)	(3,720,510)	(22,528,898)	(21,311,916)
14 - Income Investment	-	-	-	-	-	-	-	-	(1,253,596)	(198,920)
16 - Income Reimbursement	-	-	-	-	-	-	-	-	(752,584)	(106,143)
17 - Income Agency and Commercial Services	(32,048)	(33,881)	-	-	-	-	(261,328)	(276,272)	(10,999,786)	(11,628,795)
18 - Income Capital	-	-	-	-	-	-	-	-	(8,760,784)	(805,441)
19 - Other Income	-	-	(5)	(74)	-	-	(29)	(409)	(66,573)	(938,623)
	(397,108)	(382,959)	(1,679,993)	(1,606,512)	-	-	(4,152,209)	(3,997,191)	(48,404,710)	(38,833,540)
21 - Employee Expense	58,569	54,052	468,639	432,497	-	-	1,793,134	1,654,846	17,920,970	16,538,883
22 - Contract and Materials	67,368	69,403	371,267	382,482	-	-	590,005	607,828	9,508,066	9,795,282
23 - Fleet, Plant & Equipment	-	-	-	13,471	-	-	-	49,788	-	854,559
24 - Depreciation	-	-	-	0	-	-	-	-	6,773,287	8,614,081
25 - Other Operating	26,107	15,002	462,958	266,026	-	-	649,910	373,453	7,830,965	4,499,845
26 - Other Operating	-	-	-	-	-	-	-	-	13,265	49
27 - Finance Expense	-	-	41	33	-	-	-	-	388,102	314,345
31 - Internal Cost Allocations	104,780	92,913	723,865	641,883	-	-	1,704,442	1,511,403	-	-
	152,044	231,370	1,302,906	1,736,393	-	-	3,033,050	4,197,317	42,434,656	40,617,045
NET RESULT	(245,064)	(151,589)	(377,087)	129,881	-	-	(1,119,159)	200,126	(5,970,055)	1,783,505
NET CARRYING VALUE OF FIXED ASSETS	-	-	-	-	-	-	-	-	82,675,216	77,905,726