

# Annual Report for the year ended 30 June 2015



**Shire of Ngaanyatjaraku**  
ON A JOURNEY



# Shire of Ngaanyatjaraku Annual Report 2014-2015

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## **STATEMENT BY THE SHIRE PRESIDENT**

It gives me great pleasure to present the Annual Report for the Shire of Ngaanyatjarraku for the 2014-2015 financial year. It has once again been a very busy year with many challenges for us, but also with many achievements and milestones reached.

Council has continued to make significant efforts to expand the services it provides across the Ngaanyatjarra Lands communities. The most successful of these initiatives is our Children & Youth Services program, which now has personnel based in Warburton, Jameson, Blackstone, Wanarn and Warakurna providing recreational and youth development activities as well as operating community Drop in Centres and swimming pools. This program also conducts major events such as our school holiday programs, Kungka nights and Desert Dust Up which aim to offer information and diversionary activities based around 'active and healthy lifestyles' themes. We are privileged to work with agencies such as Indigenous Hip Hop Projects (IHHP) and the Ngaanyatjarra Lands School on these events, and they bring great enjoyment to the local youth and all other community residents with their involvement and ideas.

Complementing these initiatives is our Early Years Program, where the Shire operates Playgroups for ages 0-5 that assist young children and their families to 'get ready for school'. Playgroups have operated in Warburton, Blackstone, Jameson and Warakurna throughout the 2014-15 year; the program is delivered in partnership with Playgroups WA.

Other key developments and activities undertaken by the Shire during the 2014-15 year have included community amenities services like waste collection, sanitation and environmental health programs; and as with previous years continuing our considerable investment in the maintenance, growth and upkeep of the Shire's road network is the major focus of our operations and annual budget.

The Shire of Ngaanyatjarraku also continues to work proactively and positively with our neighbouring Councils as a key member of the Goldfields Esperance Zone of WALGA and the Goldfields VROC.

At the end of the 2014-15 financial year our longstanding and very successful relationship with the City of Canning came to an end. Over a period of 17 years the City provided enormous support to the Shire with financial accounting, building and environmental health regulatory services, and other strategic, governance and operational advice to Council and our staff. I would like to sincerely thank all of the Canning Council members and staff for their involvement and commitment to assisting us over this time.

Finally, I wish to extend my thanks to all of the Shire staff for their continued hard and valuable work during the past year. Their efforts on behalf of the Shire are sincerely appreciated by the Councillors and local residents alike. We look forward to another year of great achievements in 2015-16.

**Cr. John Damian McLean**  
**PRESIDENT**





## **SHIRE OF NGAANYATJARRAKU**

### **CHIEF EXECUTIVE OFFICER'S REPORT**

This Annual Report has been prepared in accordance with section 5.53 of the *Local Government Act 1995* and details the operations of the Shire for the 2014-2015 financial year.

The Shire of Ngaanyatjarraku continues to operate in a very sound financial position and without any borrowings or debt, which is consistent with Council's key financial objective of remaining debt-free. For the 2014-15 financial year the Shire has achieved an unqualified audit report with only one point of statutory non-compliance noted during the reporting period which related to the late submission of the annual accounts and financial report to the auditors.

Overall compliance requirements continue to evolve and these responsibilities are viewed with priority by the Council and the administration. A great deal of work was undertaken during the 2014/15 reporting period on the plans and processes required under the Integrated Planning and Reporting Framework ('IPRF') and also on new procedures required following the introduction of the new Audit Regulation 17 in February 2013. This new regulation requires the CEO to review the appropriateness and effectiveness of systems and procedures in relation risk management, internal controls and legislative compliance. This work is ongoing and will ultimately result in a greater level of reporting and transparency from the Council, and also better documents the necessary action and resources required to achieve high standards of compliance and to minimise risk to the local government.

### **COUNCIL MEMBER INFORMATION**

The dedication of the elected members and all staff ensures the Shire of Ngaanyatjarraku operates and delivers services effectively and competently right throughout the Ngaanyatjarra Lands communities. The members of the Shire Council during the 2014-15 year were as follows:

- Cr. John Damian McLean – Shire President
- Cr. Beverley Thomas – Deputy President
- Cr. Preston Thomas
- Cr. Alwyn Bates
- Cr. Lalla West
- Cr. Colin 'Fred' Twine
- Cr. Joylene Frazer
- Cr. Andrew Jones

### PAYMENT TO EMPLOYEES

In accordance with section 5.53 (2)(g) of the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996 reg. 19B*, the following information is provided in relation to annual salaries over \$100,000 paid to employees during the financial year:

<b>Salary Range (\$)</b>	<b>No. of Employees</b>
100,000 – 109,999	1
110,000 – 119,999	0
120,000 – 129,999	0
130,000 – 139,999	0
140,000 – 149,999	0
150,000 – 159,999	0
160,000 – 169,999	0
170,000 – 179,999	1

### DISABILITY ACCESS AND INCLUSION PLAN

In accordance with Section 29 of the *Disability Service Act 1993*, Local Governments are required to report annually with regard to their Disability Access and Inclusion Plan and provide details addressing the plan's key outcomes within the Annual Report. For 2014-15 the Shire of Ngaanyatjarraku reports as follows:

#### Key Outcomes:

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. People with disabilities receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the staff of the relevant public authority.
5. People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.

The Shire of Ngaanyatjarraku continues to ensure that the above key outcomes are addressed in order to meet the needs of people with disabilities.

The Shire of Ngaanyatjarraku Disability Access and Inclusion Plan (DAIP) was adopted by Council in 2012 and subsequently lodged with the Disability Services Commission thereafter as per its requirements. The purpose of the DAIP is to ensure that people with disabilities are not disadvantaged and have the same opportunities to access the information, services, facilities and events organised or provided by the Local Government. It also serves to ensure that new and planned Council buildings or facilities are designed appropriately to allow full accessibility and accommodate users with disabilities.

The Shire of Ngaanyatjarraku works cooperatively with the Ngaanyatjarra Council, Ngaanyatjarra Health Service and the NPY Womens' Council to ensure the key outcomes identified in the DAIP continue to be addressed appropriately in order to meet the needs of people with disabilities in the Ngaanyatjarra communities.

### OVERVIEW OF THE PLAN FOR THE FUTURE

Under the Integrated Planning and Reporting Framework, and in accordance with the provisions of the *Local Government Act 1995*, Councils are required to develop Plans for the Future of the District. One of the key documents in the framework is the Strategic Community Plan ('SCP') which sets out the major direction for the Shire Council and its communities. The Shire of Ngaanyatjarraku is currently developing its SCP with the

assistance of Core Business Australia and significant engagement with the Ngaanyatjarra communities and agencies working in the Lands. This document, along with subsidiary plans and key informing strategies, will help shape the services that the Shire of Ngaanyatjarraku will deliver over the next ten years.

The aspirations and needs identified within the SCP development and consultation/engagement period thus far have been grouped into four key strategic themes, each with supporting goals and measures of success. The four themes are:

- (1) A strong community, respecting our past and building for the future.
- (2) A strong voice representing the interests of the community.
- (3) Building capacity for the future.
- (4) Promote an attractive environment, balancing social and economic needs.

