

ROPER GULF SHIRE COUNCIL

ABN 94 746 956 090

General Purpose Financial Report
for the year ended 30 June 2010

ROPER GULF SHIRE COUNCIL

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FOR THE YEAR ENDED 30 JUNE 2010

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Independent Auditor's Report

To the Members of the Roper Gulf Shire Council

We have audited the accompanying financial report of the Roper Gulf Shire Council ("the Council"), which comprises the statement of financial position and statement of working capital as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes set out on pages 11 to 39.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of 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 2008 and the Local Government (Accounting) Regulations 2008. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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, we consider internal controls 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 Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer of 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

We are independent of the Council, and have met the independence requirements of Australian professional ethical pronouncements.

Basis for Qualified Auditor's Opinion

(1) Receivables

We have been unable to obtain sufficient and appropriate audit evidence to support the completeness and valuation of the GST receivable balance of \$417,055 that is recorded in trade and other receivables as at 30 June 2010.

We have been unable to obtain sufficient and appropriate audit evidence to support the existence and valuation of the trade receivables balance of \$1,439,768 as at 30 June 2009.

(2) Unexpended Grants

We are unable to obtain sufficient and appropriate audit evidence to support the existence, completeness and valuation of the unexpended grants balance of \$1,511,280 (2009: \$1,988,185) that is recorded in trade and other payables.

(3) Revenue

Service fee income (\$1,059,712), Contract fee income (\$1,701,524), and Centrepay income clearing (\$770,455) were recorded in revenue for the year ended 30 June 2009. We have been unable to obtain sufficient and appropriate audit evidence to support this revenue.

As is common for organisations of this type, it is not practicable to establish an efficient system of internal control over the collection of sales and rates & annual charges prior to entry into its financial records. Accordingly, as the evidence available to us for revenue from these sources was limited, our audit procedures with respect to revenue from these sources were restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether revenue from these sources is complete.

(4) Disclosures

We were unable to obtain sufficient and appropriate audit evidence to support the classification of results by function disclosed in Note 2(a).

The financial statements do not contain the unexpended grant disclosures required by AASB 1004 *Contributions*.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitations on our scope referred to in the above paragraphs not existed, the financial report of the Roper Gulf Shire Council is in accordance with the Local Government Act 2008, including:

- a) giving a true and fair view of the Councils financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and Local Government (Accounting) Regulations 2008.

Merit Partners

Merit Partners



Matthew Kennon
Director

DARWIN
Date: 23/2/2011

ROPER GULF SHIRE COUNCIL

Chief Executive Officer's Certificate

FOR THE YEAR ENDED 30 JUNE 2010

I, Michael Berto, the Chief Executive Officer of Roper Gulf Shire Council, certify that to the best of my knowledge, information and belief:

(a) the Annual Financial Statements have been properly drawn up in accordance with Australian Accounting Standards, the Local Government Act, and the Local Government (Accounting) Regulations (with the exception of those where compliance with the standards have been qualified) so as to present fairly the financial position of the council as at 30 June 2010 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.



Chief Executive Officer

Darwin

Date: 23/2/2011

ROPER GULF SHIRE COUNCIL

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Actual 2010	Actual 2009
		\$	\$
REVENUE			
User charges and fees	3(b)	42,092	107,363
Rates and annual charges	3(c)	601,707	528,107
Interest revenue	3(d)	407,260	561,289
Grants and contributions	3(a)	26,962,020	30,445,543
Gain on restructure of local government	3(f), 19	0	43,762,455
Other revenue	3(e)	7,650,844	8,847,617
Net profit/(loss) on disposal of assets	5	6,686	125,308
TOTAL REVENUE		<u>35,670,609</u>	<u>84,377,682</u>
EXPENSES			
Employee costs	4(a)	15,138,010	16,235,108
Materials & contracts	4(b)	7,045,313	7,240,501
Finance costs	4(c)	31,637	77,568
Depreciation and amortisation	4(d)	2,759,484	2,516,386
Assets written off following restructure	4(f)	0	22,663,857
Other expenses	4(e)	10,112,068	8,588,131
TOTAL EXPENSES		<u>35,086,512</u>	<u>57,321,552</u>
SURPLUS FOR THE YEAR		<u>584,097</u>	<u>27,056,130</u>
Other Comprehensive Income		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>584,097</u></u>	<u><u>27,056,130</u></u>

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position

AS AT 30 JUNE 2010

	Notes	Actual 2010 \$	Actual 2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	14,181,263	18,464,054
Trade and other receivables	7	4,388,870	2,620,369
Investments	8	350,000	150,000
Inventories	9	500,931	396,844
Other current assets	10	33,729	85,202
TOTAL CURRENT ASSETS		<u>19,454,793</u>	<u>21,716,469</u>
NON-CURRENT ASSETS			
Property, plant & equipment	11	16,702,529	16,527,461
TOTAL NON-CURRENT ASSETS		<u>16,702,529</u>	<u>16,527,461</u>
TOTAL ASSETS		<u>36,157,321</u>	<u>38,243,930</u>
CURRENT LIABILITIES			
Trade and other payables	12	4,222,683	6,793,925
Provisions	13	1,117,451	1,127,085
Borrowings	14	35,453	33,063
TOTAL CURRENT LIABILITIES		<u>5,375,587</u>	<u>7,954,073</u>
NON-CURRENT LIABILITIES			
Provisions	13	208,075	264,827
Borrowings	14	398,586	434,054
TOTAL NON-CURRENT LIABILITIES		<u>606,661</u>	<u>698,881</u>
TOTAL LIABILITIES		<u>5,982,248</u>	<u>8,652,954</u>
NET ASSETS		<u>30,175,073</u>	<u>29,590,976</u>
EQUITY			
Accumulated surplus		30,175,073	29,590,976
TOTAL EQUITY		<u>30,175,073</u>	<u>29,590,976</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Working Capital

