



**SUPPLEMENTARY
AGENDA**

**FINANCE AND INFRASTRUCTURE
COMMITTEE MEETING**

WEDNESDAY, 24 JANUARY 2024

Notice is given that the next Finance and Infrastructure Committee Meeting of the Roper Gulf Regional Council will be held on:

Wednesday, 24 January 2024 at 9:00am
The Council Chambers Roper Gulf Regional Council Support Centre
2 Crawford Street, Katherine, NT

Your attendance at the meeting will be appreciated.

Marc GARDNER
CHIEF EXECUTIVE OFFICER

PLEDGE

“We pledge to work as one towards a better future through effective use of all resources.

We have identified these key values and principles of Honesty, Equality, Accountability, Respect and Trust as being integral in the achievement of our vision, that the Roper Gulf Regional Council is Sustainable, Viable and Vibrant.”

PRAMIS BLA WI

“Mela pramis bla wek gudbalawei bla meigim futja bla wi wanwei, en bla yusim ola gudwan ting bla helpum wi luk lida.

Mela bin luk ol dijlod rul, ebrobodi gada tok trubalawei, wi gada meik so wi gibit firgo en lisiin misalp, abum rispek en trastim misalp bla jinggabat bla luk lida, Roper Galf Rijinul Kaunsul deya maindim en kipbum bla wi pramis, dum wek brabli gudbalawei, en im laibliwan.”

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**CORPORATE SERVICES AND SUSTAINABILITY
DIVISIONAL REPORT**



ITEM NUMBER	S.1
TITLE	Council's Financial Report as at 31 December 2023
REFERENCE	1390125
AUTHOR	James SANDERS, Finance Manager

RECOMMENDATION

That the Finance and Infrastructure committee receives and notes the Council's Financial Report as at 31 December 2023.

KEY OUTCOME AREA

Economic Development: Foster strengthening and growing jobs, industries, and investment attraction.

BACKGROUND

Attached are the Council's financial reports as at 31 December 2023, including:

- Balance Sheet;
- Income and expenditure report by account category with explanation on variances;
- Financial Ratio Analysis;
- Cash-at-bank Statement and 12-month graph on cash balances;
- Investment Report;
- Capital Expenditure Report;
- Accounts Receivable Age Analysis report and a summary of outstanding rates;
- Accounts Payable Age Analysis report and list of top ten payments made to suppliers

The balance sheet has been prepared as per prevailing accounting standards, practice and in compliance with the applicable *Local Government Act 2019*. The Income and Expenditure Report as at the end of November shows that the net operating position is at a deficit of \$7,672,325 inclusive of depreciation and amortisation costs.

The bank balance as at 31 December is \$37.34M. Of this total bank balance, \$27M is invested in various interest earning term deposits. The total balance of untied cash after liabilities and commitments towards major projects is \$3.27M.

As per the *Local Government Act 2019*, the monthly financial reports has to be certified by the Chief Executive Officer

Chief Executive Officer's Declaration

To the Council,

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

- (i) the internal controls implemented by the council are appropriate: and
- (ii) the council's financial report best reflects the financial affairs of the Council



