Roper Gulf Regional Council

ABN: 94 746 956 090

Annual report for the financial year ended 30 June 2015

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Chief Executive Officer's Statement

I, Michael Berto, 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 Australian Accounting Standards, the Local Government Act, and the Local Government (Accounting) Regulations so as to present fairly the financial position of the Council as at 30 June 2015 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

....
Michael Berto
Chief Executive Officer
Katherine
Dated: 26October 2015

Deloitte.

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Independent Auditor's Report to the members of Roper Gulf Regional Council

We have audited the accompanying financial report of Roper Gulf Regional Council ("the Council"), which comprises the statement of financial position as at30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's certificate as set out on pages 2 and 5 to 29.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with that Australian Accounting Standards and the *Local Government Act* and the *Local Government (Accounting) Regulations*, and for such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Deloitte.

Opinion

In our opinion, the financial report of Roper Gulf Regional Council presents fairly, in all material respects, the Council's financial position as at 30 June 2015 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act* and the *Local Government (Accounting) Regulations.*

Other Matter

The financial report of Roper Gulf Regional Council for the year ended 30 June 2014 was audited by another auditor who expressed an unmodified opinion on that financial report on 30 October 2014.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

L C Girolamo
Partner
Chartered Accountants
Darwin, 26 October 2015

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2015

	Note	Year end 30 June 2015 $	Year end 30 June 2014 $
Revenue			
Grants and contributions	3(a)	**22,448,490**	19,134,889
User charges and fees	3(b)	**292,249**	256,740
Rates and other charges	3(c)	**1,201,890**	1,247,294
Other revenue	3(d)	**13,740,172**	12,411,887
Gains on disposal of assets	5	**395,787**	420,818
Investment income		**270,438**	299,772
Total Revenue		**38,349,026**	33,771,400
Expenses			
Employee costs	4(a)	**18,735,428**	18,549,255
Materials and contracts	4(b)	**8,121,415**	6,421,314
Depreciation and amortisation	4(c)	**3,636,140**	3,898,830
Other expenses	4(e)	**8,804,040**	8,169,033
Total Expenses		**39,297,023**	37,038,432
Deficit for the year		**(947,997)**	(3,267,032)
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment		**23,725,559**	-
Total comprehensive income for the year		**22,777,562**	(3,267,032)

Notes to the financial statements are included on pages 9 to 29

Statement of financial position as at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	6	**13,229,260**	9,467,899
Trade and other receivables	7	**1,341,947**	2,901,966
Other financial assets	8	**599,336**	580,286
Inventories	9	**230,377**	166,166
Other assets	10	**39,296**	163,782
Total current assets		**15,440,216**	13,280,099
Non-current assets			
Property, plant and equipment	11	**54,097,451**	33,056,019
Total non-current assets		**54,097,451**	33,056,019
Total assets		**69,537,667**	46,336,118
Current liabilities			
Trade and other payables	12	**3,964,237**	3,551,995
Provisions	13	**1,665,201**	1,505,533
Total current liabilities		**5,629,438**	5,057,528
Non-current liabilities			
Provisions	13	**384,289**	532,212
Total non-current liabilities		**384,289**	532,212
Total liabilities		**6,013,727**	5,589,740
Net assets		**63,523,940**	40,746,378
Equity			
Revaluation reserve	14	**44,170,031**	20,444,472
Accumulated funds		**19,353,909**	20,301,906
Total equity		**63,523,940**	40,746,378

Notes to the financial statements are included on pages 9 to 29

Statement of changes in equity
for the financial year ended 30 June 2015

	Revaluation Reserve $	Accumulated Funds $	Total $
Balance as at 1 July 2013	20,444,472	23,568,938	44,013,410
Total comprehensive income for the year	-	(3,267,032)	(3,267,032)
Balance at 30 June 2014	20,444,472	20,301,906	40,746,378
Balance as at 1 July 2014	**20,444,472**	**20,301,906**	**40,746,378**
Total comprehensive income for the year	**23,725,559**	**(947,997)**	**22,777,562**
Balance at 30 June 2015	**44,170,031**	**19,353,909**	**63,523,940**