AS AT 30 JUNE 2010

	Notes	Actual 2010 \$	Actual 2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	14,181,263	18,464,054
Trade and other receivables	7	4,388,870	2,620,369
Investments	8	350,000	150,000
Inventories	9	500,931	396,844
Other current assets	10	33,729	85,202
TOTAL CURRENT ASSETS		<u>19,454,793</u>	<u>21,716,469</u>
CURRENT LIABILITIES			
Trade and other payables	12	4,222,683	6,793,925
Provisions	13	1,117,451	1,127,085
Borrowings	14	35,453	33,063
TOTAL CURRENT LIABILITIES		<u>5,375,587</u>	<u>7,954,073</u>
NET CURRENT ASSETS		<u>14,079,206</u>	<u>13,762,396</u>
Current ratio		3.62	2.73
Acid test ratio		3.52	2.67

The Statement of Working Capital should be read in conjunction with the accompanying notes

ROPER GULF SHIRE COUNCIL

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Actual 2010	Actual 2009
		\$	\$
ACCUMULATED FUNDS			
Balance at beginning of the period		29,590,976	2,534,846
Net surplus for the year		584,097	27,056,130
Balance at end of the year		<u>30,175,073</u>	<u>29,590,976</u>
TOTAL			
Balance at beginning of the period		29,590,976	2,534,846
Net surplus for the year		584,097	27,056,130
TOTAL EQUITY		<u>30,175,073</u>	<u>29,590,976</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

ROPER GULF SHIRE COUNCIL
Statement of Cash Flows
 FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Actual 2010	Actual 2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Payments:</u>			
Employee costs		(15,335,711)	(15,521,569)
Suppliers		(19,173,220)	(12,316,821)
Finance costs		(31,637)	(77,568)
<u>Receipts:</u>			
Receipts from rates and annual charges		552,578	528,107
Receipts from user charges & fees		42,092	107,363
Interest		407,260	561,289
Grants & contributions		23,603,710	30,445,543
Other operating receipts		8,813,081	7,082,148
Net cash provided by (or used in) operating activities	15(b)	<u>(1,121,847)</u>	<u>10,808,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		8,000	238,393
Purchase of assets		(2,935,866)	(4,175,174)
Purchase of short term investments		(200,000)	(150,000)
Net cash provided by (or used in) investing activities		<u>(3,127,866)</u>	<u>(4,086,781)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(33,078)	(32,293)
Net cash provided by (or used in) financing activities		<u>(33,078)</u>	<u>(32,293)</u>
Net increase/(decrease) in cash held		(4,282,791)	6,689,418
Add Cash from restructure of local government		0	9,346,575
Cash at beginning of the year		18,464,054	2,428,061
Cash at end of the year	15(a)	<u><u>14,181,263</u></u>	<u><u>18,464,054</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The Roper Gulf Shire Council (the "Council") 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 Shire Council. The new Council incorporated six (6) local government bodies:

1. Borroloola Community Government Council;
2. Jilkminggan Community Government Council;
3. Mataranka Community Government Council;
4. Numbulwar Numburindi Community Government Council;
5. Nyirranggulung Mardrulk 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.

Principal place of business: 29 Crawford Street, Katherine NT 0850

Postal address: PO Box 1321, Katherine NT 0851

The Council has its main office located in Katherine NT. 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 flows of the Council.

(b) The Local Government Reporting Entity

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

A summary of activities listing along with their contribution to the operating result and their net assets is provided at note 2(a). 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.

(c) Basis of Preparation

Statement of Compliance

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, the requirements of the Local Government Act, the Local Government (Accounting) Regulations, and other authoritative pronouncements of the Australian Accounting Standards Board.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other events is reported. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of Preparation (cont'd)

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets.

Adoption of New and Revised Accounting Standards

In the current year, the Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current annual reporting period.

Future Australian Accounting Standard Requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).
- AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).
- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).
- AASB 2009-12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).
- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of Preparation (cont'd)

- AASB 2009-14: Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 July 2011).
- AASB Interpretations 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).
- AASB 2010-1: Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters (applicable for annual reporting periods commencing on or after 1 July 2010).
- AASB 1053: Application of Tiers of Australian Accounting Standards (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 2010-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 & 139] (applicable for annual reporting periods commencing on or after 1 July 2010).
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and AASB Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

(d) Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

(e) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Revenue Recognition (cont'd)

Uncollected rates are recognised as receivables. A provision is recognised when full collection is no longer probable.