The Plan will provide a valuable management tool to the Council and its staff. The SCP is underpinned by a Corporate Business Plan (CBP) covering the next 4 years. Both the SCP & CBP are influenced by key informing strategies such as:

- An Asset Management Plan;
- Long Term Financial Plan; and
- Workforce Plan.

Every four years, Council will review the vision, priorities and aspirations of the plan with a full and wide ranging community engagement in accordance with the methodology identified within the document.

#### NATIONAL COMPETITION POLICY

The Shire of Ngaanyatjarraku is classified as a Category 1 Local Government under the National Competition Policy. Under this policy, a local government is required to determine whether it operates significant business enterprises, which compete with or could compete with the private sector. A significant business enterprise is defined in the policy as one that generates an annual income from fees and charges exceeding the amount of \$200,000. The Shire of Ngaanyatjarraku does not operate any business activity where the income from fees and charges exceeds this amount. The total fees and charges levied for all the services and facilities provided by the council are disclosed in note 27 of the accompanying notes.

#### FREEDOM OF INFORMATION

The Shire of Ngaanyatjarraku has a Freedom of Information Statement prepared in accordance with the Freedom of Information Act 1992. This Statement was review in August 2014 and is available on our Website. It outlines the Shire's functions, the kind of documents held and how the documents can be accessed.

Nil Freedom of Information applications or requests were received during this report period.

#### RECORD KEEPING PLAN

The Shire of Ngaanyatjarraku has prepared a record keeping plan as required by the State Records Act 2000, and the Shire is committed to ensuring its record keeping practices comply with legislation. This plan was submitted to and approved by the State Records Commission at its meeting held on 7 April 2010 for a five year period to April 2015; a review and update is now underway for completion and lodgement with the SRO later in 2015.

Under section 60 of the State Records Act, the State Records Commission monitors the operation of and compliance with the Act and it is a requirement for every local government to comply with the Commission's Standard 2, Principle 6 in an appropriate section within its Annual Report. Accordingly, the Shire reports as follows:

1. Following additional feedback and advice from the State Records Office, the Shire further reviewed its record keeping systems and documentation and submitted an amended record keeping plan which was approved by the State Records Commission on 7 April 2010.
2. The Shire has implemented an on-line record keeping training program that allows staff to familiarize themselves with and be aware of their record keeping responsibilities, and to

ensure that the record keeping system is being operated in accordance with the revised Shire of Ngaanyatjarraku Record Keeping Plan. Given the very remote and isolated location of this Shire, where and when possible a record keeping specialist/consultant will be engaged to come out to the Shire's main administration office in Warburton to provide on-site training and advice as well as utilizing the assistance and expertise of the staff at Goldfields Records Storage (a GVROC enterprise of which the Shire of Ngaanyatjarraku is a partner).

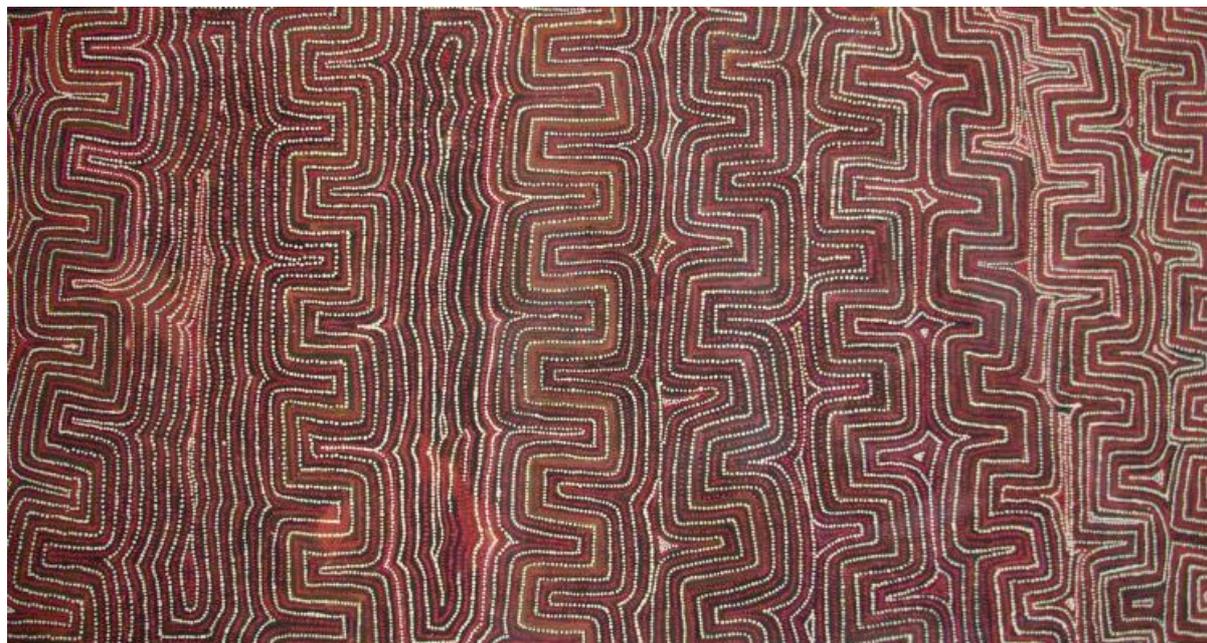
3. The efficiency and effectiveness of the record keeping training program will be reviewed on an ongoing basis and subsequently actioned to ensure its currency and relevance.
4. The Shire's record keeping induction program is continually improving to ensure employee roles and responsibilities are promoted in accordance and compliance with the Shire of Ngaanyatjarraku Record Keeping Plan.

#### OFFICIAL CONDUCT – COMPLAINTS REGISTER

Pursuant to section 5.121 of the *Local Government Act 1995*, a complaints register has been maintained. As at the 30<sup>th</sup> June 2015 no complaints had been received, and therefore accordingly there has been no action required to deal with complaints.

I very much look forward to continuing to work with our Elected Members and staff to ensure that the Shire of Ngaanyatjarraku keeps on delivering quality services, infrastructure and responsible local government within our area for future years.