Notes to the financial statements are included on pages 9 to 29

Statement of cash flows
for the financial year ended 30 June 2015

	Note	Year end 30 June 2015 $	Year end 30 June 2014 $
Cash flows from operating activities			
Grants received		**22,448,490**	19,134,889
Receipts from customers		**16,854,607**	12,407,263
Interest received		**270,438**	299,772
Payments to suppliers and employees		**(35,236,898)**	(33,213,269)
Net cash generated by/(used in) operating activities	18(b)	**4,336,637**	(1,371,346)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,290,409)**	(1,822,382)
Proceeds from sale of property, plant and equipment		**734,183**	617,168
Acquisitions of short-term investments		**(19,050)**	(10,286)
Net cash used in investing activities		**(575,276)**	(1,215,500)
Cash flows from financing activities			
Net cash (used in)/ provided by financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**3,761,361**	(2,586,846)
Cash and cash equivalents at the beginning of the financial year		**9,467,899**	12,054,745
Cash and cash equivalents at the end of the financial year	18(a)	**13,229,260**	9,467,899

Notes to the financial statements are included on pages 9 to 29

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. Jilkminggan 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**
P.O. Box 1321,	29 Crawford Street
Katherine, NT 0851	Katherine, NT 0850

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 flow of the Council.

2. Significant accounting policies

Financial reporting framework

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the requirements of the Local Government Act, the Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The Council is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the directors on 28 October 2015.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain properties 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"

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 prices (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.

2. Significant accounting policies

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 when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Roper Gulf Council's activities as discussed below.

<u>Grants, Donations and other Contributions</u>
Grants, Donations and other Contributions are recognised in the statement of profit or loss and other comprehensive income when the entity obtains control or the right to receive the grant, donation or other contribution, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When the grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Roper Gulf Regional Council receives non-reciprocal contributions of the assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of the acquisition in the statement of financial position, with a corresponding amount of the income recognised in the statement of profit or loss and other comprehensive income.

<u>Interest revenue</u>
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

<u>Rates</u>
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.

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

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

(b) **Leasing**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(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.

2. Significant accounting policies

Employee benefits (cont'd)

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.

(e) **Property, plant and equipment**

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.

Property plant and equipment other than Land, Building, Site Improvement and Structure and Roads is carried at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations
Land, Building, Site Improvement and Structure 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, Building, Site Improvement and Structure 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, Building, Site Improvement and Structure and Roads of the Council as of 30 June 2015 was conducted by Maloney Field Services. This is the second revaluation that has been undertaken in relation to assets held by the Council. Accordingly, the carrying amount of the assets (Land, Building, Site Improvement and Structure and Roads) after revaluation is the restated amount calculated by eliminating any accumulated depreciation as at revaluation date against the gross carrying amounts of the assets.

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.

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 current and future reporting periods, as appropriate.

2. Significant accounting policies

Property, plant and equipment (cont'd)

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	**Useful Life**
Buildings and Infrastructure	10-40 years
Plant and Equipment	4-10 years
Furniture, Fixtures and Fittings	4-10 years
Motor Vehicles	5 years
Roads	20 years

Impairment
Property, plant and equipment were assessed for impairment at 30 June 2015. Where indications of impairment exists, the assets' recoverable amount is estimated and an impairment adjustments 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 retained earnings.

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

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of first-in-first-out. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of purchased inventory are determined after deducting rebates and discounts.

(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.

2. Significant accounting policies

(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.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

<u>Effective interest method</u>
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) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

<u>Loans and receivables</u>
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 method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

<u>Impairment of financial assets</u>
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

<u>Derecognition of financial assets</u>
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

2. Significant accounting policies

Financial instruments (cont'd)
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 derecognition 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Council retains an option to repurchase part of a transferred asset), the Council allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities 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 estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(i) **Goods and services tax**

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

i. 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
ii. 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) **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits.

2. Significant accounting policies

Critical accounting judgments and key sources of estimation uncertainty

(k) **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Council's accounting policies, which are described in note 2, 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.

<u>Useful Lives of Depreciable Assets</u>
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.

<u>Inventories</u>
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by obsolescence that may reduce future selling prices.

<u>Fair Value of Non-Financial Assets</u>
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).

(l) **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 (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no significant changes to the Council's accounting policies.

AASB 2012-3 '*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*'

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The Council has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Council's financial statements.

AASB 2014-1 '*Amendments to Australian Accounting Standards*' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made number of amendments to various AASBs. The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Council's financial statements.