Grants, Donations and other Contributions

Grants, donations and other contributions are recognised as revenues when the Council obtains control over, or the right to receive the assets, it is probable that future economic benefits comprising the asset will flow to the Council, and the amount can be reliably measured.

Control over granted and contributed assets is normally obtained upon their receipt (or acquittal) and is valued at their fair value at the date of transfer.

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

Interest Revenue

Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to the Council and it can be measured reliably.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Financial Instruments

A financial instrument is recognised if the Council becomes a party to the contractual provisions of the instrument. Financial assets are recognised at trade date (less impairment). Financial assets are derecognised if the Council transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Council's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

The Council classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial instrument was acquired. The Council determines the classification of its financial instruments at initial recognition and re evaluates this designation at each reporting date.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Instruments (cont'd)

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset 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) through the expected life of the financial assets, or where appropriate, a shorter period.

Impairment of Financial Assets

Financial assets are reviewed at each Statement of Financial Position date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the entity will be unable to collect all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount.

Derecognition of Financial Assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 the amounts it may have to pay. If the Council retains substantially all the risk 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.

Financial Liabilities

The Council classifies its financial liabilities as other financial liabilities. This classification pertains to financial liabilities that are not held for trading or not designated as at FVPL (Fair Value through Profit & Loss) upon inception of the liability. The classification depends on the purpose for which the financial liability was incurred. The Council determines the classification of its financial liability at initial recognition and re evaluates this designation at each reporting date.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 the estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Inventories

Inventories held are in respect of business undertakings, and are valued at the lower of cost and net realisable value.

(i) Property, Plant & Equipment

Acquisition of Property, Plant and Equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and any impairment allowance. Cost includes expenditure that is directly attributable to the acquisition. Cost related to property, plant and equipment gifted, donated or granted to the Council is the fair value of the asset, plus cost directly attributable to the acquisition.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Depreciation is provided for on a straight line method using lives which are reviewed each reporting period. The following useful lives are used in the calculation of depreciation:

Buildings and Infrastructure	10 - 40 years
Property Improvements	40 years
Plant and Equipment	4 - 10 years
Furniture and Fittings	4 - 20 years
Motor Vehicles	5 years

Land under Roads

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 will be recognised at cost. The cost of the land under roads will be the fair value as at the date acquired.

(j) Impairment of assets

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If such an indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For non cash generating assets of the Council such as roads, cycle paths and public buildings, fair value is represented by the depreciated optimised replacement cost.

Impairment losses are recognised in the surplus or deficit.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(l) Taxation

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

(m) Goods and Services Tax

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

- where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset, or as part of an item of the expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(n) Economic Dependence

During the year the Council received grants from the Northern Territory and Australian Governments and the future operation of the Council is dependant upon continued government funding.

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2(a) FUNCTIONS

Revenues, expenses and assets 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:

	General Public Services		Public Order & Safety	
	Budget 2010	Actual 2010	Budget 2010	Actual 2010
	\$	\$	\$	\$
OPERATING REVENUE				
Income Rates	596,064	515,605	0	0
Income Council Fees and Charges	0	20,965	0	0
Income Operating Grants Subsidies	5,748,288	6,177,616	2,342,400	2,318,242
Income Investments	0	383,118	0	0
Income Contributions Donations	0	0	0	0
Income Reimbursements	0	82,319	0	0
Income Agency and Commercial Services	0	346,101	0	0
Income Capital Grants	0	327,712	0	0
Sale of Assets	0	398,338	0	0
TOTAL OPERATING REVENUE	6,344,352	8,251,775	2,342,400	2,318,242
OPERATING EXPENSE				
Employee Expenses	3,840,288	4,328,261	1,759,944	1,994,897
Contract and Material Expenses	2,362,776	3,062,058	30,276	212,768
Fleet, Plant & Equipment	1,108,752	781,119	0	55,095
Asset Expense	0	2,677,829	0	0
Other Operating Expenses	1,692,612	2,333,461	83,700	189,446
Finance Expenses	0	43,969	0	0
Internal Cost Allocations	-2,660,076	-3,461,152	468,480	413,778
TOTAL EXPENSE	6,344,352	9,765,545	2,342,400	2,865,985
NET RESULT	0	-1,513,770	0	-547,743
CARRYING VALUE OF ASSETS				

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2(a) FUNCTIONS (Cont'd)

	Economic Affairs		Environmental Protection	
	Budget 2010	Actual 2010	Budget 2010	Actual 2010
	\$	\$	\$	\$
OPERATING REVENUE				
Income Rates	0	0	0	86,102
Income Council Fees and Charges	0	8,452	0	0
Income Operating Grants Subsidies	1,901,748	2,562,801	0	0
Income Investments	0	0	0	0
Income Contributions Donations	0	0	0	0
Income Reimbursements	0	0	0	0
Income Agency and Commercial Services	1,682,520	1,693,475	0	28,962
Income Capital Grants	0	0	0	0
Sale of Assets	0	19,544	0	0
TOTAL OPERATING REVENUE	3,584,268	4,284,272	0	115,064
OPERATING EXPENSE				
Employee Expenses	1,021,992	1,140,256	63,312	77,599
Contract and Material Expenses	1,269,900	2,380,198	17,820	37,202
Fleet, Plant & Equipment	154,704	243,038	0	9,587
Asset Expense	0	0	0	0
Other Operating Expenses	23,844	337,925	0	41
Finance Expenses	0	0	0	0
Internal Cost Allocations	774,240	-143,018	-81,132	73,250
TOTAL EXPENSE	3,244,680	3,958,399	0	197,679
NET RESULT	339,588	325,873	0	-82,615
CARRYING VALUE OF ASSETS				

