

WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

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

WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

Financial Report For The Year Ended 30 June 2023

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WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

Council Certificate

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

(a) the accompanying financial statements comply with the Local Government Act 2019 , Local Government General Regulations 2021 and Australian Accounting Standards.

(b) the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.

(c) internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the year.

(d) the financial statements accurately reflect the Council's accounting and other records



PRESIDENT NEIL WHITE

Dated 17 October 2023



CEO RENITA GLENCROSS

Dated 17 October 2023

AUDITOR'S INDEPENDENCE DECLARATION**UNDER THE PROVISIONS OF NORTHERN TERRITORY LOCAL GOVERNMENT ACT 2019 AND NORTHERN TERRITORY
LOCAL GOVERNMENT (GENERAL) REGULATIONS 2021****TO THE COUNCILLORS OF WAGAIT SHIRE COUNCIL**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Northern Territory Local Government Act 2019 and Northern Territory (General) Regulations 2021*, and
- (ii) any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner, Assurance Services

Darwin
Dated 18 October 2023

Nexia Edwards Marshall NT

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WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
INCOME			
Rates and annual charges	2A	378,770	373,256
User charges and fees	2B	178,167	212,670
Grants and contributions	2C	743,755	808,560
Interest	2D	52,237	4,066
Gain on sale of property, plant and equipment	2E	6,986	-
TOTAL INCOME		<u>1,359,915</u>	<u>1,398,552</u>
EXPENSES			
Employee Cost	3A	522,966	501,517
Materials and Contracts	3B	260,445	306,748
Depreciation	3C	204,428	169,989
Other operating expenses	3D	82,179	69,084
TOTAL EXPENSES		<u>1,070,018</u>	<u>1,047,338</u>
NET SURPLUS		<u><u>289,897</u></u>	<u><u>351,214</u></u>
OTHER COMPREHENSIVE INCOME			
Revaluation of buildings and other structures for the year		-	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u><u>289,897</u></u>	<u><u>351,214</u></u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	4	2,248,519	1,728,249
Trade and Other Receivables	5	25,098	8,989
TOTAL CURRENT ASSETS		<u>2,273,617</u>	<u>1,737,238</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	2,195,289	2,168,811
Right of Use Assets	7	18,098	31,671
TOTAL NON-CURRENT ASSETS		<u>2,213,387</u>	<u>2,200,482</u>
TOTAL ASSETS		<u>4,487,004</u>	<u>3,937,720</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	8	59,067	56,204
Other Contract liabilities	9	456,341	176,250
Lease Liabilities	10	14,459	13,678
Employee Provisions	11	103,103	106,973
TOTAL CURRENT LIABILITIES		<u>632,970</u>	<u>353,105</u>
NON-CURRENT LIABILITIES			
Lease Liabilities	10	4,908	19,367
Employee Provisions	11	4,037	10,056
TOTAL NON-CURRENT LIABILITIES		<u>8,945</u>	<u>29,423</u>
TOTAL LIABILITIES		<u>641,915</u>	<u>382,528</u>
NET ASSETS		<u>3,845,089</u>	<u>3,555,192</u>
EQUITY			
Retained Earnings		2,133,622	2,063,725
Reserves	12	1,711,467	1,491,467
TOTAL EQUITY		<u>3,845,089</u>	<u>3,555,192</u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF WORKING CAPITAL
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	4	2,248,519	1,728,249
Trade and Other Receivables	5	25,098	8,989
TOTAL CURRENT ASSETS		2,273,617	1,737,238
Less:			
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	8	59,067	56,204
Contract liabilities	9	456,341	176,250
Lease Liabilities	10	14,459	13,678
Employee Provisions	11	103,103	106,973
TOTAL CURRENT LIABILITIES		632,970	353,105
NET CURRENT ASSETS		1,640,647	1,384,133
CURRENT RATIO		3.59	4.92

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Retained Earnings	Asset Revaluation Reserve	Asset Replacement and Maintenance Reserves	Total Equity
		\$		\$	\$
Balance at 1 July 2021		1,712,511	991,467	500,000	3,203,978
Comprehensive income:					
Surplus for the year		351,214	-	-	351,214
Other comprehensive income (loss) for the year		-	-	-	-
Total comprehensive income (Loss) attributable to Members of the entity for the year		351,214	-	-	351,214
Balance at 30 June 2022		2,063,725	991,467	500,000	3,555,192
Balance at 1 July 2022		2,063,725	991,467	500,000	3,555,192
Comprehensive income:					
Surplus for the year		289,897	-	-	289,897
Other comprehensive income for the year		-	-	-	-
Total comprehensive income attributable to Members of the entity for the year		289,897	-	-	289,897
Transfers to and from Reserves	12	(220,000)	-	220,000	-
Balance at 30 June 2023		2,133,622	991,467	720,000	3,845,089