**Chris Paget**  
**CHIEF EXECUTIVE OFFICER**



*Ivan Shepherd (dec.) 2005 'Tingarri Men travelled to Lapaku'*

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2015**

2013/2014 ACTUAL RESTATED		NOTES	2014/2015 ADOPTED BUDGET	2014/2015 ACTUAL
\$			\$	\$
	<b>REVENUE</b>			
372,230	Rates	22	415,595	377,968
3,414,257	Operating Grants, Subsidies & Contributions	28	5,619,086	7,565,768
260,922	Fees & Charges	27	305,350	244,796
32,573	Interest Earnings	4(a)	34,000	27,962
37,547	Other Revenue		44,100	42,611
<b>4,117,529</b>			<b>6,418,131</b>	<b>8,259,105</b>
	<b>EXPENSES</b>			
(1,628,181)	Employee Costs		(2,064,245)	(1,788,041)
(2,578,251)	Materials & Contracts		(3,375,410)	(2,807,667)
(80,679)	Utilities		(94,750)	(74,183)
(1,361,528)	Depreciation	4(a)	(1,135,600)	(1,396,482)
(133,894)	Insurance Expenses		(142,996)	(139,893)
(78,348)	Other Expenditure		(123,450)	(67,759)
<b>(5,860,881)</b>			<b>(6,936,451)</b>	<b>(6,274,025)</b>
	<b>OTHER ITEMS</b>			
	- Assets Revaluation - Decrement		-	-
	- Write-Off Bad Debts		-	-
2,500,834	Non-Operating Grants, Subsidies & Contributions	28(a)	2,363,716	2,349,676
14,731	Profit on Asset Disposals	20	-	-
(6,283)	Loss on Asset Disposal	20	-	(21,115)
<b>2,509,282</b>	<b>Total Other Items</b>		<b>2,363,716</b>	<b>2,328,561</b>
<b>765,930</b>	<b>NET RESULT</b>		<b>1,845,396</b>	<b>4,313,641</b>
	<b>Other Comprehensive Income</b>			
	- Revaluation of Property, Plant and Equipment and Infrastructure	13	-	57,736,418
	<b>Total Other Comprehensive Income</b>		-	<b>57,736,418</b>
<b>765,930</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,845,396</b>	<b>62,050,059</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2015**

2013/2014 ACTUAL RESTATED		NOTES	2014/2015 ADOPTED BUDGET	2014/2015 REVISED BUDGET	2014/2015 ACTUAL
\$			\$	\$	\$
	<b>REVENUE</b>				
2,834,756	General Purpose Funding	4(a)	4,905,643	4,905,643	6,214,744
30,279	Governance		43,000	43,000	21,424
300	Law, Order, Public Safety		300	300	324
103,458	Health		103,458	103,458	119,876
130,293	Education & Welfare		251,035	852,711	856,429
31,636	Housing		35,000	35,000	23,175
419,502	Community Amenities		398,145	398,145	401,707
187,286	Recreation & Culture		204,000	204,000	169,712
2,877,551	Transport		450,700	2,212,740	448,668
3,300	Economic Services		11,500	11,700	3,045
-	Other Property & Services		15,350	15,150	-
<b>6,618,361</b>			<b>6,418,131</b>	<b>8,781,847</b>	<b>8,259,104</b>
	<b>EXPENSES</b>				
(11,765)	General Purpose Funding	4(a)	(17,552)	(17,552)	(162)
(123,208)	Governance		(167,015)	(167,015)	(115,871)
(80,869)	Law, Order, Public Safety		(94,132)	(94,132)	(67,928)
(394,993)	Health		(419,074)	(419,074)	(358,156)
(827,329)	Education & Welfare		(933,048)	(933,048)	(1,027,083)
(384,420)	Housing		(442,166)	(442,166)	(405,642)
(514,341)	Community Amenities		(707,022)	(707,022)	(574,530)
(909,136)	Recreation & Culture		(1,004,378)	(1,004,378)	(813,624)
(2,394,565)	Transport		(2,888,443)	(2,888,443)	(2,687,061)
(195,814)	Economic Services		(202,983)	(202,983)	(199,890)
(24,439)	Other Property & Services		(60,638)	(60,638)	(24,077)
<b>(5,860,879)</b>			<b>(6,936,451)</b>	<b>(6,936,451)</b>	<b>(6,274,024)</b>
	<b>OTHER ITEMS</b>				
-	Assets Revaluation - Decrement		-	-	-
-	Non-Operating Grants, Subsidies & Contributions	4(d)	2,363,716	-	2,349,676
14,731	Profit on Asset Disposals		-	-	-
(6,283)	Loss on Asset Disposal		-	-	(21,115)
<b>8,448</b>	<b>Total Other Items</b>		<b>2,363,716</b>	<b>-</b>	<b>2,328,561</b>
<b>765,930</b>	<b>NET RESULT</b>		<b>1,845,396</b>	<b>1,845,396</b>	<b>4,313,641</b>
	<b>Other Comprehensive Income</b>				
-	Revaluation of Property, Plant and Equipment and Infrastructure	13	-	-	57,736,418
-	<b>Total Other Comprehensive Income</b>		-	-	<b>57,736,418</b>
<b>765,930</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,845,396</b>	<b>1,845,396</b>	<b>62,050,059</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

2013/2014 ACTUAL RESTATED		NOTES	2014/2015 ACTUAL
\$			\$
	<b>CURRENT ASSETS</b>		
2,292,409	Cash and Cash Equivalents	5	5,206,196
398,537	Trade & Other Receivables	6	895,201
87,880	Inventories	7	33,623
<b>2,778,826</b>	<b>TOTAL CURRENT ASSETS</b>		<b>6,135,020</b>
	<b>NON-CURRENT ASSETS</b>		
4,964,079	Property, Plant and Equipment	8	8,670,908
42,366,495	Infrastructure	9	97,311,264
<b>47,330,574</b>	<b>TOTAL NON-CURRENT ASSETS</b>		<b>105,982,172</b>
<b>50,109,400</b>	<b>TOTAL ASSETS</b>	18	<b>112,117,192</b>
	<b>CURRENT LIABILITIES</b>		
297,926	Trade & Other Payables	10	221,651
160,479	Provisions	11	193,347
<b>458,405</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>414,998</b>
	<b>NON-CURRENT LIABILITIES</b>		
39,494	Provisions	11	40,633
<b>39,494</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>40,633</b>
<b>497,899</b>	<b>TOTAL LIABILITIES</b>		<b>455,631</b>
<b>49,611,501</b>	<b>NET ASSETS</b>		<b>111,661,561</b>
	<b>EQUITY</b>		
48,787,639	Retained Surplus		53,072,420
-	Revaluation Surplus	13	57,736,418
823,862	Reserves - Cash/Investment Backed	12	852,723
<b>49,611,501</b>	<b>TOTAL EQUITY</b>		<b>111,661,561</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTES	RETAINED SURPLUS	RESERVES	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2013</b>		<b>47,917,122</b>	<b>928,448</b>	-	<b>48,845,570</b>
Net Result		765,930	-	-	765,930
Total Other Comprehensive Income		-	-	-	-
Transfer from/(to) Reserves	12	104,586	(104,586)	-	-
<b>Balance as at 30 June 2014</b>		<b>48,787,638</b>	<b>823,862</b>	-	<b>49,611,502</b>
Net Result		4,313,641	-	-	4,313,641
Total Other Comprehensive Income		-	-	-	-
Transfer from/(to) Reserves	12	(28,861)	28,861	57,736,418	57,736,418
<b>Balance as at 30 June 2015</b>		<b>53,072,418</b>	<b>852,723</b>	<b>57,736,418</b>	<b>111,661,561</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015**