2. Significant accounting policies

Adoption of new and revised Accounting Standards (cont'd)
Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Council's present policies and operations. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Council but may change the disclosure presently made in the financial statements of the Council.

- AASB 9 '*Financial Instruments*' (December 2010) superseding AASB 139 *Financial Instruments: Recognition and Measurement* (in part), effective 1 January 2018

- AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', effective 1 January 2017

- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation', effective 1 January 2016

- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation', effective 1 January 2016
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle', effective 1 January 2016

- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101', effective 1 January 2016

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality', effective 1 January 2016

The Council has not yet assessed the full impact of these amendments.

(m) **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. 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, CDEP/RJCP, transport and 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.

3. Revenue and other income

a) Grants and contributions

	2015 $	2014 $
Operating grant - Australian Government	**2,831,577**	1,293,337
Operating grant - NT Government	**3,457,527**	2,094,820
Special purpose grant - Australian Government	**8,954,577**	9,428,706
Special purpose grant - NT Government	**4,549,058**	4,546,124
Capital grant - Australian Government	**1,361,056**	700,277
Capital grant - NT Government	**1,199,640**	844,096
Capital grant - Others	**-**	18,820
Other grants and contributions	**95,055**	208,709
Total grants and contributions	**22,448,490**	19,134,889

b) User charges and fees

	2015 $	2014 $
Property lease rental fee	**140,441**	201,859
Other user charge	**151,808**	54,881
Total user charges and fees	**292,249**	256,740

c) Rates and annual charges

	2015 $	2014 $
General rate income base	**716,033**	774,632
Domestic waste charge income base	**485,857**	472,662
Total rates and annual charges	**1,201,890**	1,247,294

d) Other revenue

	2015 $	2014 $
Reimbursement income	**5,078,728**	1,575,732
Sales	**107,744**	67,746
Service fee	**709,037**	5,044,056
Contract fee	**6,636,866**	4,693,872
Other operating income	**1,207,797**	1,030,481
Total other revenue	**13,740,172**	12,411,887

4. Expenses

a) Employee costs

	2015 $	2014 $
Salaries wages and leave entitlements	**15,475,297**	14,932,817
Superannuation	**1,412,256**	1,314,631
Workers compensation	**557,523**	247,586
Allowances and other staff costs	**1,290,352**	2,054,221
Total employee costs	**18,735,428**	18,549,255

b) Materials and contracts

	2015 $	2014 $
Consultants	**1,279,115**	1,011,297
Contractors	**4,986,326**	4,249,243
Materials	**1,855,974**	1,160,774
Total materials and contracts	**8,121,415**	6,421,314

c) Depreciation and amortisation

	2015 $	2014 $
Buildings, roads and infrastructure	**1,717,440**	1,711,068
Plant and equipment	**750,196**	894,817
Furniture and fittings	**10,963**	11,071
Motor vehicles	**1,157,541**	1,281,874
Total depreciation and amortisation	**3,636,140**	3,898,830

d) Other expenses

	2015 $	2014 $
Accounting and audit fees	**89,683**	116,122
Advertising	**23,655**	37,927
Bad debts expense	**5,505**	-
Bank fees and charges	**13,351**	12,633
Chairman and councillor payments	**307,408**	278,795
Communication	**462,879**	591,317
Contributions and donations	**35,673**	36,300
Cost of sales	**249,981**	479,340
Food and catering	**515,595**	461,638
Freight	**177,255**	130,093
Fuel and oil	**694,373**	905,139
Insurance	**565,333**	635,106
Leases	**648,216**	368,477
Legal fees	**4,403**	40,355
Licenses and registrations	**201,766**	200,717
Memberships and subscriptions	**63,161**	62,867
Repairs and maintenance	**329,352**	645,053
Printing and stationeries	**137,316**	163,565
Software and computer expenses	**21,441**	6,445
Trainings and seminars	**1,030,871**	281,464
Travel and accommodation	**1,108,006**	998,724
Utilities	**892,051**	872,145
Other expenses	**1,226,766**	844,811
	8,804,040	8,169,033

5. Net profit on disposal of assets

	2015 $	2014 $
Profit on disposal of assets	**439,429**	465,076
Loss on disposal of assets	**(43,642)**	(44,258)
Total gain on disposal of assets	**395,787**	420,818

6. Cash and cash equivalents

	2015 $	2014 $
Cash and cash equivalents	**13,229,260**	9,476,899

Interest rates on business account ranged from 2.4% to 1.5% in 2015 and 2.4% to 3.75% in 2014.