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		542,193	575,299
Grants and contributions receipts		1,023,846	678,658
Interest received		52,211	1,886
Payments to suppliers and employees		(872,069)	(821,289)
Net cash provided by operating activities	14	746,181	434,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		6,986	-
Payment for property, plant and equipment		(217,333)	(459,547)
Net cash (used in) investing activities		(210,347)	(459,547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(15,564)	(15,564)
Net cash provided by (used in) financing activities		(15,564)	(15,564)
Net increase (decrease) in cash held		520,270	(40,557)
Cash and cash equivalents at beginning of the financial year		1,728,249	1,768,806
Cash and cash equivalents at end of the financial year	14	2,248,519	1,728,249

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The financial statements cover Wagait Shire Council as an individual entity, incorporated and domiciled in Australia. Wagait Shire Council is operating pursuant to the *NT Local Government Act 2019 and NT Local Government (General) Regulations 2021*.

The financial statements were authorised for issue on October 2023 by the Councillors of the Council.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the requirements of the *Local Government Act 2019, Local Government (General) Regulations 2021* and other authoritative pronouncements of the Australian Accounting Standard Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue and Other Income

The Council is first required to determine whether amounts received are accounted for as Revenue per AASB 15: Revenue from Contracts with Customers or Income per AASB 1058: Income of Not-for-Profit Entities.

Funding arrangements which are enforceable and contain sufficiently specific performance obligations are recognised as revenue under AASB15. Otherwise, such arrangements are accounted for under AASB 1058, where upon initial recognition of an asset, the Association is required to consider whether any other financial statement elements should be recognised (for example financial liabilities representing repayable amounts), with any difference being recognised immediately in profit or loss as income.

Rates

Rates are recognised as revenue when the Council obtains control over the asset comprising the receipt.

Rates are an 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 revenue.

Uncollected rates are recognised as receivables.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(a) Revenue and Other Income (Cont.)

Operating Grants, Donations and Bequests

When the Council receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Council :

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Council:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 116 and AASB138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Council recognises income in profit or loss when or as it satisfies its obligations under the contract.

Other Income

Contributed Assets

The Council receives assets from the government and other parties for Nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Council recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The Council recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Capital Grant

When the Council receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Council recognises income in profit or loss when or as the Council satisfies its obligations under the terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Donation Income

Donations and bequests are recognised as revenue when received.

Income from Sale of Goods

Revenue from the sales of goods and the rendering of a service is recognised upon the delivery of the goods and services to the customers.

A receivable will be recognised when the goods are delivered. The Council's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 30 to 45 days.

The Council's historical experience with sales returns show that they are negligible and considered to be highly improbable. As such no provision for sale refunds is recognised by the Council at the time of sale of goods.

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

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Freehold Property

Freehold land and Buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the Freehold Land and Buildings are not subject to an independent valuation, the Councillors conduct Councillors' valuations to ensure the carrying amount for the Land and Buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of Land and Buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold Land and Buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate Life (years)
Buildings and improvements	20-40
Infrastructure	10
Plant and equipment	3-10
Office equipment and furniture	3
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 1

Summary of Significant Accounting Policies (Cont.)

(c) Leases

At inception of a contract, the Council assess if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Council where the Council is a lessee. However all contracts that are classified as short term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating lease on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Council uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows :

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below market terms and conditions principally to enable the Council to further its objectives (commonly known as peppercorn / concessionary leases), the Council has adopted the temporary relief under AASB 2019-8 and measures the right of use assets at cost on initial recognition.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**
(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(d) Financial Instruments (Cont.)

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Council initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Council made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Council's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(d) Financial Instruments (Cont.)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Council no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Council elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Council recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Council uses the following approach to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(f) Employee Benefits

Short-term employee benefits

Provision is made for the Council's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave and superannuation. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and superannuation are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Council classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Council's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities. The Company based on past experience records employee's long service leave entitlements on commencement of their employment within the Council.