2013/2014 ACTUAL		NOTES	2014/2015 ADOPTED BUDGET	2014/2015 ACTUAL
<b>\$</b>	<b>Cash Flows From Operating Activities</b>		<b>\$</b>	<b>\$</b>
	<b>Receipts</b>			
286,126	Rates		430,595	328,523
4,084,052	Operating Grants, Subsidies and Contributions		5,619,086	7,102,125
222,640	Fees and Charges		123,719	287,059
35,523	Interest Earnings		34,000	29,024
471,751	Goods and Services Tax Refund		550,000	205,035
42,356	Other Revenue		44,100	28,675
<b>5,142,448</b>			<b>6,801,500</b>	<b>7,980,441</b>
	<b>Payments</b>			
(1,613,064)	Employee Costs		(2,022,483)	(1,695,601)
(2,954,866)	Materials and Contracts		(3,039,226)	(2,916,584)
(80,679)	Utility Charges		(94,750)	(71,419)
(133,894)	Insurance Expenses		(142,996)	(139,893)
(316,631)	Goods and Services Tax Payable		(233,369)	(192,297)
(78,345)	Other Expenditure		(123,450)	(67,759)
<b>(5,177,479)</b>			<b>(5,656,274)</b>	<b>(5,083,553)</b>
<b>(35,031)</b>	<b>Net Cash Provided By Operating Activities</b>	14(b)	<b>1,145,226</b>	<b>2,896,888</b>
	<b>Cash Flows from Investing Activities</b>			
(543,538)	Payments for Purchase of Property, Plant & Equipment	8	(1,466,000)	(152,914)
(1,856,155)	Payments for Construction of Infrastructure	9	(2,350,000)	(2,223,913)
2,500,834	Non-Operating Grants, Subsidies and Contributions	14(b)	2,363,716	2,349,676
52,189	Proceeds from Sale of Plant & Equipment	20	106,000	44,050
<b>153,330</b>	<b>Net Cash Used in Investing Activities</b>		<b>(1,346,284)</b>	<b>16,899</b>
118,299	<b>Net Increase (Decrease) in Cash Held</b>		(201,058)	2,913,787
2,174,110	Cash at Beginning of Year		2,292,410	2,292,409
<b>2,292,409</b>	<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<b>2,091,352</b>	<b>5,206,196</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2015**

2013/2014 ACTUAL		NOTES	2014/2015 ADOPTED BUDGET	2014/2015 ACTUAL
\$			\$	\$
	<b>Revenue</b>			
2,462,528	General Purpose Funding	4	4,490,048	6,438,453
30,279	Governance		43,000	21,424
300	Law, Order, Public Safety		300	324
103,458	Health		103,458	119,876
130,293	Education and Welfare		251,035	856,429
31,636	Housing		35,000	23,175
419,502	Community Amenities		398,145	401,707
195,734	Recreation and Culture		204,000	169,712
2,877,551	Transport		450,700	2,196,668
3,300	Economic Services		11,500	3,045
-	Other Property and Services		15,350	-
<b>6,254,581</b>			<b>6,002,536</b>	<b>10,230,813</b>
	<b>Expenses</b>			
(11,765)	General Purpose Funding	4	(17,552)	(162)
(123,208)	Governance		(167,015)	(115,871)
(80,869)	Law, Order, Public Safety		(94,132)	(67,928)
(394,993)	Health		(419,074)	(358,156)
(827,329)	Education and Welfare		(933,048)	(1,027,083)
(384,420)	Housing		(442,166)	(405,642)
(514,341)	Community Amenities		(707,022)	(574,530)
(909,136)	Recreation & Culture		(1,004,378)	(813,624)
(2,394,565)	Transport		(2,888,443)	(2,687,061)
(195,814)	Economic Services		(202,983)	(199,890)
(24,439)	Other Property and Services		(60,638)	(24,077)
<b>(5,860,879)</b>			<b>(6,936,451)</b>	<b>(6,274,024)</b>
<b>393,702</b>	<b>Net Result Excluding Rates</b>		<b>(933,915)</b>	<b>3,956,789</b>
	<b>Adjustments for Cash Budget Requirements:</b>			
	<b>Non-Cash Expenditure and Revenue</b>			
1,361,528	Depreciation on Assets	4(a)	1,135,600	1,396,482
(8,448)	(Profit)/Loss on Disposal of Assets		106,000	(21,115)
-	Non-Operating Grants, Subsidies & Contributions		2,363,716	-
(22,138)	Long Service Leave Provision Movement - Non Current		6,863	1,139
<b>1,330,942</b>	<b>Non-Cash Expenditure and Revenue</b>		<b>3,612,179</b>	<b>1,376,506</b>
	<b>Capital Expenditure and Revenue</b>			
(65,170)	Purchase Land and Buildings	19	(1,017,500)	(15,730)
(1,848,245)	Infrastructure Assets - Roads	19	(2,345,000)	(2,223,913)
(7,910)	Infrastructure Assets - Other	19	(5,000)	-
(472,124)	Purchase Plant and Equipment	19	(407,500)	(132,121)
(6,244)	Purchase Furniture and Equipment	19	(41,000)	(5,063)
52,189	Proceeds Disposal of Assets	20	-	65,165
(35,414)	Transfers to Reserves	12	(733,000)	(28,861)
140,000	Transfers from Reserves	12	-	-
<b>(2,242,918)</b>	<b>Net Cash from Investing Activities</b>		<b>(4,549,000)</b>	<b>(2,340,523)</b>
1,642,603	ADD Surplus/(Deficit) July 1 B/Fwd		1,455,141	1,496,559
(1,496,559)	LESS (Surplus)/Deficit June 30 C/Fwd		-	(4,867,299)
<b>(372,230)</b>	<b>Amount Required to be Raised from Rates</b>	22	<b>(415,595)</b>	<b>(377,968)</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES**

The significant policies which have been adopted in the preparation of the Financial Report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The Annual Financial Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Standards Board, the *Local Government Act 1995* and accompanying regulations.

Except for cash flow and rate setting information, the Annual Financial Report has also been prepared on the accrual basis under the convention of historical cost accounting, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**(b) The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the Financial Statements, but a separate Statement of those monies is disclosed at Note 16.

**Critical Accounting Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**(c) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

***Mandatory Requirement to Revalue Non-Current Assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
  - (i) that are plant and equipment; and
  - (ii) that are -
    - (I) land and buildings; or
    - (II) infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

The Council commenced the process of adopting Fair Value for plant and equipment in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Land Under Control***

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

The Shire has determined that it does not have any land to be recognised under this requirement.

**Initial Recognition**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revaluation**

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

**Land under Roads**

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact that *Local Government (Financial Management) Regulations* r. 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulations* r. 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulations* r. 4(2) provides that, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the council.

**Depreciation of Non-Current Assets**

All non-current assets having a limited useful life (excluding freehold land) are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Items are depreciated over their useful lives as follows:

Buildings	10% per annum
Furniture & Equipment	10-30% per annum
Plant & Equipment	15-25% per annum
Infrastructure Assets – Roads Pavement	15-20 years
Infrastructure Assets – Roads Seal	30-40 years
Infrastructure Assets – Roads Kerbing	20 years
Infrastructure Assets - Recreation Facilities	20% per annum

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation

The carrying amount of property, plant, equipment and infrastructure is reviewed annually by the Council to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected cash flows have not been discounted to their present value in determining recoverable amounts. If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income 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 surplus.

The policy may be varied from time to time by the Chief Executive Officer where the depreciation rate does not properly reflect the amount which may be recovered from the utilisation of those assets over their useful life. Assets are depreciated from the date of acquisition or from the time such assets are completed and held ready for use.

All non-current assets with a value greater than \$1,000 are capitalised.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Ngaanyatjarraku obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the grantor and the Shire.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed at Note 4(d). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Shire of Ngaanyatjarraku's operations for the current reporting period.