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2(a) FUNCTIONS (Cont'd)

	Housing and Community Amenities	Recreation, Culture and Religion
	Budget 2010	Actual 2010
	\$	\$
OPERATING REVENUE		
Income Rates	0	0
Income Council Fees and Charges	0	0
Income Operating Grants Subsidies	7,850,028	1,442,388
Income Investments	0	0
Income Contributions Donations	0	0
Income Reimbursements	0	0
Income Agency and Commercial Services	535,956	43,105
Income Capital Grants	0	147,154
Sale of Assets	0	12,821
TOTAL OPERATING REVENUE	8,385,984	1,632,879
OPERATING EXPENSE		
Employee Expenses	3,511,584	1,003,952
Contract and Material Expenses	2,212,512	479,916
Fleet, Plant & Equipment	612,096	30,300
Asset Expense	0	1,343
Other Operating Expenses	266,352	35,892
Finance Expenses	0	500
Internal Cost Allocations	1,783,440	-260,628
TOTAL EXPENSE	8,385,984	2,235,705
NET RESULT	0	-602,826
CARRYING VALUE OF ASSETS		

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements
 FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2(a) FUNCTIONS (Cont'd)

	Education		Social Protection	
	Budget 2010 \$	Actual 2010 \$	Budget 2010 \$	Actual 2010 \$
OPERATING REVENUE				
Income Rates	0	0	0	0
Income Council Fees and Charges	0	0	0	4,348
Income Operating Grants Subsidies	0	0	1,472,880	1,320,900
Income Investments	0	0	0	0
Income Contributions Donations	0	0	0	0
Income Reimbursements	0	0	0	0
Income Agency and Commercial Services	0	0	714,048	677,210
Income Capital Grants	0	0	0	414,751
Sale of Assets	0	0	0	296,430
TOTAL OPERATING REVENUE	0	0	2,186,928	2,713,639
OPERATING EXPENSE				
Employee Expenses	0	0	1,702,992	1,610,702
Contract and Material Expenses	0	30	440,328	598,452
Fleet, Plant & Equipment	0	0	19,932	38,321
Asset Expense	0	0	0	0
Other Operating Expenses	0	8,755	48,012	92,041
Finance Expenses	0	0	0	722
Internal Cost Allocations	0	0	-24,336	543,374
TOTAL EXPENSE	0	8,785	2,186,928	2,883,611
NET RESULT	0	-8,785	0	-169,972
CARRYING VALUE OF ASSETS				

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements
 FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2(a) FUNCTIONS (Cont'd)

	Total	
	Budget	Actual
	2010	2010
	\$	\$
OPERATING REVENUE		
Income Rates	596,064	601,707
Income Council Fees and Charges	0	42,092
Income Operating Grants Subsidies	20,757,732	24,320,713
Income Investments	0	383,118
Income Contributions Donations	0	69,065
Income Reimbursements	0	82,319
Income Agency and Commercial Services	2,932,524	3,898,357
Income Capital Grants	0	1,725,924
Sale of Assets	0	731,959
TOTAL OPERATING REVENUE	24,286,320	31,855,255
OPERATING EXPENSE		
Employee Expenses	13,057,020	14,618,930
Contract and Material Expenses	6,813,528	9,228,098
Fleet, Plant & Equipment	1,925,784	1,354,642
Asset Expense	0	2,679,171
Other Operating Expenses	2,150,412	3,626,270
Finance Expenses	0	45,190
Internal Cost Allocations	-12	0
TOTAL EXPENSE	23,946,732	31,552,301
NET RESULT	339,588	302,954
CARRYING VALUE OF ASSETS		36,157,321

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2 (b) – COMPONENTS OF FUNCTIONS

The activities relating to the Council functions reported in Note 2 (a) are as follows:

GENERAL PUBLIC SERVICES

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

PUBLIC ORDER & SAFETY

Fire protection, local emergency services, animal control and impounding, control of public places, control of signs, boarding and advertising, community policing and probationary matters.

ECONOMIC AFFAIRS

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, CDEP, transport & other industries, saleyards and tourism.