Retirement benefit obligations

Superannuation benefits

All employees of the Council receive accumulated contribution superannuation entitlements, for which the Council pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. For the period 1 July 2022 to 30 June 2023 this was 10.5% of the employee's ordinary average salary. From 1 July 2023 this rate has increased to 11%. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Council's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Council's statement of financial position.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and Other receivables

Trade and other receivables include amounts due from clients for fees and goods and services provided, from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for measurement. Refer to Note 1(e) for further discussions on the determination of impairment losses.

(i) Contract Assets

Contract assets are recognised when the Council has transferred goods or services to the customer and or completed required performance obligations, but has yet to establish unconditional rights to consideration. Contract assets are treated as financial assets for impairment purposes.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 Summary of Significant Accounting Policies (Cont.)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Intangibles

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Council during the reporting period that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Contract Liabilities

Contract liabilities represent the Council's obligation to transfer goods or services to a customer or complete required performance obligations and are recognised when a customer pays consideration, or when the Council recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Council has transferred the goods or services to the customer and or completed required performance obligations.

(o) Provisions

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(p) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(q) Critical Accounting Estimates and Judgements

The Councillors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Council.

Key Estimates

(i) Valuation of buildings

The Council assesses impairment of land and buildings at each reporting date by evaluating conditions specific to the Council and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for land and buildings impairment at 30 June 2022.

During 2021 the Council based on an independent valuation which was performed on three properties, impaired these properties by \$878,557.

(ii) Useful lives of property, plant and equipment

As described in Note 1(c), the Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period, based on the expected utility of the assets.

The Council determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iii) Impairment- General

The Council assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Council that may be indicative of impairment triggers.

Impairment of leasehold improvements and plant and equipment

The Council assesses impairment of infrastructure and plant and equipment at each reporting date by evaluating conditions specific to the Council and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for impairment of infrastructure and plant and equipment at 30 June 2023 (2022: \$Nil).

Impairment of accounts receivable

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. Provision for impairment of receivables at 30 June 2023 amounted to \$5,510 (2022: \$5,838).

Key judgments

(i) Performance Obligations Under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature / type, cost /value, quantity and the period of transfer related to the goods or services promised.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(r) Fair Value of Assets and Liabilities

The Council measures some of its assets at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Council would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

"Fair value" is the price the Council would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transactions between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Council's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(s) Economic Dependence

The Council is dependent upon the ongoing receipt of grants from the Northern Territory Government to ensure the continuance of its activities. At this date of this report management has no reason to believe that Council will not continue to receive funding support from the Government.

(t) New and Amended Accounting Standards and Policies Adopted By The Corporation

AASB 2022-3: Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments.

The Corporation adopted AASB 2020-3 which makes some small amendments to a number of standards including the following : AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a : Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

AASB 2021-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-3 : Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB15.

AASB 2022-3 amends the Australian illustrative examples for not-for-profit entities accompanying AASB 15 Revenue from Contracts with Customers to illustrate how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15.

The Basis for Conclusions also document the Board's decision to retain the accounting policy on an ongoing basis for NFP private sector lessees to elect to initially measure a class of ROU assets arising under concessionary leases at cost or at fair value.

The adoption of the amendment did not have a material impact on the financial statements.

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 2	Revenue and Other Income	Note	2023 \$	2022 \$
2A	Rates and annual charges			
	<i>Ordinary rates</i>			
	Residential, business and rural flat rate		255,774	250,260
	Waste management levy		122,996	122,996
	Total rates and annual charges		<u>378,770</u>	<u>373,256</u>
2B	User charges and fees		2023	2022
	Jetty and boat ramp maintenance		112,549	137,603
	Power and water contract income		47,662	33,088
	Other fees and charges		3,658	1,673
	Rent income		7,882	5,501
	Other income		6,416	34,805
	Total User charges and fees		<u>178,167</u>	<u>212,670</u>
2C	Grants and Contributions		2023	2022
	<i>General purpose grants</i>		\$	\$
	FAA - General purpose component		15,644	4,875
	FAA - Roads to recovery component		63,459	30,155
	<i>Northern Territory Government operating grants</i>			
	General purpose component		402,540	217,000
	Remote Sport Program		20,367	20,568
	<i>Federal and Northern Territory Government non- recurring grants</i>			
	<i>Specific grants</i>		56,414	421,120
	<i>Capital purpose grants</i>			
	IPG-Tipper		90,910	-
	LRCl 2		4,896	-
	LRCl 3		22,564	11,880
	Tourism Town Asset 2022		53,862	-
	WRM #1 21-21		-	75,000
	WRM #2 21-22		9,220	16,663
	<i>Non Government grants and contributions</i>			
	Australia Day Council		2,500	5,000
	FRRR		1,079	6,000
	Carers NT		300	300
	Total grants and contributions		<u>743,755</u>	<u>808,560</u>
2D	Interest		2023	2022
	Financial Institutions		52,237	4,066
	Total Interest		<u>52,237</u>	<u>4,066</u>
2E	Gains/ (loss) on disposal property, plant and equipment		2023	2022
	Gains and Losses		6,986	-
	Total Gains/ (loss) on disposal property, plant and equipment		<u>6,986</u>	<u>-</u>