Interest income earned from cash and cash equivalents and short-term-deposits (refer to Note 8) amounted to $270,438 (2014: $299,772) and is presented as Investment income in the statement of profit or loss and other comprehensive income.

7. Trade and other receivables

	2015 $	2014 $
Trade receivables	**1,055,250**	2,686,047
Allowance for doubtful debts	**(98,000)**	(73,000)
	957,250	2,613,047
Goods and services tax recoverable	**8,902**	44,111
Rates receivable	**375,795**	244,808
	1,341,947	2,901,966

The average credit period on sales of goods and services is 30 days. No interest is charged on trade receivables however, interest is charged at 18% per annum on outstanding rates. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment.

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.

<u>Ageing of receivables that are past due but not impaired</u>

				Not Impaired		
	Gross Amount	**Past Due and Impaired**	**Not Past Due**	**31-60 days**	**61-90 days**	**> 90 days**
2015						
Trade receivables	**1,055,250**	**98,000**	**926,674**	**3,416**	**3,007**	**24,153**
Other receivables	**384,254**	**-**	**-**	**-**	**-**	**384,254**
	1,439,504	**98,000**	**926,674**	**3,416**	**3,007**	**408,407**
2014						
Trade receivables	2,686,047	73,000	1,832,588	381,592	16,230	382,637
Other receivables	288,919					288,919
	2,974,966	73,000	1,832,588	381,592	16,230	671,556

The Council does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired. The other classes of receivables do not contain impaired assets. The Council does not hold any collateral over any receivables balances. The Council holds a charge over rateable property allowing it to collect impaired receivables on sale.

Movement in the allowance for doubtful debts

	2015 $	2014 $
Balance at the beginning of the year	**73,000**	150,000
Impairment losses recognised on receivables	**25,000**	-
Impairment loss reversed	**-**	(77,000)
Balance at the end of the year	**98,000**	73,000

8. Other financial assets

	2015 $	2014 $
Held-to-maturity investments carried at amortised cost		
Short-term deposits (i)	**549,336**	530,286
Investments at cost		
Other (ii)	**50,000**	50,000
	599,336	580,286

(i) The Council holds term deposits that carry a fixed rate of 2.5% (2014: 3.45%) with a maturity date of 17 June 2016. The term deposits are held in an Australian bank.

(ii) Upon the incorporation of CouncilBiz, the Council made an initial funding contribution of $50,000

CouncilBiz was incorporated as a Local Government subsidiary on 10 June 2008 and commenced operations on 1 July 2008 providing administrative, ICT and Business Systems support services to the 8 member Shires. It is a Local Government subsidiary, created as part of the Northern Territory Local Government Reform Agenda, under the Local Government Act 2008 and Regulations.

Under the terms and conditions of CouncilBIZ Constitution, the debts and liabilities of CouncilBiz are guaranteed by the members in equal shares or on the basis of the formula agreed by the members.

Upon the dissolution of CouncilBiz, the amount that remains after such dissolution and the settlement of all debts and liabilities shall be transferred to another organisation with a similar purpose as agreed to by the members with similar rules to CouncilBiz, such as prohibiting the distribution of assets and income to its members.

9. Inventories

	2015 $	2014 $
Workshop inventory	**70,840**	50,718
Diesel fuel	**116,637**	115,448
Opal fuel	**42,900**	-
	230,377	166,166

10. Other assets

	2015 $	2014 $
Accrued income	**15,642**	23,081
Other	**23,654**	140,701
	39,296	163,782

11. Property, plant and equipment

	2015 $	2014 $
Carrying amounts of:		
Land and improvements	**2,513,080**	435,000
Buildings and infrastructure	**43,707,713**	24,757,038
Roads	**3,337,168**	1,456,406
Plant and equipment	**2,040,555**	2,827,861
Furniture and fixtures	**10,645**	21,608
Motor vehicles	**2,488,290**	3,558,106
	54,097,451	33,056,019