Marc Gardner,
 Chief Executive Officer
 19 January 2024

ISSUES/OPTIONS/SWOT

Provision for Landfill Rehabilitation

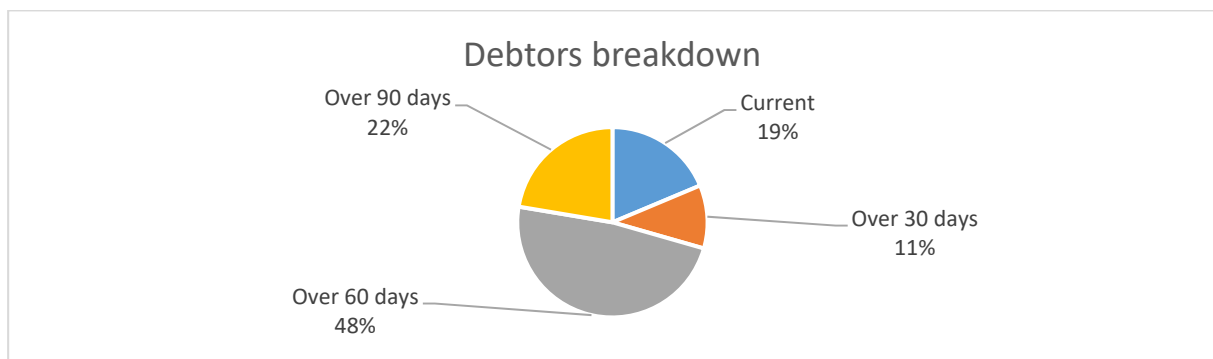
As per recent environmental regulations, Council’s waste management operations give rise to obligations to rehabilitate certain sites. As such the liability component of the estimated future cost has to be included in the financial statement for a fair representation of Council’s financial affairs.

Statement on Australian Tax Office, Payroll and any other obligations.

The reported Payroll Tax obligations were paid by the due date as required by the Tax Office. The Business Activity Statement reporting for December 2023 will be processed prior to month end January. Furthermore all superannuation obligations and insurance premium have been paid by the due date.

Debtors Analysis:

Debtors currently sit at 193K with 90 day plus debtors representing 22% of this figure. A review of 90 day debtors is currently underway to ascertain the validity of these amounts, transactions relating to internal staff are being reviewed in line with balance sheet liabilities as part of this process.



FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

- 1 Financial Reports - December Final 2023.pdf



Financial Reports

at 31 December 2023

The Balance Sheet – a snapshot of the organisation’s financial status at a given point in time

\$121,548,004

What we own



Assets

\$22,143,292

What we owe



Liabilities

\$99,404,712

Council's Wealth



Equity

Balance Sheet as at 31 December 2023

ASSETS (What we own)		LIABILITIES (What we owe)	
Current Assets		Current Liabilities	
Cash	10,353,274	Accounts payable	620,549
Accounts receivable	194,274	Taxes payable	602,705
(less doubtful accounts)		Accrued Expenses	-173,720
Rates & Waste Charges Receivable	929,490	Provisions (Annual Leave)	1,895,681
Inventory	577,065	Contractors Retention and Deposit Bonds	301,169
Investments	27,000,000	Operating Lease	92,497
Other current assets	233,204	Unspent Grant and Client Funds	10,710,297
Total Current Assets	39,287,307	Provision for Landfill Rehabilitation	579,384
		Total Current Liabilities	12,505,306
Non-current Assets		Long-term Liabilities	
Land	4,141,000	Non Current Provision Employee General	420,833
Right of Use - Land	4,589,323	Operating Lease Expense Property	4,845,574
Buildings	40,313,316	Provision for Landfill Rehabilitation	4,371,579
(less accumulated depreciation and impairment)	-6,886,317	Total Long-term Liabilities	9,637,986
Fleet, Plant, Infrastructure and Roads	36,327,449	Total Liabilities	22,143,292
(less accumulated depreciation)	-15,761,488		
Intangible Asset Acquisition(Landfill rehabilitation)	2,604,413	EQUITY (Council's Wealth)	
Work in Progress assets	14,919,154.61	Retained earnings	45,161,972
Total Non-current Assets	82,260,696	Asset Revaluation Reserves	54,242,740
		Roads Future Fund	0
		Total Equity	99,404,712
TOTAL ASSETS	121,548,004	TOTAL LIABILITIES & EQUITY	121,548,004

Actual Cash at Bank as at 31 December 2023

BANK:	Closing balance as at 31 December 2023
Commonwealth - Business 10313307	\$7,096,336.65
Monthly interest earned	\$29,881.55
Commonwealth - Operating 10313294	\$116,128.11
Monthly interest earned	\$812.64
Commonwealth - Trust 103133315	\$5,050.97
Monthly interest earned	\$275.52
Commonwealth - Business online - 10381211	\$3,124,066.15
Monthly interest earned	\$10,981.10
Term Deposits in Various Banks	\$27,000,000
Monthly interest earned	\$0.00
Total Cash at Bank	\$37,341,581
LESS:	
Liabilities	\$22,143,292
Committed Funds to Major Projects in Design and Construction Phases and Other Capital Expenditure	\$11,925,497
Total Untied Cash	\$3,272,792
Total Interest Earned for 2023-24 financial year	\$647,861

Note: The "Total Cash at Bank" is the actual Money in the Bank at 31 December 2023.