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 3	Expenses	Note	2023 \$	2022 \$
3A	Employee Cost			
	Salaries and Wages		476,012	432,865
	Superannuation		53,533	44,564
	Leave Expense		(12,754)	17,638
	Recruitment		-	-
	Training and development		6,175	6,450
	Total employee cost		<u>522,966</u>	<u>501,517</u>
3B	Materials and contracts		2023 \$	2022 \$
	Regular Bin and Waste Collection		84,391	78,245
	Insurance		52,705	45,561
	Repairs & Maintenance		31,858	41,491
	Accounting		-	7,865
	Motor Vehicle Expenses		13,383	13,190
	Other Grant Expenses		60,293	91,678
	Consultant fees		1,096	8,213
	Travel & Accommodation		5,485	8,174
	Community Activities and Functions		11,234	12,331
	Total materials and contracts		<u>260,445</u>	<u>306,748</u>
3C	Depreciation		2023 \$	2022 \$
	Buildings		49,218	49,000
	Sports Ground		32,393	31,000
	Plant and equipment		54,677	47,159
	Office equipment		2,209	367
	Infrastructure		43,784	21,844
	Motor vehicles		8,574	7,045
	Right of Use Assets -Motor Vehicles		13,573	13,574
	Total Depreciation		<u>204,428</u>	<u>169,989</u>
3D	Other operating expenses		2023 \$	2022 \$
	Audit services		12,986	8,000
	Administration expenses		34,145	30,539
	Bad and doubtful debt expenses		(191)	(5,302)
	Councillor expenses - allowances		4,719	4,774
	Councillor expenses - professional development	13	2,045	740
	Power, water & gas		9,164	10,913
	Other expenses		17,425	16,795
	Interest expense on lease liabilities		1,886	2,625
	Total Other operating expenses		<u>82,179</u>	<u>69,084</u>

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 4

Cash on Hand and at Bank

CURRENT	Note	2023	2022
		\$	\$
Cash at Bank		2,248,519	1,728,249
Total Cash on Hand and at Bank		<u>2,248,519</u>	<u>1,728,249</u>
 Restricted cash and cash equivalents summary			
<i>Purpose</i>			
External restrictions			
Included in liabilities			
Contract liability	9	456,341	306,152
Included in revenue			
Total external restrictions		<u>456,341</u>	<u>306,152</u>
 Internal restrictions			
Included in liabilities			
Employee leave entitlements	11	107,140	99,391
Total external restrictions		<u>107,140</u>	<u>99,391</u>
Total unrestricted		1,685,038	1,322,706
 Total Cash on hand and at bank	 14(a), 18	 <u>2,248,519</u>	 <u>1,728,249</u>

Note 5

Trade and Other Receivables

CURRENT	Note	2023	2022
		\$	\$
Receivables :			
Rates and annual charges		28,252	9,636
Less :Provision for impairment of receivables		(5,510)	(5,838)
Total Unrestricted accounts receivable and other debtors		<u>22,742</u>	<u>3,798</u>
 Other Receivables :			
GST (net) receivable		150	3,011
Accrued interest		2,206	2,180
Total Other receivables		<u>2,356</u>	<u>5,191</u>
Total current trade and other receivables	18	<u>25,098</u>	<u>8,989</u>
 The Council normal credit term is 30 days. No interest is charged for the first 30 days from the date of invoice. Thereafter, interest is charged at 17% per annum, which is calculated on a daily basis, on the outstanding balance.			
 Movement (recoveries) in allowance for impairment of receivables			
		2023	2022
		\$	\$
Balance at beginning of the year		5,838	12,115
Increment/ (Reduction) in allowance		(328)	(6,277)
Balance at the end of the year		<u>5,510</u>	<u>5,838</u>