11. Property, plant and equipment (cont'd)

	Land and improvements at fair value	Buildings and infrastructure at fair value	Roads at fair value	Plant and Equipment at cost	Furniture and Fixture at cost	Motor Vehicle at cost	Total
Balance at 1 July 2014	435,000	36,769,769	1,820,508	10,391,120	135,897	9,402,383	58,954,677
Additions	-	101,700	-	524,717	-	1,195,963	1,822,380
Eliminated on disposals of assets	-	-	-	(525,784)	-	(1,197,648)	(1,723,431)
Adjustment of opening value	-	(7,049,189)	-	-	-	-	(7,049,189)
Balance at 30 June 2014	435,000	29,822,280	1,820,508	10,390,053	135,897	9,400,699	52,004,437
Additions	557,770	343,627	-	116,331	-	272,681	1,290,409
Disposals	-	-	-	(943,796)	-	(865,869)	(1,809,665)
Revaluation Adjustment	1,520,310	54,000,062	5,934,680	-	-	-	61,455,052
Balance at 30 June 2015	**2,513,080**	**84,165,969**	**7,755,188**	**9,562,588**	**135,897**	**8,807,511**	**112,940,233**
Accumulated depreciation and impairment							
Balance at 1 July 2014	-	10,494,389	273,075	7,092,290	103,219	5,662,886	23,625,859
Depreciation Expense	-	1,620,043	91,025	894,817	11,071	1,281,874	3,898,830
Eliminated on disposals of assets	-	-	-	(424,914)	-	(1,102,168)	(1,527,082)
Eliminated on adjustment of opening value	-	(7,049,189)	-	-	-	-	(7,049,189)
Balance at 30 June 2014	-	5,065,243	364,100	7,562,193	114,290	5,842,592	18,948,417
Depreciation Expense	-	1,626,414	91,025	750,196	10,963	1,157,541	3,636,140
Eliminated on disposals of assets	-	-	-	(790,356)	-	(680,913)	(1,471,269)
Revaluation Adjustment	-	33,766,599	3,364,541	-	-	-	37,131,139
Balance at 30 June 2015	**-**	**40,458,256**	**3,819,667**	**7,522,033**	**125,253**	**6,319,220**	**58,244,429**
Written down value as at 30 June 2015	**2,513,080**	**43,707,713**	**3,337,168**	**2,040,555**	**10,645**	**2,488,290**	**54,097,451**
Writtendown value as of 30 June 2014	**435,000**	**24,757,037**	**1,456,408**	**2,827,860**	**21,607**	**3,558,107**	**33,056,019**

11. Property, plant and equipment (cont'd)

Fair value measurement of the Council's freehold land, buildings and roads

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. The fair value measurements of the Council's freehold land and buildings as at 30 June 2015 were performed by Maloney Field Services, independent valuers not related to the Council. Messrs. Maloney Field Services are members of the Institute of Valuers of Australia, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The Council's freehold land has been valued utilising the Market Approach. This generally involves a valuation methodology referred to as the Direct Comparison Method of Valuation which requires that the valuer collates, inspects and analyses a wide cross section of land sales throughout the Council district with recent times Each of Council's Land assets are then considered with reference to the full range of attributes inclusive of location, land area, development potential (if any) and general market appeal using the market research as evidence from which to draw conclusions regarding market Value.

Council's buildings and structures have been valued utilising the Market Approach or the Cost Approach. The factors considered in selecting the appropriate valuation technique include whether the underlying land is designated Community Land (leasehold or licence), together with other factors which determine whether the highest and best use of the property is the current use or an alternative use that would maximise the value of the asset. AASB 116 and 13 requires that the value of the Land be deducted from the Market Value of the property in its entirety to arrive at a figure which represents the added value of the Building and/or Buildings and Structures located on the Land.

Building situated on leased and licensed land and specialised Buildings and Buildings where there is limited market evidence have been valued utilised the Cost Approach. Community Land cannot be traded in the open market and it therefore follows that any buildings and other Structures thereon should not be valued based on Market Value.

Current replacement cost was used to determine the fair value of roads. This method uses various valuation methods based on cost as the primary input and should not be confused with actual or historic cost. From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for physical deterioration and all forms of obsolescence. This concept is broader than depreciation for accounting or tax and considers physical deterioration, functional (which is generally internal to the asset) or economic obsolescence (which is generally external to the asset).

Details of the Council's freehold land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 30/06/2015
Land	-	2,513,080	-	2,513,080
Buildings and Infrastructure	-	2,663,824	41,043,809	43,707,713
Roads	-	-	3,337,168	3,337,168
	-	**5,176,904**	**44,381,057**	**49,557,961**

Impairment losses recognised in the year

Property, plant and equipment were assessed for impairment at 30 June 2015. Where indications of impairment exists, the assets' recoverable amount is estimated and an impairment adjustments is made if the asset's recoverable amount is less than its carrying amount.