Liquidity ratio Analysis

Current Ratio:

The Current ratio measures our council's ability to use its assets to generate income.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

A Current ratio of 2:1 means the council has current untied assets of \$2 for every \$1 of current liabilities and is regarded as desirable.

The higher the current ratio, the better the capacity to meet short term financial Commitments.

Roper Gulf Current Ratio = **3 : 1 (2.89)**
Including all cash and current assets, we have \$3 for every \$1 of Liability

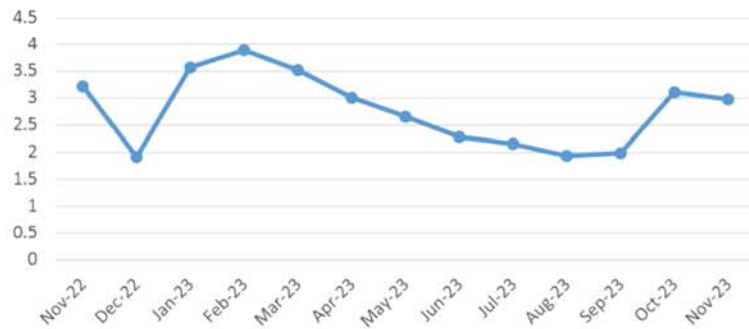
Untied Cash to Creditors Ratio = **32 : 1 (32.08)**
It is desirable to have at least 1:1 ratio and we have \$32 untied cash for every dollar outstanding for our suppliers of Goods and Services.



Liquidity Ratio Trend

The below graphs depict the progression of the Current and effective ratio for the financial year and Untied Cash to Creditors ratio for the last twelve months

Current Ratio Analysis
November 2022 - November 2023



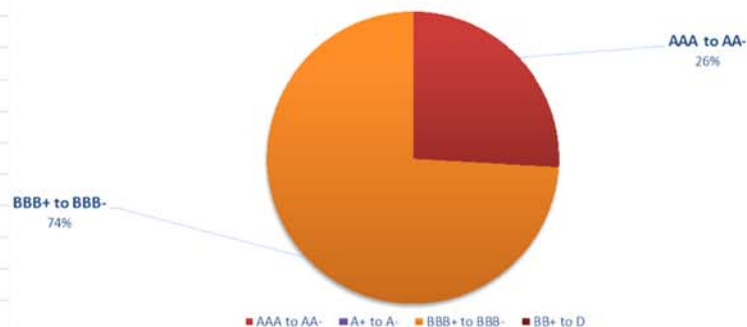
Untied Cash to Creditors
November 2022 - November 2023



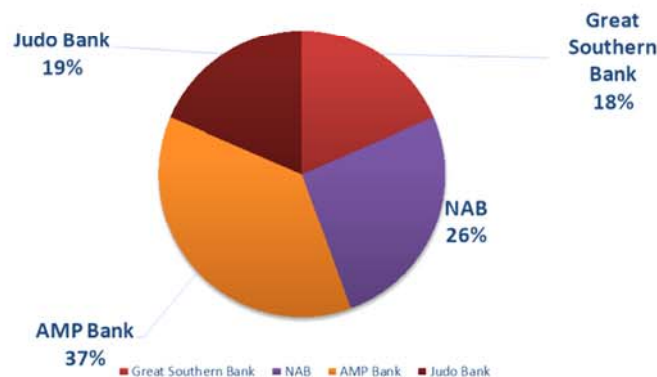
Investment Report as at 31 December 2023