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 6

Property, Plant and Equipment

	Note	2023 \$	2022 \$
Property			
Land :			
At independent valuation 2021		350,000	350,000
Total Land		<u>350,000</u>	<u>350,000</u>
Buildings :			
At independent valuation 2021		980,000	980,000
At cost		9,220	-
		<u>989,220</u>	<u>980,000</u>
Less Accumulated depreciation		(102,301)	(53,083)
		<u>886,919</u>	<u>926,917</u>
Sports Ground :			
At independent valuation 2021		310,000	310,000
At cost		71,883	-
		<u>381,883</u>	<u>310,000</u>
Less Accumulated depreciation		(68,560)	(36,167)
		<u>313,323</u>	<u>273,833</u>
Total Buildings		<u>1,200,242</u>	<u>1,200,750</u>
Total Land and Buildings	20	<u>1,550,242</u>	<u>1,550,750</u>
Plant and Equipment :			
Infrastructure			
At cost		894,075	883,576
Less Accumulated depreciation		(536,421)	(492,637)
		<u>357,654</u>	<u>370,939</u>
Plant and equipment:			
Plant and equipment:			
At cost		674,766	674,766
Less Accumulated depreciation		(493,729)	(439,052)
		<u>181,037</u>	<u>235,714</u>
Office equipment:			
At Cost		193,788	179,888
Less Accumulated depreciation		(177,733)	(175,524)
		<u>16,055</u>	<u>4,364</u>
Motor vehicles:			
At Cost		165,230	73,399
Less Accumulated depreciation		(74,929)	(66,355)
		<u>90,301</u>	<u>7,044</u>
Total Plant and Equipment		<u>645,047</u>	<u>618,061</u>
Total Property, Plant and Equipment		<u>2,195,289</u>	<u>2,168,811</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Sports Ground \$	Infrastructure \$	Plant and Equipment \$	Office equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 July 2022	350,000	926,917	273,833	370,939	235,714	4,364	7,044	2,168,811
Increment/ (Decrement)	-	-	-	-	-	-	-	-
Additions at cost	-	9,220	71,883	30,499	-	13,900	91,831	217,333
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	-	(49,218)	(32,393)	(43,784)	(54,677)	(2,209)	(8,574)	(190,855)
Carrying amount at 30 June 2023	<u>350,000</u>	<u>886,919</u>	<u>313,323</u>	<u>357,654</u>	<u>181,037</u>	<u>16,055</u>	<u>90,301</u>	<u>2,195,289</u>

Valuation of Building and Improvements

The properties located at Section 62 (142) Wagait Tower Road, Wagait Beach NT and Section 110 (50) Forsyth Road, Wagait Beach NT were revalued on 4 May 2021, by an independent licensed and registered valuer Mr R Copland, Certified Practising Valuer (Bus, Prop), B Comm. (Ag VFM), F.A.P.I., C.P.P. The valuation of these properties is based on the fair value of each identifiable property. The fair value of existing assets has been established by reference to their most probable price in a competitive and open market and included the provision of services and was made on the basis of their existing use. The valuation of these properties resulted in an impairment loss recognised in the 2021 other comprehensive income of \$878,557.

Grant Funded Asset Additions:

Project Name	Capital Grants Description	Grant Income Received \$	Council Contribution \$	Asset Addition Cost \$	Asset Class
IPG-Tipper	Specific capital grant for purchase of tipper truck	90,910	921	91,831	Motor Vehicles
LRCI 2	Specific grant for verge remediation and signage	4,896	3,039	7,935	Infrastructure
LRCI 3	Specific grant for Skatepark and Pumptrack design and construction	33,329	-	22,564	Infrastructure
Tourism Town Asset 2022	Specific capital grant to install solar light at Sports Court	53,862	18,021	71,883	Sports Ground
WRM #2 21-22	Specific capital grant for ReDiscovery Centre construction	58,338	-	9,220	Buildings