No impairment losses have been recognised in the current year profit or loss. (2014: nil)

12. Trade and other payables

	2015 $	2014 $
Trade payables	**3,089,703**	2,229,389
Accrued expenses	**853,055**	1,160,272
Other	**21,479**	162,334
	3,964,237	3,551,995

The average credit period on purchases of goods and services from the suppliers is one month. Generally no interest is charged on the Trade Payables

13. Provisions

	2015 $	2014 $
Employee benefits (i)	**2,049,489**	2,037,745
Current		
- Annual leave	**1,265,784**	1,415,344
- Long service leave	**399,417**	90,189
	1,665,201	1,505,533
Non-current		
- Long service leave	**384,289**	532,212

(i) The provision for employee benefits represents annual leave and vested long service leave entitlements accrued by employees. The increase in the carrying amount of the provision for the current year results from the change in the number of employees as well as regular increase in entitlements.

14. Reserves

	2015 $	2014 $
Properties revaluation reserve		
Balance at beginning of financial year	**20,444,472**	20,444,472
Increase arising from revaluations of properties	**23,725,559**	-
Impairment losses	**-**	-
Balance at end of financial year	**44,170,031**	20,444,472

The properties revaluation reserve arises on the revaluation of land, buildings and roads. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

15. Commitments

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 three to five years. There is no option to purchase the leased equipment and vehicles at the expiry of the leases.

	2015 $	2014 $
Non-cancellable operating lease commitments		
Within 1 year	**252,680**	362,545
More than 1 year but less than 5 years	**192,899**	220,800
Balance at end of financial year	**445,579**	583,345

16. 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 deposits with banks, trade and other receivables, trade and other payables and borrowings.

(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 cash in government guaranteed financial institutions or one of Australia's big four banks.

The Council continuously monitors defaults of customers and 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.

The Council does not have a material credit risk exposure relating to term deposits and bank accounts held with the Traditional Credit Union 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 7.

(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 investments to achieve maximum returns.

The tables below summarise the maturity profile of the Council's financial assets held for liquidity purposes and financial liabilities based on remaining contractual undiscounted payments.

		30 June 2015				
	Notes	**Within one year**	**> 1 year < 2 years**	**> 2 year < 5 years**	**> 5 years**	**Total**
Trade and other payables	12	3,964,237	-	-		3,964,237
Employee provisions	13	1,276,577	399,417	213,306	160,189	2,049,489
		5,240,814	**399,417**	**213,306**	**160,189**	**5,240,814**

		30 June 2014				
Trade and other payables	12	3,551,995	-	-	-	3,551,995
Employee	13	1,498,471	84,991	171,910	275,158	2,030,530
		5,050,466	**84,991**	**171,910**	**275,158**	**5,582,525**

(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 30 days.

	Note	**2015 $**	2014 $
Short-term deposit	8	**549,336**	530,286

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 2014-15.

	2015	
	+ 100 basis points	- 100 basis points
Effect on statement of profit or loss and other comprehensive income	5,493	(5,493)

	2014	
	+ 100 basis points	- 100 basis points
Effect on statement of profit or loss and other comprehensive income	5,303	(5,303)

17. Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**799,858**	683,725
Post-employment benefits	**93,656**	73,567
	893,514	757,292

18. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items at the general ledger level as follows:

	2015 $	2014 $
Cash and cash equivalents	**13,229,260**	9,467,899

(b) Reconciliation of loss for the year to net cash flows from operating activities

	2015 $	2014 $
Deficit for the year	**(947,997)**	(3,267,032)
Adjustment For :		
Depreciation and amortisation	**3,636,140**	3,898,830
Net profit on disposal of assets	**(395,787)**	(420,818)
Operating profit before changes in working capital	**2,292,357**	210,980
Change in working capital:		
Decrease/(increase) in trade and other receivables	**1,560,019**	(1,525,966)
Increase in inventories	**(64,211)**	(11,265)
Decrease/(increase) in other assets	**124,486**	(84,874)
Increase/(decrease) in trade and other payables	**412,242**	(181,108)
Increase in provisions	**11,744**	220,887
Net change in working capital	**2,044,279**	(1,582,326)
Net cash flows generated from/(used in) Operating activities	**4,336,637**	(1,371,346)

19. Remuneration of auditors

	2015 $	2014 $
Audit or review of the financial report	**87,328**	115,700

The auditor of Roper Gulf Regional Council is Deloitte Touche Tohmatsu. (2014: Merit Partners)

20. Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Council, the results of those operations, or the state of affairs of the Council in future financial years.