**(e) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employee's services provided to balance date.

The provision has been calculated at nominal amounts based on remuneration rates the council expects to pay and includes related on-costs.

**Long Service Leave (Long-term Benefits)**

Long Service Leave - computed in accordance with the provisions of the Local Government (Long Service Leave) Amendment Regulations 1983 and Australian Accounting Standards Board 119 -"Employee Entitlements". The provision for employee's entitlements to Long Service Leave represents the present value of the estimated future cash outflows to be made by the Shire resulting from employees who have worked with the Shire for 12 months or more.

Liabilities for employee entitlements which are not expected to be settled within 12 months are discounted using the rates attached to the Commonwealth Bond rates at balance date, which most closely match the terms of maturity of the related liability. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates. Related on-costs for superannuation and workers compensation have also been included in the calculations.

**(f) Superannuation**

The Council contributes to a number of Superannuation Funds on behalf of their employees. Contributions are recognised as an expense when incurred.

**(g) Leases**

The Municipality was not a party to any finance or operating leases for the 2014/2015 financial year.

**(h) Inventories**

Inventories on hand of materials and stores are valued at the lower of cost or net realisable value. Materials are issued to works on basis of cost.

**(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position..

**(j) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rate and service charges and other amounts due from third parties for foods sold and services performed in the ordinary hour of business.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the council will not be able to collect all amounts due according to the original terms of receivables.

**(k) Joint Venture**

The Municipality was not a party to any joint ventures for the 2014/2015 financial year.

**(l) Comparative Figures**

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Goods and Services Tax**

In accordance with recommended practice, revenue, expenses and assets capitalised are stated net of any GST recoverable except where it is not recoverable from the Australian Taxation Office, in which case the amounts include the non-recoverable GST. Any GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables and payables.

Cash flows are stated in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

**(n) Impairment**

In accordance with the Australian Accounting Standards the Council's assets, other than inventory, are assessed at each reporting date to determine whether there is any indication that they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(o) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(p) Land Held for Resale**

The Municipality is not currently holding any land for resale.

**(q) Financial Instruments**

**Initial Recognition and Measurement**

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

Financial instruments 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.

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

**(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the council's management has the positive intention and ability to hold to maturity. If council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

**(v) Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(r) Intangible Assets**

**Easements**

Regulation 16 of the Local Government (Financial Management) Regulations 1996 requires easements to be recognised as assets.

As the Shire is wholly located on Aboriginal Reserves and Vacant/Unallocated Crown Land, no easements exist in the area.

**(s) Rounding**

Figures shown within the Annual Financial Statements and the accompanying notes have been rounded. Discrepancies between total shown within the Financial Statements and the accompanying notes may differ due to rounding.

**(t) Budget Comparative**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**(u) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**(v) Provisions**

Provisions are recognised when the Council has a present 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(w) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

**2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

- (a)** Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued/ Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 - Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil – The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iv) AASB 2013-9: Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  Consequential changes to various Standards arising from the issuance of AASB 15.
(v) AASB 2013 - 3: Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

Title	Issued/ Compiled	Applicable <sup>(1)</sup>	Impact
(vi) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vii) AASB 2014-5 Amendments to Australian Accounting Standards Arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.  It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

**(b) Adoption of New and Revised Accounting Standards**

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**3 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR**

**Correction of Prior Period Error**

As part of the asset revaluation process undertaken for the 2014/2015 financial year, the Shire became aware that it had incorrectly capitalised work completed on the Warburton and Warakuna Airports. These assets are not owned or under the control of the Shire and as such have been removed from the Financial Statements. This error was originally accounted for in the 2001/2002 and the 2004/2005 financial years when the work was completed. As the error occurred in a reporting period prior to the current comparative period, the following statements and notes have been restated;

**Statement of Comprehensive Income by Nature or Type for the period ended 30 June 2014**

- Expenses relating to depreciation have been reduced by \$30,735, which is the amount relating to the infrastructure assets removed from the Financial Statements

- The Net Result shown in Operating Statement has been increased by \$30,735

**Statement of Comprehensive Income by Program for the period ended 30 June 2014**

- Expenses relating to Transport have been reduced by \$30,735, which is the amount relating to the depreciation of the assets removed from the Financial Statements

- The Net Result shown in Operating Statement has been increased by \$30,735

**Balance Sheet as at 30 June 2014**

- Infrastructure balance has been reduced by \$276,609

This amount is made up of the following amounts

Historical Cost is reduced by	964,623
Accumulated Depreciation is reduced by	(688,014)
<b>Net Change to Infrastructure Assets</b>	<b>276,609</b>

- Retained Surplus in the Equity section of the Balance Sheet has been reduced by \$276,609

<b>Financial Statement Line Item / Balance Affected</b>	<b>2013/2014 ACTUAL</b>	<b>CORRECTION OF ERROR</b>	<b>RESTATE 2013/2014 ACTUAL</b>
	\$	\$	\$
<b>Statement of Comprehensive Income by Nature or Type</b>			
Depreciation	(1,392,263)	30,735	(1,361,528)
Total Expenses	(5,891,616)	30,735	(5,860,881)
<b>Net Result</b>	<b>735,195</b>	<b>30,735</b>	<b>765,930</b>
<b>Statement of Comprehensive Income by Program</b>			
Transport Expenses	(2,425,300)	30,735	(2,394,565)
Total Expenses	(5,891,616)	30,735	(5,860,881)
<b>Net Result</b>	<b>735,195</b>	<b>30,735</b>	<b>765,930</b>
<b>Balance Sheet</b>			
<b>Non-Current Assets</b>			
Infrastructure	42,643,104	(276,609)	42,366,495
<b>Total Non-Current Assets</b>	<b>47,607,183</b>	<b>(276,609)</b>	<b>47,330,574</b>
<b>Total Assets</b>	<b>50,386,009</b>	<b>(276,609)</b>	<b>50,109,400</b>
<b>Net Assets</b>	<b>49,888,110</b>	<b>(276,609)</b>	<b>49,611,501</b>
<b>Equity</b>			
Retained Surplus	49,064,248	(276,609)	48,787,639
<b>Total Equity</b>	<b>49,888,110</b>	<b>(276,609)</b>	<b>49,611,501</b>

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**3 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR (continued)**

**Note 4. Revenues and Expenses**

	2013/2014 ACTUAL	CORRECTION OF ERROR	RESTATED 2013/2014 ACTUAL
	\$	\$	\$
<b>Depreciation by Program</b>			
Transport	805,817	(30,735)	775,082
<b>Depreciation by Class</b>			
Recreation & Other	46,901	(30,735)	16,166
<b>Total Depreciation</b>	<b>1,392,263</b>	<b>(30,735)</b>	<b>1,361,528</b>

**Note 8. Infrastructure Assets**

Aerodromes - Cost	964,623	(964,623)	-
Less Accumulated Depreciation	(688,014)	688,014	-
	<b>276,609</b>	<b>(276,609)</b>	<b>-</b>
<b>Total Infrastructure</b>	<b>42,643,105</b>	<b>(276,609)</b>	<b>42,366,496</b>