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 SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Actual 2009
	\$	\$
NOTE 3 – REVENUES		
(a) GRANTS AND CONTRIBUTIONS		
Operating grant – Australian Government	2,257,153	14,004,073
Operating grant – Northern Territory Government	2,923,137	3,170,431
Special purpose grant – Australian Government	11,028,503	2,164,399
Special purpose grant – Northern Territory Government	7,955,857	9,419,415
Capital grant – Australian Government	1,309,617	1,333,586
Capital grant – Northern Territory Government	578,758	0
	<u>26,053,025</u>	<u>30,091,903</u>
Total Government Grants		
	26,053,025	30,091,903
Grant income – Other	839,930	259,364
	<u>26,892,955</u>	<u>30,351,266</u>
TOTAL GRANTS		
	26,892,955	30,351,266
CONTRIBUTIONS		
Contributions – Others	69,065	94,277
	<u>69,065</u>	<u>94,277</u>
TOTAL CONTRIBUTIONS		
	69,065	94,277
TOTAL GRANTS AND CONTRIBUTIONS	<u><u>26,962,020</u></u>	<u><u>30,445,543</u></u>
(b) USER CHARGES AND FEES		
Property lease rental fee	40,280	103,723
Other user charge	1,812	3,640
	<u>42,092</u>	<u>107,363</u>
TOTAL USER CHARGES AND FEES		
	42,092	107,363
(c) RATES AND ANNUAL CHARGES		
General rate income base	515,605	449,997
Domestic waste charge income base	86,102	78,110
	<u>601,707</u>	<u>528,107</u>
TOTAL RATES AND ANNUAL CHARGES		
	601,707	528,107

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$	Actual 2009 \$
NOTE 3 – REVENUES (cont'd)		
(d) INTEREST REVENUE		
Interest income – general	407,260	561,289
TOTAL INTEREST REVENUE	<u>407,260</u>	<u>561,289</u>
(e) OTHER REVENUES		
Reimbursement income	82,319	518,661
Sales	4,272,295	4,456,899
Service fee	791,013	1,059,712
Contract fee	2,354,468	1,701,524
Centrepay income clearing	0	770,455
Other operating income	150,749	340,366
TOTAL OTHER OPERATING REVENUES	<u>7,650,844</u>	<u>8,847,617</u>

(f) GAIN ON RESTRUCTURE OF LOCAL GOVERNMENT

The Minister for Local Government pursuant to section 28A(1) of the Local Government Act made an order to form a new council named Roper Gulf Shire Council comprising the local government areas of Borroloola Community Government Council, Jilkminggan Community Government Council, Mataranka Community Government Council, Numbulwar Numburindi Community Government Council, Nyirranggulung Mardruik Ngadberre Regional Council, and Yugul Mangi Community Government Council.

The Government Order No. 1.3 to take effect on the date of transition being 1 July 2008. See Note 19 for the calculation of the gain on restructure of local government.

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Actual 2009
	\$	\$
NOTE 4 – EXPENSES		
(a) EMPLOYEE COSTS		
Salaries, wages and leave entitlements	12,835,930	14,447,720
Superannuation	1,004,428	910,164
Workers compensation	142,652	117,320
Allowances and other staff costs	1,155,000	759,904
TOTAL EMPLOYEE COSTS	<u>15,138,010</u>	<u>16,235,108</u>
(b) MATERIALS AND CONTRACTS		
Consultants	475,773	343,335
Contractors	3,770,951	3,560,638
Materials	2,798,589	3,336,528
TOTAL MATERIALS AND CONTRACTS	<u>7,045,313</u>	<u>7,240,501</u>
(c) FINANCE COSTS		
Interest expense	31,637	77,568
TOTAL FINANCE COSTS	<u>31,637</u>	<u>77,568</u>
(c) DEPRECIATION & AMORTISATION		
Buildings	608,232	633,886
Infrastructures	185,299	158,896
Plant and equipment	947,425	783,190
Furniture and fittings	20,963	22,263
Motor vehicles	997,563	918,150
TOTAL DEPRECIATION AND AMORTISATION	<u>2,759,484</u>	<u>2,516,386</u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Actual 2009
	\$	\$
NOTE 4 - EXPENSES (cont'd)		
(e) OTHER EXPENSES		
Accounting	51,428	120,379
Advertising	107,860	26,137
Audit	108,299	167,808
Bad debts expense	476,702	0
Bank fees and charges	23,677	5,078
Chairman and councillor payments	166,322	110,201
Communication	487,379	533,646
Contributions and donations	303,482	121,025
Cost of sales	2,943,538	2,969,298
Food and catering	492,487	431,745
Freight	226,281	169,472
Fuel and oil	830,898	916,784
Insurance	539,460	386,435
Leases	390,643	581,147
Legal fees	36,479	16,456
Licenses and registrations	185,522	184,341
Management fees	193,696	183,085
Memberships and subscriptions	66,467	175,312
Repairs and maintenance	255,367	0
Printing and stationeries	166,911	0
Software expenses	146,180	35,114
Trainings and seminars	191,164	152,472
Travel and accommodation	685,131	581,377
Utilities	629,511	551,640
Other expenses	407,183	169,180
TOTAL OTHER EXPENSES	<u>10,112,068</u>	<u>8,588,131</u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Actual 2009
	\$	\$
NOTE 4 - EXPENSES (cont'd)		
(f) ASSETS WRITTEN OFF FOLLOWING RESTRUCTURE		
Buildings and infrastructure	0	22,042,185
Plant and equipment	0	359,866
Furniture and fittings	0	115,032
Motor vehicles	0	146,774
TOTAL ASSETS WRITTEN OFF	<u>0</u>	<u>22,663,857</u>