21. Local Government Reporting

A summary of activities listing along with their contribution to the operating result is provided below.

	General Public Services		Economic Affairs		Environmental Protection		Housing and Community Amenities		Recreation, Culture and Religion		Education		Social Protection		TOTAL	
	Budget 2015 $	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***	***Budget 2015 $***	***Actual 2015 $***
OPERATING REVENUE																
Income Rates	710,218	714,600	-	-	-	-	481,633	487,290	-	-	-	-	-	-	1,191,850	1,201,890
Income Council Fees and Charges	42,500	100,761	658,645	455,298	-	-	57,155	108,754	-	336	-	-	-	545	758,301	665,695
Income Operating Grants Subsidies	7,944,910	8,139,076	1,082,722	829,358	8,074	18,074	2,109,167	1,047,019	1,571,343	1,405,343	1,910,588	1,791,874	6,599,485	6,657,049	21,226,290	19,887,794
Income Investments	300,000	270,438	-	-	-	-	-	-	-	-	-	-	-	-	300,000	270,438
Income Contributions Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Reimbursements	13,150	33,129	62,967	68,933	-	-	200	80,567	-	-	-	-	4,865,090	4,896,100	4,941,407	5,078,728
Income Agency and Commercial Services	242,050	802,028	1,396,909	1,314,443	-	-	2,205,555	1,973,661	-	1,020	59,500	14,609	4,658,271	3,608,875	8,562,286	7,714,636
Income Capital Grants	-	536,931	-	273,335	-	-	416,412	1,477,430	-	20,000	-	-	-	253,000	416,412	2,560,696
Other Income	909,676	906,252	-	800	-	-	-	3,641	-	2,590	-	2,205	-	53,662	909,676	969,150
TOTAL OPERATING REVENUE	10,162,504	11,503,215	3,201,244	2,942,167	8,074	18,074	5,270,123	5,178,361	1,571,343	1,429,290	1,970,088	1,808,688	16,122,847	15,469,231	38,306,223	38,349,026
OPERATING EXPENSE																
Employee Expenses	5,610,240	5,504,445	901,906	900,548	46,054	46,054	4,401,417	4,046,847	666,791	576,951	1,401,738	1,003,725	7,261,081	6,568,556	20,289,228	18,647,125
Contract and Material Expenses	3,478,937	2,320,528	1,360,373	655,202	8,115	18,830	5,443,613	3,431,815	1,434,373	630,386	397,705	83,047	4,096,512	3,019,967	16,219,627	10,159,774
Fleet, Plant & Equipment	336,338	324,697	27,809	20,802	1,550	2,492	928,956	786,750	29,673	28,182	19,697	17,970	251,831	313,386	1,595,853	1,494,278
Asset Expense	3,424,000	3,636,140	-	-	-	-	-	-	-	-	-	-	-	-	3,424,000	3,636,140
Other Operating Expenses	2,293,502	2,781,948	75,698	66,870	1,533	1,533	437,179	609,075	81,033	151,831	76,771	41,773	1,566,981	1,693,322	4,532,696	5,346,353
Finance Expenses	12,910	13,059	50	76	-	40	-	36	-	-	-	20	36	120	12,996	13,351
Internal Cost Allocations	(6,514,570)	(6,515,283)	916,757	691,659	(624)	(941)	986,422	1,248,593	504,081	568,127	592,442	583,799	3,515,493	3,424,046	-	-
TOTAL EXPENSE	8,641,357	8,065,533	3,282,594	2,335,158	56,628	68,007	12,197,587	10,123,116	2,715,951	1,955,476	2,488,352	1,730,334	16,691,933	15,019,398	46,074,400	39,297,022
NET RESULT	1,521,147	3,437,682	(81,350)	607,010	(48,554)	(49,933)	(6,927,465)	(4,944,755)	(1,144,607)	(526,187)	(518,263)	78,354	(569,086)	449,833	(7,768,177)	(947,996)