**Note 12. Notes to the Statement of Cashflows**

**(b) Reconciliation of Net Cash Provided By**

Net Result	735,195	30,735	765,930
Depreciation	1,392,263	(30,735)	1,361,528
<b>Net Cash from Operating Activities</b>	<b>(35,031)</b>	<b>0</b>	<b>(35,031)</b>

**Note 16. Total Assets by Program and Activity**

Transport	42,703,489	(276,609)	42,426,880
<b>Total Assets</b>	<b>50,386,009</b>	<b>(276,609)</b>	<b>50,109,400</b>

**4 REVENUES AND EXPENSES**

**(a) Result from Ordinary Activities Result from Ordinary Activities**

(i) Charging as Expenses:

**Auditor's Remuneration**

	2013/2014 ACTUAL	2014/2015 ADOPTED BUDGET	2014/2015 ACTUAL
	\$	\$	\$
Audit of the Annual Financial Report	30,945		19,710
Audit of Acquittals	-		900
	<b>30,945</b>		<b>20,610</b>

**Depreciation**

**By Program**

Governance	20,858	37,500	28,712
Law, Order, Public Safety	4,714	7,500	3,536
Health	20,146	10,000	27,882
Education and Welfare	69,630	18,000	67,122
Housing	225,682	271,000	202,503
Community Amenities	45,756	18,500	93,372
Recreation and Culture	190,084	80,600	171,680
Transport	775,082	687,000	793,535
Economic Services	9,576	5,500	8,140
Other Property and Services	-	-	-
	<b>1,361,528</b>	<b>1,135,600</b>	<b>1,396,482</b>

**By Class**

Land and Buildings	402,963	213,920	366,715
Furniture and Equipment	20,216	20,125	15,663
Plant and Equipment	191,700	214,555	241,519
Roads and Footpaths	730,483	615,000	757,652
Recreation	16,166	72,000	14,933
	<b>1,361,528</b>	<b>1,135,600</b>	<b>1,396,482</b>

(ii) Crediting as Revenue:

**Interest Earnings**

Investments			
- Reserve Funds	32,464	33,000	27,799
- Other Funds	109	1,000	163
	<b>32,573</b>	<b>34,000</b>	<b>27,962</b>

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**4 REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objectives, Reporting Programs and Nature or Type Classifications**

The Shire of Ngaanyatjarraku is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**REPORTING PROGRAM DESCRIPTIONS**

Council operations that are disclosed encompass the following service orientated activities/programs:

**GOVERNANCE**

**Objective:** To provide a decision making process for the efficient allocation of scarce resources.

**Activities:** Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:** To collect revenue to allow for the provision of services.

**Activities:** Rates, general purpose government grants, and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:** To provide services to help ensure a safer and environmentally conscious community.

**Activities:** Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

**HOUSING**

**Objective:** To provide and maintain elderly residents housing.

**Activities:** Provision and maintenance of elderly residents housing.

**COMMUNITY AMENITIES**

**Objective:** To provide services required by the community.

**Activities:** Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:** To establish and effectively manage infrastructure and resources which will help the social well being of the community.

**Activities:** Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:** To provide safe, effective and efficient transport services to the community.

**Activities:** Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:** To help promote the shire and it's economic wellbeing.

**Activities:** Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.

**OTHER PROPERTY & SERVICES**

**Objective:** To monitor and control council's overheads operating accounts.

**Activities:** Private works operation, plant repair and operation costs and engineering operation costs.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**4 REVENUES AND EXPENSES (Continued)**

**(c) Nature or Type Classifications**

The Shire of Ngaanyatjarraku is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations

**Revenue**

**Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services. Excludes rubbish removal charges.

**Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Other Revenue**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates, etc.

**Expenditure**

**Employee Costs**

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

**Material and Contracts**

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

**Utilities (Gas, Electricity, Water, etc)**

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

**Depreciation on Non-Current Assets**

**Depreciation and amortisation expense raised on all classes of assets.**

**Loss on Asset Disposal**

Loss on the disposal of fixed assets.

**Interest Expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

**Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**Other Expenditure**

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**4 REVENUES AND EXPENSES (Continued)**

**(d) Conditions Over Grants/Contributions**

Grant/Contribution	Balance <sup>(1)</sup> 01-Jul-13 \$	Received <sup>(2)</sup> 2013/2014 \$	Expended <sup>(3)</sup> 2013/2014 \$	Closing Balance <sup>(1)</sup> 30-Jun-14 \$	Received <sup>(2)</sup> 2014/2015 \$	Expended <sup>(3)</sup> 2014/2015 \$	Closing Balance 30-Jun-15 \$
<b>Operating Grants/Contributions</b>							
<b>Governance</b>							
CLGF Grant - Forward Capital Works Plan	-	-	-	-	-	-	-
<b>Law, Order &amp; Public Safety</b>							
FESA Aware	-	-	-	-	-	-	-
Emergency Management Planning Programme	-	-	-	-	-	-	-
Community Safety & Crime Prevention	-	-	-	-	-	-	-
<b>Education and Welfare</b>							
FACSIA Grant - LSP	-	28,800	28,800	-	145,107	145,107	-
Grant - LSP - FaHCSIA	-	100,075	100,075	-	95,070	95,070	-
RLCIP Grant - Playgroup/Early Years Centre extens	-	-	-	-	601,676	-	601,676
<b>Health</b>							
Environmental Health Program	-	101,658	101,658	-	104,352	104,352	-
<b>Housing</b>							
Grant - FACSIA Youth Staff Accomodation	-	-	-	-	-	-	-
<b>Community Amenities</b>							
FaHCSIA - NJCP	-	346,762	346,762	-	323,645	323,645	-
<b>Recreation</b>							
Grant - Healthway	-	-	-	-	-	-	-
Warburton Community Resource Centre	-	-	-	-	-	-	-
<b>Transport</b>							
Govt Grants - Special Purpose	-	268,000	268,000	-	330,468	330,468	-
Grants - Direct	-	108,717	107,852	865	118,200	119,065	-
<b>Capital Grants/Contributions towards the Development of Assets</b>							
<b>Housing</b>							
Youth Accommodation – Early Years Coordinator	-	-	-	-	-	-	-
Grants - FACSIA Youth Staff Accomodation	-	-	-	-	-	-	-
<b>Recreation</b>							
Australian Govt. RLCIP	-	-	-	-	-	-	-
<b>Transport</b>							
Govt. Grant - Roads to Recovery	-	938,878	938,878	-	-	-	-
Grants - Direct	-	-	-	-	-	-	-
Grant - Road Projects Pool	-	320,356	320,356	-	548,000	548,000	-
Govt Grant - Outback Highway	-	1,040,000	910,316	129,684	1,200,000	1,329,684	-
Govt Grant - Outback Highway	-	-	-	-	-	-	-
Govt Grant - Outback Highway	-	201,600	201,600	-	-	-	-
Govt Grant - Royalties for Region	-	-	-	-	-	-	-
<b>Total Operating</b>	-	<b>954,012</b>	<b>953,147</b>	<b>865,000</b>	<b>1,718,518</b>	<b>1,117,707</b>	<b>601,676</b>
<b>Total Capital</b>	-	<b>2,500,834</b>	<b>2,371,150</b>	<b>129,684</b>	<b>1,748,000</b>	<b>1,877,684</b>	-
<b>Total Operating and Capital</b>	-	<b>3,454,846</b>	<b>3,324,297</b>	<b>130,549</b>	<b>3,466,518</b>	<b>2,995,391</b>	<b>601,676</b>