NOTE 5 – GAIN OR LOSS ON DISPOSAL OF ASSETS

Proceeds from disposal	8,000	238,393
Less: carrying amount of assets sold	(1,314)	(113,085)
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>6,686</u>	<u>125,308</u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$	Actual 2009 \$
NOTE 6 – CASH AND CASH EQUIVALENTS		
Cash at banks	14,099,360	18,348,257
Cash on hand	81,903	115,797
TOTAL CASH AND CASH EQUIVALENTS	<u>14,181,263</u>	<u>18,464,054</u>
NOTE 7 – TRADE AND OTHER RECEIVABLES		
Trade receivables	4,306,444	1,475,530
Provision for doubtful debts	(509,452)	(35,762)
Net trade receivables	<u>3,796,992</u>	<u>1,439,768</u>
GST receivable	433,350	1,071,202
Other receivables	158,528	109,399
TOTAL TRADE AND OTHER RECEIVABLES	<u>4,388,870</u>	<u>2,620,369</u>
NOTE 8 – INVESTMENTS		
Investment – short term deposits	300,000	100,000
Investment – other	50,000	50,000
TOTAL INVESTMENTS	<u>350,000</u>	<u>150,000</u>
NOTE 9 – INVENTORIES		
Stock on hand – Numbulwar Store	355,247	300,412
Stock on hand – Roper Gulf Shire	145,684	96,432
TOTAL INVENTORIES	<u>500,931</u>	<u>396,844</u>
NOTE 10 – OTHER CURRENT ASSETS		
Prepayments and other current assets	33,729	85,202
TOTAL OTHER CURRENT ASSETS	<u>33,729</u>	<u>85,202</u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$	Actual 2009 \$
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT		
<u>Buildings</u>		
Cost	17,374,182	16,189,734
Less: accumulated depreciation	(9,907,330)	(9,266,761)
Written down value	<u>7,466,852</u>	<u>6,922,973</u>
<u>Infrastructure</u>		
Cost	4,165,123	3,980,151
Less: accumulated depreciation	(951,005)	(633,344)
Written down value	<u>3,214,118</u>	<u>3,346,807</u>
<u>Plant and equipment</u>		
Cost	7,381,360	11,703,210
Less: accumulated depreciation	(4,438,012)	(5,931,755)
Written down value	<u>2,943,348</u>	<u>5,771,455</u>
<u>Furniture and fittings</u>		
Cost	128,779	359,813
Less: accumulated depreciation	(58,580)	(227,738)
Written down value	<u>70,199</u>	<u>132,075</u>
<u>Motor vehicles</u>		
Cost	7,061,735	2,515,385
Less: accumulated depreciation	(4,053,723)	(2,161,234)
Written down value	<u>3,008,012</u>	<u>354,151</u>
Total costs	36,111,179	34,748,293
Less: Total accumulated depreciation	(19,408,650)	(18,220,832)
Total Written Down Value	<u><u>16,702,529</u></u>	<u><u>16,527,461</u></u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Actual
2010
\$

NOTE 11a - PROPERTY, PLANT AND EQUIPMENT

Reconciliations

Buildings

Carrying amount at beginning of the year	6,922,973
Additions	927,538
Depreciation charge for the year	(608,233)
Write-offs	(75,292)
Transfers from/(to) other property, plant and equipment categories	299,866
Carrying amount at end of the year	<u>7,466,852</u>

Infrastructure

Carrying amount at beginning of the year	3,346,807
Additions	485,030
Depreciation charge for the year	(185,299)
Write-offs	(73,253)
Transfers from/(to) other property, plant and equipment categories	(359,167)
Carrying amount at end of the year	<u>3,214,118</u>

Plant and equipment

Cost	5,771,455
Additions	942,834
Disposals	0
Depreciation charge for the year	(947,425)
Write-offs	(194,984)
Transfers from/(to) other property, plant and equipment categories	(2,628,532)
Carrying amount at end of the year	<u>2,943,348</u>

Furniture and Fixtures

Carrying amount at beginning of the year	132,075
Additions	2,877
Depreciation charge for the year	(20,963)
Write-offs	(41,502)
Transfers from/(to) other property, plant and equipment categories	(2,288)
Carrying amount at end of the year	<u>70,199</u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Actual
2010
\$

NOTE 11a - PROPERTY, PLANT AND EQUIPMENT

Reconciliations (Cont'd)

Motor Vehicles

Cost	354,151
Additions	961,302
Disposals	0
Depreciation charge for the year	(997,563)
Write-offs	0
Transfers from/(to) other property, plant and equipment categories	2,690,122
Carrying amount at end of the year	<u>3,008,012</u>
Total Property, Plant and Equipment	<u><u>16,702,529</u></u>