Classification of ADI's Under policy	Authorised Deposit-taking institution	Amount	% of Exposure	Rating	Lodgement Date	Maturity Date	Interest on Maturity	Interest rate	Within Diversification Limits
Major Bank	Commonwealth Bank - Working capital Investments (Deposits)	\$11,198,135	29.32%	A1+/AA-					
Major Bank	NAB	\$4,000,000	10.47%	A1+/AA-	17/08/2023	15/02/2024	\$ 101,000.00	5.05%	✓
Regional Bank	Great Southern Bank	\$5,000,000	13.09%	A2/BBB+	23/05/2023	23/05/2024	\$ 255,500.00	5.11%	✓
Regional Bank	AMP Bank	\$3,000,000	7.85%	A2/BBB+	17/07/2023	17/01/2024	\$ 85,446.58	5.65%	✓
Regional Bank	AMP Bank	\$3,000,000	7.85%	A2/BBB+	9/05/2023	8/05/2024	\$ 151,500.00	5.05%	✓
Regional Bank	AMP Bank	\$5,000,000	13.09%	A2/BBB+	16/11/2023	15/11/2024	\$ 265,000.00	5.30%	✓
Regional Bank	AMP Bank	\$2,000,000	5.24%	A2/BBB+	23/11/2023	22/02/2024	\$ 24,432.88	4.90%	✓
Regional Bank	Judo Bank	\$2,000,000	5.24%	A3/BBB-	22/11/2023	22/02/2024	\$ 101,000.00	5.05%	✓
Regional Bank	Beyond Bank Australia	\$3,000,000	7.85%	A3/BBB-	15/09/2023	15/03/2024	\$ 76,290.41	5.10%	✓
Total cash and investments held		\$38,198,135	100.00%				\$1,060,169.87		

Credit Rating for Investments (S&P or equivalent)



Investment Per institution



Income & Expenditure Statement

A financial statement that summarizes the income and expenses incurred during a specific period of time

Income & Reserve	-	Expenditure	=	Net Operating position
\$14,693,194		\$22,365,518		-\$7,672,325



Income & Expenditure Report as at 31 December 2023

	Year to Date Actual (\$)	Year to Date Budget (\$)	Variance (\$)	Full Year Budget (\$)
Income				
11 - Income Rates	3,095,669	1,584,640	1,511,029	3,169,280
12 - Income Council Fees and Charges	472,299	475,343	-3,044	950,686
13 - Income Operating Grants Subsidies	3,993,927	10,147,662	-6,153,735	20,295,323
14 - Income Investments	647,861	783,233	-135,371	1,566,465
16 - Income Reimbursements	17,380	1,010	16,370	2,020
17 - Income Agency and Commercial Serv	5,916,369	5,142,127	774,242	10,284,253
19 - Other Income	53,783	274,215	-220,432	548,430
Total Operating Income	14,197,288	18,408,229	-4,210,940	36,816,457
Operating Expenditure				
21 - Employee Expenses	8,296,243	10,870,206	-2,573,963	21,740,412
22 - Contract and Material Expenses	4,514,492	5,438,888	-924,396	10,877,775
24 - Depreciation, Amortisation & Impairme	2,930,676	2,875,000	55,676	5,750,000
25 - Other Operating Expenses	3,629,823	2,386,491	1,243,332	4,772,981
26 - Other Operating Expenses	345,700	0	345,700	0
27 - Finance Expenses	5,715	64,055	-58,340	128,110
31 - Internal Cost Allocations	-3	0	-3	0
Total Expenditure	19,722,647	21,634,639	-1,911,992	43,269,278
Operating Surplus/Deficit	-5,525,358	-3,226,411	-2,298,948	-6,452,821
Capital Funding				
18 - Income Capital Grants	495,906	2,812,222	-2,316,317	5,624,444
	495,906	2,812,222	-2,316,317	5,624,444
Capital Expenditure				
53 - WIP Assets	2,642,872	4,720,222	-2,618,716	9,440,444
Total Capital Expenditure	2,642,872	4,720,222	-2,618,716	9,440,444
Net Operating Position	-7,672,325	-5,134,411	-1,996,549	-10,268,821