**Notes:**

(1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor

**SHIRE OF NGAANYATJARRAKU**  
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		2013/2014	2014/2015
<b>5</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>\$</b>
	Unrestricted	1,337,998	3,751,797
	Restricted	954,411	1,454,399
		<u><b>2,292,409</b></u>	<u><b>5,206,196</b></u>
	Cash on Hand	1,250	1,250
	Cash at Bank - Municipal	1,467,297	4,352,223
	Term Deposits	823,862	852,723
		<u><b>2,292,409</b></u>	<u><b>5,206,196</b></u>
	<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>		
	Various Reserve Accounts (refer note 12)	823,862	852,723
	Unspent Grants (refer note 4 (d))	130,549	601,676
		<u><b>954,411</b></u>	<u><b>1,454,399</b></u>
<b>6</b>	<b>TRADE &amp; OTHER RECEIVABLES</b>	<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Rates and Rubbish Outstanding	176,431	225,876
	Sundry Debtors	189,476	668,798
	GST Receivable	32,103	-
	Prepayments	527	527
		<u><b>398,537</b></u>	<u><b>895,201</b></u>
<b>7</b>	<b>INVENTORIES</b>	<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Fuel and Materials	87,880	33,623
		<u><b>87,880</b></u>	<u><b>33,623</b></u>
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$</b>	<b>\$</b>
	Buildings at Independent Valuation 2015	6,263,593	8,288,384
	Less Accumulated Depreciation	<u>(2,612,177)</u>	<u>(941,633)</u>
		3,651,416	7,346,751
	Furniture and Equipment at Management Valuation 2015	379,083	163,988
	Less Accumulated Depreciation	<u>(319,756)</u>	<u>(128,324)</u>
		59,327	35,664
	Plant and Equipment at Independent Valuation 2015	2,845,209	2,825,560
	Less Accumulated Depreciation	<u>(1,591,873)</u>	<u>(1,537,067)</u>
		1,253,336	1,288,493
	<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u><b>4,964,079</b></u>	<u><b>8,670,908</b></u>

The Shire's municipal buildings and residential accommodation reside on land vested in the Ngaanyatjarraku Council. The Ngaanyatjarraku Council lease land to the Shire, so that the Shire can fulfil its service obligations and accommodate staff throughout the municipality. The lease are perpetual in nature and involve a peppercorn rate. No land values therefore apply in regards to the Shire's assets.

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are at cost, given they were obtained at arm's length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be accordance with Local Government (Financial Management) Regulation 17A which requires property, plant and equipment to be shown at fair value.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**8 PROPERTY, PLANT AND EQUIPMENT (continued)**

**Movements in Carrying Amounts**

The following represents the movement in carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	3,651,415	59,327	1,253,337	4,964,079
Additions	15,730	5,063	132,121	152,914
Disposals	(6,250)	(13,063)	(45,852)	(65,165)
Revaluation increments/(decrements)	4,052,570	-	190,407	4,242,977
Depreciation expense	(366,715)	(15,663)	(241,519)	(623,897)
Carrying amount at end of the year	<b>7,346,750</b>	<b>35,664</b>	<b>1,288,494</b>	<b>8,670,908</b>

**9 INFRASTRUCTURE**

	2013/2014 \$	2014/2015 \$
Roads & Footpaths - At Independent Valuation	52,757,540	112,504,070
Less Accumulated Depreciation	<u>(10,524,096)</u>	<u>(15,310,925)</u>
	42,233,444	97,193,145
Recreation Assets - At Management Valuation	412,993	412,993
Less Accumulated Depreciation	<u>(279,941)</u>	<u>(294,874)</u>
	133,052	118,119
Aerodromes - Cost	-	-
Less Accumulated Depreciation	<u>-</u>	<u>-</u>
	-	-
<b>TOTAL INFRASTRUCTURE</b>	<b><u>42,366,496</u></b>	<b><u>97,311,264</u></b>

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads & Footpaths	Recreation	Aerodromes	Total
	\$	\$	\$	\$
Balance at the beginning of the year	42,233,444	133,052	-	42,366,496
Additions	2,223,913	-	-	2,223,913
Depreciation expense	(757,652)	(14,933)	-	(772,585)
Revaluation increments/(decrements)	53,493,440	-	-	53,493,440
Carrying amount at end of the year	<b>97,193,145</b>	<b>118,119</b>	<b>-</b>	<b>97,311,264</b>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are at cost, given they were obtained at arm's length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be accordance with Local Government (Financial Management) Regulation 17A which requires infrastructure to be shown at fair value.

**10 TRADE AND OTHER PAYABLES**

**Current**

	2013/2014 \$	2014/2015 \$
Sundry Creditors	297,926	221,651
	<b><u>297,926</u></b>	<b><u>221,651</u></b>

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>11</b>	<b>PROVISIONS</b>	<b>2013/2014</b>		
		\$	2014/2015	
			\$	
	<b>Current</b>			
	Provision for Annual Leave	120,239	127,881	
	Provision for Long Service Leave	40,240	65,466	
		<u>160,479</u>	<u>193,347</u>	
	<b>Non-Current</b>			
	Provision for Long Service Leave	39,494	40,633	
		<u>39,494</u>	<u>40,633</u>	
			<b>2013/2014</b>	<b>2014/2015</b>
			<b>Actual</b>	<b>Budget</b>
			<b>2014/2015</b>	<b>Actual</b>
<b>12</b>	<b>RESERVES - CASH/INVESTMENT BACKED</b>			
	<b>(a) Asset Replacement, Acquisition and Development Reserve</b>			
	Balance brought forward 1st July	866,713	759,689	759,690
	Plus transfer from General Purpose Funding	32,977	730,500	26,613
	Less transfer To General Purpose Funding	(140,000)	-	-
	<b>BALANCE AS AT 30TH JUNE</b>	<u>759,690</u>	<u>1,490,189</u>	<u>786,303</u>
	<b>(b) Cultural Centre Reserve</b>			
	Balance brought forward 1st July	61,735	64,173	64,172
	Plus transfer from General Purpose Funding	2,437	2,500	2,248
	Less transfer To General Purpose Funding			
	<b>BALANCE AS AT 30TH JUNE</b>	<u>64,172</u>	<u>66,673</u>	<u>66,420</u>
	<b>TOTAL RESERVES</b>	<u>823,862</u>	<u>1,556,862</u>	<u>852,723</u>
	<b>Summary of Reserve Transfers</b>			
	<b>Transfers to Reserves</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2014/2015</b>
		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
		\$	\$	\$
	Asset Replacement, Acquisition and Development Reserve	32,977	730,500	26,613
	Cultural Centre Reserve	2,437	2,500	2,248
		<u>35,414</u>	<u>733,000</u>	<u>28,861</u>
	<b>Transfers from Reserves</b>			
	Asset Replacement, Acquisition and Development Reserve	(140,000)	-	-
	Cultural Centre Reserve			
		<u>(140,000)</u>	<u>-</u>	<u>-</u>
	<b>Total Transfer to/(from) Reserves</b>	<u>(104,586)</u>	<u>733,000</u>	<u>28,861</u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 to this financial report.