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$	Actual 2009 \$
NOTE 12 – TRADE AND OTHER PAYABLES		
Trade payables	2,094,750	4,240,387
Accruals	486,610	565,353
Other payables	130,042	0
Unexpended grants	1,511,280	1,988,185
TOTAL TRADE AND OTHER PAYABLES	4,222,683	6,793,925
NOTE 13 – PROVISIONS		
<u>Current</u>		
Annual leave provision	959,831	913,775
Long service leave provision	110,526	166,216
Other	47,094	47,094
TOTAL PROVISIONS – CURRENT	1,117,451	1,127,085
<u>Non Current</u>		
Long service leave provision	208,075	264,827
TOTAL PROVISIONS – NON CURRENT	208,075	264,827
NOTE 14 – BORROWINGS		
<u>Current</u>		
Borrowings – interest bearing	35,453	33,063
<u>Non Current</u>		
Borrowings – interest bearing	398,586	434,054
TOTAL BORROWINGS	434,039	467,117

The interest bearing liability is a loan held with Northern Territory Treasury Corporation. The loan with a principal amount of \$600,000 is for a term of 15 years, bearing fixed interest rate at 7% p.a. and is repayable in monthly instalments of \$5,393. The maturity date is 21 July 2019.

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15 – CASH FLOW RECONCILIATION

For the purposes of the Statement of Cash Flows, cash includes cash on hand and “at call” deposits with other financial institutions. Term deposits with maturity period of 90 days or less are also included. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Actual 2010 \$	Actual 2009 \$
(a) Reconciliation of Cash		
Cash at banks	14,099,360	18,348,257
Cash on hand	81,903	115,797
Balances as per Statement of Cash Flows	14,181,263	18,464,054

(b) Reconciliation of Net Surplus for the year to Cash from Operating Activities

Net surplus for the year	584,097	27,056,130
Depreciation and amortisation	2,759,484	2,516,386
Profit on sale of assets	(6,686)	(125,308)
Gain on restructure of local government	0	(43,762,455)
Assets written off following restructure	0	22,663,857
(Increase)/Decrease in trade and other receivables	(1,768,500)	(1,765,469)
(Increase)/Decrease in inventories	(104,087)	41,549
(Increase)/Decrease in other assets	51,473	(85,202)
Increase/(Decrease) in trade and other payables	(2,571,242)	3,555,465
Increase/(Decrease) in provision for employee entitlements	(66,386)	713,539
Net Cash Flows From Operating Activities	(1,121,847)	10,808,492

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 16 - FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Council's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and borrowings.

The Council does not have any derivative instruments as at 30 June 2010.

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

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.

Liquidity Risk

The Council manages liquidity risk by monitoring actual expenditure compared to budget and maintaining sufficient cash reserves.

Credit Risk

The Council's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and the accompanying notes to the financial statements.

The Council's main concentration of credit risk is with the Commonwealth Bank of Australia, National Australia Bank and Traditional Credit Union as the Council's bank accounts are held with these banking institutions.

The maximum credit risk on financial assets of the Council is the carrying amount net of any allowance for doubtful debts. 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.

There are no material amounts of collateral held as security at 30 June 2010.

Interest Rate Risk

The Council is exposed to minimal interest rate risk through the use of corporate credit cards. The risk is managed by limiting the spend on certain staff member's cards and allowing a direct debit for credit card payments each month within the interest free period.

Interest earned on bank accounts is calculated at variable interest rates. The Council also hold deposits under fixed term deposits or fixed rate investments.

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 16 – FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms of financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments:

2010	Average Interest Rate	Variable Interest Rate Current	Fixed Interest Rate Maturity		Non Interest Bearing	Total
			< 1 Year	1-5 Years		
	%	\$	\$	\$	\$	\$
FINANCIAL ASSETS						
Cash at bank – operational (CBA)	3.63	149,162	-	-	-	149,162
Cash at Bank – trust account (CBA)	3.63	6,408,092	-	-	-	6,408,092
Cash at bank – business saver (CBA)	3.97	4,698,883	-	-	-	4,698,883
Cash at bank (TCU)	1.25	2,375,837	-	-	-	2,375,837
Cash at bank – cheque account (NAB) Numbulwar Store	4.50	256,066	-	-	-	256,066
Cash at bank (TCU) Numbulwar Store	0.01	11,320	-	-	-	11,320
Term Deposits (NAB) 90 days – Numbulwar Store	5.13	-	200,000	-	-	200,000
Term Deposits (NAB) 4 months – Numbulwar Store	5.84	-	300,000	-	-	300,000
Cash on hand - Council	n/a	-	-	-	10,530	10,530
Cash on hand – Numbulwar Store	n/a	-	-	-	71,373	71,373
Total trade and other receivables	n/a	-	-	-	4,464,972	4,464,972
TOTAL FINANCIAL ASSETS		13,899,360	500,000	-	4,546,875	18,946,235
FINANCIAL LIABILITIES						
Payables	n/a	-	-	-	2,711,402	2,711,402
Borrowings	7.00	n/a	35,453	398,586	-	434,039
TOTAL FINANCIAL LIABILITIES		-	35,453	398,586	2,711,402	3,145,441