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 7	Right of Use Assets			
	(a) AASB 16 Related Amounts Recognised in the Balance Sheet			
	Right of Use Assets	Note	2023	2022
			\$	\$
	Leased Motor Vehicles		54,294	54,294
	Less Accumulated depreciation		(36,196)	(22,623)
	Total right of use assets		<u>18,098</u>	<u>31,671</u>
	The Council's lease portfolio includes motor vehicles. These leases have an average of 4 year as their lease term.			
	Movements in Carrying Amounts		Motor Vehicles	Total
			\$	\$
	Carrying amount at 1 July 2022		<u>31,671</u>	<u>31,671</u>
	Additions at cost		-	-
	Depreciation expense		(13,573)	(13,573)
	Carrying amount at 30 June 2023		<u>18,098</u>	<u>18,098</u>
	(b) AASB 16 Related Amounts Recognised in the Statement of Profit and Loss		2023	2022
			\$	\$
	Depreciation charge related to right of use assets		13,573	13,574
	Interest expense on lease liabilities		1,886	2,625
	Short Term leases expense		1,598	1,903
			<u>17,057</u>	<u>18,102</u>
Note 8	Trade and Other Payables		2023	2022
			\$	\$
	CURRENT			
	Trade creditors		8,241	18,686
	Sundry creditors and accrued expenses		24,804	23,437
	Payroll and Super liabilities		13,501	7,441
	Credit card liabilities		2,009	-
	Rates in advance		10,512	6,640
	Total Trade and Other Payables		<u>59,067</u>	<u>56,204</u>
	(a) Financial liabilities at amortised cost are classified as trade and other payables.			
	Trade and other payables:			
	— Total Current		59,067	32,041
	— Total Non Current		-	-
	Total trade and other payables		<u>59,067</u>	<u>32,041</u>
	Financial liabilities as trade and other payables	18	<u>59,067</u>	<u>32,041</u>
Note 9	Other Contract Liabilities		2023	2022
			\$	\$
	CURRENT			
	Contract Liabilities - grant in advance		84,477	53,980
	Contract Liabilities - grant funded programmes		371,864	122,270
	Total Other Contract Liabilities		<u>456,341</u>	<u>176,250</u>
	Total Contract and Unspent liabilities comprising the following grant funding amounts:			
	LRCI		10,765	24,613
	WRM 21-22		124,117	58,338
	Healthy Lifestyle		20,000	18,219
	Wagait Youth Program- FRRR		-	1,079
	Wagait Youth Program- DOH		10,769	17,901
	CBF - Makers 2022		76	2,121
	Financial Assistance Road- Early Release		84,477	53,980
	DCMC - CPP Community Place for People 2023		53,400	
	DCMC IPG-Sportsground		142,640	
	NT Men's Places Grant		8,115	
	Quick Response Youth 2023		1,965	
	Youth Vibe School Holiday 2022-23		17	
	Total Other Contract Liabilities		<u>456,341</u>	<u>176,250</u>
	(b) Contract liabilities - movement in amounts		2023	2022
			\$	\$
	Balance at the beginning of the year		176,250	306,152
	Additions: Grants for which performance obligations will only be satisfied in subsequent years		456,341	176,250
	Expended : Grants acquitted or utilised during the year		(176,250)	(306,152)
	Closing balance		<u>456,341</u>	<u>176,250</u>

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 10	Lease Liabilities	Note	2023 \$	2022 \$
	CURRENT			
	Leases - Motor Vehicles		14,459	13,678
			<u>14,459</u>	<u>13,678</u>
	NON-CURRENT			
	Leases - Motor Vehicles		4,908	19,367
			<u>4,908</u>	<u>19,367</u>
	Total Lease Liabilities	18, 20	<u>19,367</u>	<u>33,045</u>

The lease liabilities are secured by the underlying assets and are subject to the terms of their individual lease agreements.