Variances in Income and Expenditure as at 31 December 2023

Income Rates	1,511,029	Rates Charges fully raised , timing issue
Income Council Fees and Charges	-3,044	
Income Operating Grants Subsidies	-6,153,735	service delivery revenue is down in line with staffing shortages in grant funded activities, major projects are also a contributing factor due to timing issues and should correct as we progress specific purpose project activity.
Income Investments	-135,371	On track with current budget, December interest journal not accrued
Income Reimbursements	16,370	Insurance recovery
Income Agency and Commercial Services	774,242	The major cause in variance is mostly due to CDP income received.
Other Income	-220,432	Budgeted fixed asset disposals are yet to occur, currently identifying obsolescent stock.
Total Variance	-4,210,940	
Expenditure		
Employee Expenses	-2,573,963	Staff vacancies associated with grant funded service activities.
Contract and Material Expenses	-924,396	The underspend is mostly due to Local Authority projects related expenses.
Depreciation, Amortisation & Impairment	55,676	The overspend is due to depreciation charged for Assets.
Other Operating Expenses	1,589,032	The overspend is due to payment of various operating expenses.
Finance Expenses	-58,340	The underspend is mostly due to the NLC payment for the leases for the financial year. This is purely due to a difference in accounting treatment for the expenditure. In reality this is within the budget as it is a recurring expense every financial year.
Internal Cost Allocations	-3	
Total Variance	-1,911,992	
Capital Funding		
Income Capital Grants	-2,316,317	Timing issue
Total Variance	-2,316,317	
Capital Expenditure		
WIP Assets	-2,618,716	Budgeted projects yet to commence, may be issue with classification codes will review this to confirm
Total Variance	-2,618,716	

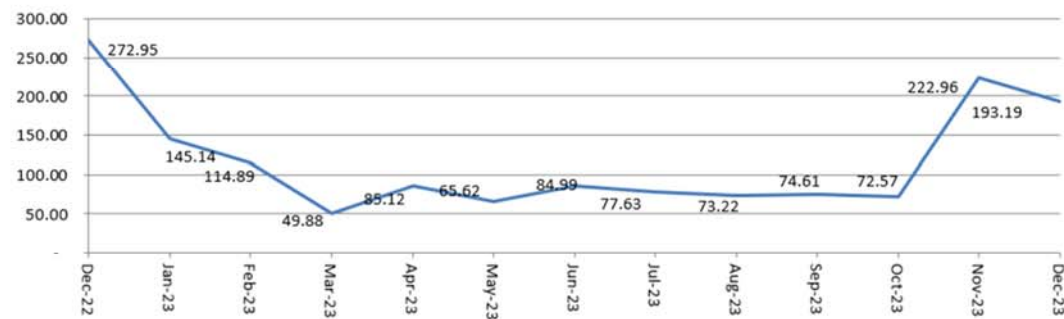
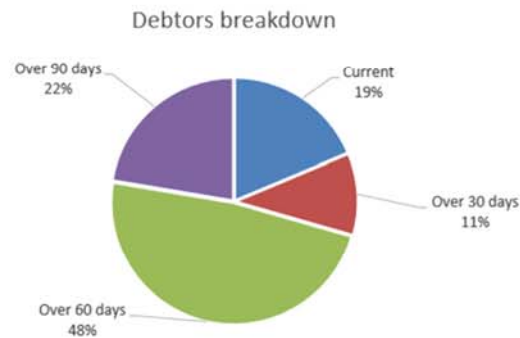
Capital Expenditure as at 31 December 2023

Capital Expenditure	YTD Actual	YTD Budget	Variance	2023-24 Budget
Buildings	490,967	1,459,900	(968,934)	2,919,800
Infrastructure	756,376	1,735,000	(978,624)	3,470,000
Plant and Equipment	833,204	575,333	257,871	1,150,666
Motor Vehicles	562,325	460,700	101,625	921,400
Roads	0	489,289	(489,289)	978,578
Total Capital Expenditure	2,642,872	4,720,222	-2,077,350	9,440,444

Accounts Receivable

Accounts Receivable represents the money owed by entities to the council on the sale of products or services on credit.