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

2009	Average Interest Rate	Variable Interest Rate Current	Fixed Interest Rate Maturity		Non Interest Bearing	Total
			< 1 Year	1-5 Years		
	%	\$	\$	\$	\$	\$
FINANCIAL ASSETS						
Cash at bank – operational (CBA)	4.55	463,671	-	-	-	463,671
Cash at Bank – trust account (CBA)	4.55	9,846,990	-	-	-	9,846,990
Cash at bank – business saver (CBA)	4.81	5,019,277	-	-	-	5,019,277
Cash at bank (TCU)	2.39	2,158,037	-	-	-	2,158,037
Cash at bank – trust account (NAB)	2.06	374,356	-	-	-	374,356
Cash at bank – cheque account (NAB) Numbulwar Store	0	-	-	-	184,953	184,953
Cash at bank (TCU) Numbulwar Store	0.20	973	-	-	-	973
Term Deposits (NAB) 90 days – Numbulwar Store	3.70	-	300,000	-	-	300,000
Term Deposits (NAB) 4 months – Numbulwar Store	3.75	-	100,000	-	-	100,000
Cash on hand - Council	n/a	-	-	-	10,530	10,530
Cash on hand – Numbulwar Store	n/a	-	-	-	105,267	105,267
Total trade and other receivables	n/a	-	-	-	1,584,929	1,584,929
TOTAL FINANCIAL ASSETS		17,863,304	400,000	-	1,885,679	20,148,983
FINANCIAL LIABILITIES						
Payables	n/a	-	-	-	4,805,740	4,805,740
Borrowings	7.00	n/a	33,063	434,054	-	467,117
TOTAL FINANCIAL LIABILITIES		-	33,063	434,054	4,805,740	5,272,857

Net fair values

The net fair value of financial assets and financial liabilities are approximated by their carrying amounts.

ROPER GULF SHIRE COUNCIL

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17 – SUPERANNUATION

The Council contributes in respect of its employees to an accredited superannuation fund. The Council contributes amounts to the scheme in accordance with the Superannuation Guarantee Charge Act 1992. Contributions to the fund accumulate in the fund to meet members' benefits as they accrue.

The amount of superannuation contributions made by the Council during the year ended 30 June 2010 was \$1,004,428 (2009: \$910,164).

NOTE 18 – COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

There are no capital commitments for expenditure.

(b) Operating Leases

Leasing arrangements

Operating leases relate to property, equipment and motor vehicles. The property leases have term from one to three years, with no option to extend. The rent is a fixed monthly amount and the Council does not have an option to purchase the building at the expiry of the lease term. A rent review may be performed annually to allow for Consumer Price Index changes. The equipment and motor vehicle operating leases have fixed periods from 36 to 60 months. There is no option to purchase the leased equipment and vehicles at the expiry of the leases.

	Actual 2010 \$	Actual 2009 \$
<i>Non-cancellable operating lease commitments</i>		
Not longer than 1 year	104,369	33,746
Longer than 1 year, not longer than 5 years	72,203	90,179
Total Operating Lease Commitments	<u>176,572</u>	<u>120,925</u>

ROPER GULF SHIRE COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 19 – GAIN ON RESTRUCTURE OF LOCAL GOVERNMENT

2009	Borrooloola	Jilkmingga	Mataranka	Numbulwar Numburindi	Nyirranggullung Mardruk Ngadberre	Yugul Mangi	Gain on Restructure
CURRENT ASSETS							
Cash and cash equivalents	461,091	560,953	88,970	1,129,438	4,381,435	2,724,688	9,346,575
Trade and other receivables	42,120	71,826	11,008	225,206	274,498	203,842	828,500
Inventories	0	0	13,043	390,107	11,812	23,431	438,393
Other current assets	384	0	0	0	0	111,326	111,710
TOTAL CURRENT ASSETS	503,595	632,779	113,021	1,744,751	4,667,745	3,063,287	10,725,178
NON CURRENT ASSETS							
Property, plant and equipment	1,914,635	1,996,104	1,457,970	19,610,125	6,385,004	5,800,819	37,164,657
TOTAL NON CURRENT ASSETS	1,914,635	1,996,104	1,457,970	19,610,125	6,385,004	5,800,819	37,164,657
TOTAL ASSETS	2,418,230	2,628,883	1,570,991	21,354,876	11,052,749	8,864,106	47,889,835
CURRENT LIABILITIES							
Trade and other payables	47,232	119,373	43,206	448,829	368,694	242,714	1,270,048
Interest bearing liabilities	0	0	0	0	30,834	0	30,834
Provisions	50,265	44,550	33,324	59,956	314,205	87,899	590,199
Unexpended grants	0	163,034	0	499,502	0	1,032,918	1,695,454
TOTAL CURRENT LIABILITIES	97,497	326,957	76,530	1,008,287	713,733	1,363,531	3,586,535
NON CURRENT LIABILITIES							
Interest bearing liabilities	0	0	0	0	467,117	0	467,117
Provisions	0	0	20,823	0	52,905	0	73,728
TOTAL NON CURRENT LIABILITIES	0	0	20,823	0	520,022	0	540,845
TOTAL LIABILITIES	97,497	326,957	97,353	1,008,287	1,233,755	1,363,531	4,127,380
NET ASSETS TRANSFERRED	2,320,733	2,301,926	1,473,638	20,346,589	9,818,994	7,500,575	43,762,455