Note 11	Employee Provisions	2023 \$	2022 \$
	CURRENT		
	Provision for employee benefits: annual leave	59,384	57,594
	Provision for employee benefits: long service leave	43,719	49,379
		<u>103,103</u>	<u>106,973</u>
	NON-CURRENT		
	Provision for employee benefits: long service leave	4,037	10,056
		<u>4,037</u>	<u>10,056</u>
	Total provisions for employee benefits	<u>107,140</u>	<u>117,029</u>
	Analysis of total provisions:	Total	
		\$	
	Opening balance at 1 July 2022	117,029	
	Net change in the provision during the year	(9,889)	
	Balance at 30 June 2023	<u>107,140</u>	

Provision For Employee Benefits

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Council does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Council does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 12	Reserves	Note	2023	2022
			\$	\$
Asset Revaluation Reserve				
	Balance at beginning of reporting year		991,467	991,467
	Revaluation/ Increment (decrement)		-	-
	Balance at end of the reporting year		991,467	991,467
<p>The asset revaluation reserve arises on the revaluation of buildings and improvements. Where a revalued item of property, plant and equipment is sold, that portion of asset revaluation reserve which relates to that asset and is effectively realised, is transferred directly into retained earnings.</p>				
Asset Replacement and Maintenance Reserves				
	Balance at beginning of reporting year		500,000	500,000
	Transfers to and from reserves		220,000	-
	Balance at end of the reporting year		720,000	500,000
	Total reserves		1 711 467	1 491 467

The asset replacement and maintenance reserve is maintained to replace roads and motor vehicles as the need arises.

Note 13	Key Management Remuneration	2023	2022
		\$	\$
	Short- term employment benefits	181,235	173,614
	Long - term employment benefits	11,058	7,932
	Councillor Allowances	4,719	4,774
	Total Key Management Remuneration	197,012	186,320

CEO Remuneration	2022-23
	Actual CEO Renita Glencross 1/7/2022 - 30/06/2023
Short-term benefits	\$ 160,835
Non-cash benefits	\$ 20,400
Other long-term benefits	\$ 11,058
Total remuneration	\$ 192,293

Note 13 B	Other Related Party Disclosure
	Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel or individual or collectively with their close family members.
	Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.
	There were no other related party transactions in 2023 (2022 :\$Nil).

Note 14	Cash Flow Information	2023	2022
		\$	\$
(a) Reconciliation of cash and cash equivalents to Statement of Cash Flows :			
	Cash on hand and at bank	4 2,248,519	1,728,249
	Total cash as stated in the Statement of cash flows	2 248 519	1 728 249
(b) Reconciliation of Cash Flow from Operating Activities with Current Year Profit			
	Profit for the current year	289,897	351,214
Non-cash flows:			
	Depreciation and amortisation expense	204,428	169,989
	Gain/ (losses) on disposal of property, plant and equipment	(6,986)	-
	Interest expense on lease liabilities	1,886	2,625
Changes in assets and liabilities:			
	(Increase)/decrease in Trade and Other Receivables	(16,109)	(1,174)
	Increase/(decrease) in Trade and Other payables	2,863	24,164
	Increase/(decrease) in Other Contract liabilities	280,091	(129,902)
	Increase/(decrease) in Employee Provisions	(9,889)	17,638
	Net cash provided by operating activities	746 181	434 554

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 15

Lease and Capital Expenditure Commitments Outstanding:

(a) Lease Liability Commitments	2023	2022
<i>Motor Vehicles</i>	\$	\$
Within one year	15,564	15,564
One to five years	6,485	22,049
More than 5 years	-	-
Total Future Lease Payments at the End of the Reporting Period:	22,049	37,613

(a) Operating Lease Commitments	2023	2022
<i>Leasehold rental commitments</i>	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	1,104
One to five years	-	-
More than 5 years	-	-
	-	3,007

The non-cancellable operating leasing commitments in 2023 is for a low valued asset photocopier.

The Northern Territory Government allows the Council to use their Sports Ground Land for free. As a result the Council has a Crown lease and expiring date in Perpetuity with the NT Government for its Sports Ground Property Section 110 (50) plans S98/294 Wagait Tower Road. As previously noted the Council has adopted the temporary relief under AASB 2018-8 in relation to Peppercorn Lease.

(b) Capital Expenditure Commitments

The Council has no capital expenditure commitments as at 30 June 2023 (2022:\$Nil).

Note 16

Contingent Liabilities and Contingent Assets

The Council has no Contingent Liabilities and Contingent Assets as at 30 June 2023 (2022:\$Nil).

Note 17

Events After the Reporting Period

The Councillors are not aware of any significant events since the end of the reporting period that have significantly affected, or may significantly affect the Corporation's operations, the results of those operations, or the Corporation's state of affairs in future financial years.