Current	Over 30 days	Over 60 days	Over 90 days	Total
\$36,090.08	\$20,791.46	\$93,120.17	\$43,191.43	\$193,193.14
Balance after accounting for Unapplied Credits (\$0.00)				\$193,193.14



The difference in balance as compared to the balance sheet is mainly due to a timing difference in the posting of some transactions

Rates Outstanding as at 31 December 2023

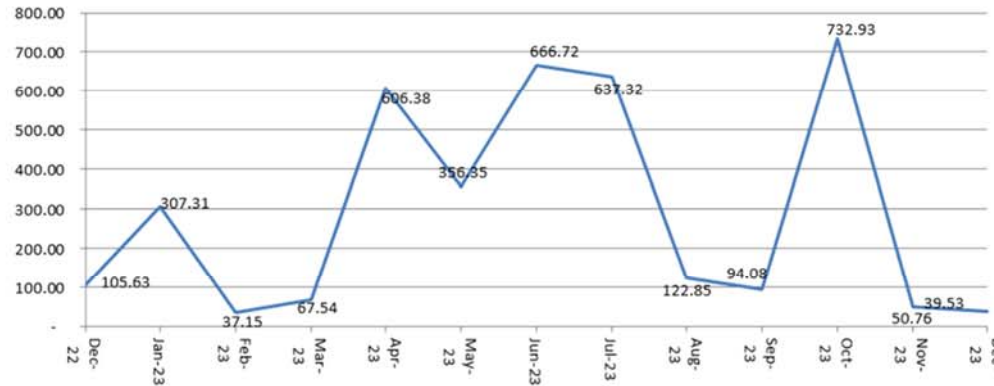
Financial Year	Total Balance (\$)	Percentage of Total Outstanding
2012-13	183.97	0.02%
2013-14	1,243.58	0.14%
2014-15	7,906.98	0.87%
2015-16	5,905.60	0.65%
2016-17	6,274.34	0.69%
2017-18	7,751.84	0.85%
2018-19	20,957.63	2.30%
2019-20	36,052.95	3.96%
2020-21	55,330.68	6.07%
2021-22	102,845.17	11.28%
2022-23	250,496.07	27.49%
2023-24	416,078.17	45.67%
Total	\$911,026.98	

The rates outstanding from the financial year 2014-15 and before are related to properties where we have statutory declarations from the court house. Please also note that the rates run for the year has been processed.

Accounts Payable

Accounts Payable represents the money owed by the Council to entities for the purchase of goods and services on credit.

Current	Over 30 days	Over 60 days	Over 90 days	Total
\$42,752.42	\$0.00	\$0.00	\$4,342.18	\$47,094.60
Balance after accounting for Unapplied Credits (\$)-7,566.78				\$39,527.82



The difference in balance compared to the balance sheet is mainly due to a timing difference in the posting of some payroll transactions

The following table lists the top ten suppliers from whom invoices were received and processed during the month of December 2023. All amounts have been paid.

Creditor	Amount \$	Transaction Description
Merit Partners	41,470.00	Audit Fee for FY 2022-2023
Alawa Aboriginal Corporation	19,420.50	Night Patrol Service December 2023
Council Biz	19,881.57	Telstra migration charges December
Heath Motor Group Pty Ltd	121,423.75	Purchase of vehicle - Toyota
JLT Risk Solutions Pty Ltd	170,956.08	Subscription renewal for Worker Compensation
<u>Wex</u> Australia Pty Ltd	44,961.40	Fuel Cards
Telstra	31,867.24	Consolidated payment for November 2023
Territory Project Management Pty Ltd	43,395.00	Phase 1 – Roads <u>Beswick</u>
Better Cities Group	22,000.00	Sport and recreation master plan
ELearning force <u>Anz</u> Pty Ltd	25,091.00	User subscription for Roper Gulf Regional Council