Note 18

Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023	2022
		\$	\$
Financial assets			
Cash on hand	4	2,248,519	1,768,806
Trade and other receivables	5	25,098	7,815
Total financial assets		2,273,617	1,776,621
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	7	59,067	32,041
Lease liabilities	10	19,367	45,984
Total financial liabilities		78,434	78,025

Financial Risk Management Policies

Management is responsible for mentoring and managing the Council's compliance with its risk management strategy. The committee's overall risk management strategy is to assist the Council in meeting its financial targets whilst minimising potential adverse effects on financial performance. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There has been no substantive change in the types of risk the Council is exposed to, how these risks arise, management's objectives, policies and procedures for managing or measuring risks from the previous period.

Note 19

Financial Risk Management (Cont.)

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Council.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Legislative restrictions on Council's investment powers effectively limit investments to financial instruments issued or guaranteed by Australian Governments, banks and authorised deposit taking institutions. Rates and other receivables are monitored on an ongoing basis with the result that the Council's exposure to bad debts is not significant.

The Council has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

b. Liquidity risk

Liquidity risk arises from the possibility that the Council might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Council manages this risk through the following mechanisms:

- > preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities.
- > maintaining short term investments to cater for unexpected volatility in cash flows.
- > monitoring the ageing of receivables and payables.
- > maintaining a reputable credit profile.
- > managing credit risk related to financial assets.
- > only investing surplus cash with major financial institutions.

c. Market risk

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 also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Council to interest rate risk are limited to cash and cash equivalents.

The Council also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Sensitivity analysis

The following table illustrates sensitivities to the Council's exposures to changes in interest. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2023	2022
	\$	\$
Surplus \$		
(+/- 1% In Interest rates)	19,884	17,485

No sensitivity analysis has been performed on foreign exchange risk as the entity has no material exposures.

Refer to Note 18 for detailed disclosures regarding the fair value measurements of the Council financial assets.

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Note 20 **Fair Values Measurements**

Fair value estimation

The Council measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.

The Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities on a non-recurring basis.

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash on hand and at bank	4,18	2,248,519	2,248,519	1,768,806	1,768,806
Trade and other receivables	5,18	25,098	25,098	7,815	7,815
Total financial assets		2,273,617	2,273,617	1,776,621	1,776,621
Financial liabilities					
Trade and other payables	7,18	59,067	59,067	32,041	32,041
Lease Liabilities	10,18	19,367	19,367	33,045	33,045
Total financial liabilities		78,434	78,434	65,086	65,086

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Lease liabilities fair values are assessed on an annual basis by Management and the Directors. Current available data is used in assessing their carrying and fair values.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability."

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Non-Financial assets					
Land and Buildings	6	1,550,242	1,550,242	1,550,750	1,550,750
Total non- financial assets		1,550,242	1,550,242	1,550,750	1,550,750

(i) The properties located at Section 62 (142) Wagait Tower Road, Wagait Beach NT and Section 110 (50) Forsyth Road, Wagait Beach NT were revalued on 4 May 2021, by an independent licensed and registered valuer Mr R Copland, Certified Practising Valuer (Bus, Prop), B Comm. (Ag VFM), F.A.P.I., C.P.P. The valuation of these properties is based on the fair value of each identifiable property. The fair value of existing assets has been established by reference to their most probable price in a competitive and open market and included the provision of services and was made on the basis of their existing use. The valuation of these properties resulted in an impairment loss recognised in the 2021 other comprehensive income of \$878,557.

Note 21 **Council Details**

Wagait shire council is a local government body formerly called Cox Peninsular Government Council.

The Principal place of business is:

142 Wagait Tower Road
Wagait Beach NT 0822

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF WAGAIT SHIRE COUNCIL
REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Wagait Shire Council ("the Council"), which comprises the statement of financial position as at 30 June 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Council's Certificate.

In our opinion the accompanying financial report of Wagait Shire Council, is in accordance with *Northern Territory Local Government Act 2019*, including:

- (a) Giving a true and fair view of the Council's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards and the *Northern Territory Local Government (General) Regulations 2021*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Councillors are responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF WAGAIT SHIRE COUNCIL
REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONT.)**

The Responsibility of the Chief Executive Officer and Those Charged with Governance for the Financial Report

The Chief Executive Officer of the Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Northern Territory Local Government Act 2019* and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF WAGAIT SHIRE COUNCIL
REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONT.)

Auditor's Responsibility for the Audit of the Financial Report (Cont.)

We communicate with the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner, Assurance Services

Darwin
Dated 18 October 2023