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

**Asset Replacement, Acquisition and Development Reserve**

To provide and replace the necessary Equipment, Furniture, Plant, Buildings and Infrastructure comprising of Roads, Drains, Footpaths and Recreational Reserves.

**Cultural Centre Reserve**

To provide for the successful operation of the Cultural Centre as provided for in clause 8.2 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarra Council (Aboriginal Corporation), transfers to the reserve represent surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire.

**SHIRE OF NGAANYATJARRAKU**  
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**13 REVALUATION SURPLUS**

The following Asset Revaluation Surplus has resulted from the revaluation of Council Assets in accordance with the AASB 116 - "Property, Plant and Equipment".

The Asset Revaluation Surplus is not Cash Backed and future transactions on the Surplus will be in accordance with Note 1.3.0 "Non Current Assets - Valuation and Depreciation".

The amount in the Asset Revaluation Surplus is represented by the following Asset Class balances:

	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Closing Balance
Land	-	-	-	-
Buildings	-	4,052,570	-	4,052,570
Furniture & Equipment	-	-	-	-
Plant & Equipment	-	190,407	-	190,407
Infrastructure - Roads & Footpaths	-	53,493,440	-	53,493,440
Infrastructure - Recreation	-	-	-	-
<b>Revaluation Reserve</b>	<b>-</b>	<b>57,736,417</b>	<b>-</b>	<b>57,736,417</b>

**14 NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2013/2014 Actual	2014/2015 Adopted Budget	2014/2015 Actual
Cash and Cash Equivalents	<b>2,292,409</b>	<b>2,091,352</b>	<b>5,206,196</b>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net Result	765,930	1,845,396	4,313,641
Depreciation	1,361,528	1,135,600	1,396,482
(Profit)/Loss on Sale of Asset	(8,448)	-	21,115
(Increase)/Decrease in Receivables	705,340	150,000	(497,726)
(Increase)/Decrease in Inventories	(37,981)	(5,000)	54,257
Increase/(Decrease) in Payables	(338,915)	341,184	(76,275)
Increase/(Decrease) in Accrued Income	2,950	-	1,062
Increase/(Decrease) in Employee Provisions	15,399	41,762	34,008
Grants/Contributions for the Development of Assets	(2,500,834)	(2,363,716)	(2,349,676)
(Increment)/Decrement - Assets	-	-	-
<b>Net Cash from Operating Activities</b>	<b>(35,031)</b>	<b>1,145,226</b>	<b>2,896,888</b>

**(c) Undrawn Borrowing Facilities**

	2013/2014 \$	2014/2015 \$
Credit Standby Arrangements	-	-
Credit Card Limit	4,000	8,000
Credit Card at Balance Date	(1,429)	(3,109)
<b>Total Amount of Credit Unused</b>	<b>2,571</b>	<b>4,891</b>

**15 CONTINGENT LIABILITIES**

The Council is not aware of any contingent liability that may arise in relation to the day to day operations and activities of the Shire of Ngaanyatjarraku for the period under review

**16 TRUST FUNDS**

	Balance 01-Jul-14 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-15 \$
There was no monies held in trust fund during the year ended 30 June 2015	-	-	-	-
	-	-	-	-

**SHIRE OF NGAANYATJARRAKU**  
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**17 FINANCIAL INFORMATION BY RATIOS**

	2012/2013	2013/2014	2014/2015
Current Ratio	3.16	3.98	11.28
Asset Sustainability Ratio	0.45	1.72	1.70
Debt Service Cover Ratio <sup>1</sup>	N/A	N/A	N/A
Operating Surplus Ratio	(0.98)	(2.46)	2.83
Own Source Revenue Ratio	0.12	0.12	0.11

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current Assets Minus Restricted Assets}}{\text{Current Liabilities - Liabilities Associated with Restricted Assets}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$
Debt Service Cover Ratio	$\frac{\text{Annual Operating Surplus before Interest and Depreciation}}{\text{Principal and Interest}}$
Operating Surplus Ratio	$\frac{\text{Operating Revenue minus Operating Expense}}{\text{Own Source Operating Revenue}}$
Own Source Revenue Ratio	$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$

**ADDITIONAL RATIOS**

The following information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.

	2012/2013	2013/2014	2014/2015
Asset Consumption Ratio	0.79	0.75	0.85
Asset Renewal Funding Ratio <sup>2</sup>	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

<sup>1</sup> The Shire is currently debt free and as such this ratio is not applicable.

<sup>2</sup> As at the reporting date, the Shire had not completed its Long Term Financial Plan and therefore is unable to calculate its Asset Renewal Funding Ratio for 2014/2015.

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012/2013 and 2013/2014) have not been reported as financial information is not available. Further, the Shire had not completed its Long Term Financial Plan and therefore is unable to calculate its Asset Renewal Funding Ratio for 2014/2015.

**18 TOTAL ASSETS CLASSIFIED BY PROGRAM AND ACTIVITY**

	2013/2014 Actual \$	2014/2015 Actual \$
Governance	97,498	143,957
Law, Order, Public Safety	14,143	16,000
Health	184,578	146,109
Education and Welfare	543,654	995,134
Housing	2,009,730	5,025,066
Community Amenities	435,629	383,970
Recreation and Culture	1,564,196	1,797,245
Transport	42,426,880	97,421,442
Economic Services	54,267	53,250
Unallocated	2,778,825	6,135,019
	<b>50,109,400</b>	<b>112,117,192</b>

**SHIRE OF NGAANYATJARRAKU**  
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**19 ACQUISITION OF ASSETS**

Land & Buildings	Motor Vehicles	Plant & Equipment	Furniture & Equipment	Infrastructure Roads & Other	Totals
Actual 2014-2015	Actual 2014-2015	Actual 2014-2015	Actual 2014-2015	Actual 2014-2015	Actual 2014-2015
\$	\$	\$	\$	\$	\$

**By Program**

**Governance**

Office Equipment - Computer

1,314

1,314

**Housing**

Furniture - Staff Housing

3,749

3,749

**Recreation and Culture**

Cemetery Shelter - Warburton

15,730

15,730

**Other Property and Services**

Purchase of Vehicle - Station Wagon

132,121

132,121

**Transport**

All Community roads - including Great Central

2,223,913

2,223,913

<b>15,730</b>	<b>-</b>	<b>132,121</b>	<b>5,063</b>	<b>2,223,913</b>	<b>2,376,827</b>
---------------	----------	----------------	--------------	------------------	------------------

**By Class**

Land and Buildings

15,730

Motor Vehicles

-

Plant and Equipment

132,121.0000

Furniture and Equipment

5,063

Infrastructure Assets

2,223,913

**2,376,827**

**20 DISPOSAL OF ASSETS - 2014/2015 FINANCIAL YEAR**

The following assets were disposed of during the year

	Proceeds Sale of Assets		Written Down Value		Gain/(Loss) on Disposal	
	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
<b>Asset by Class</b>						
Land and Buildings	-	-	-	6,250	-	(6,250)
Furniture and Equipment	-	-	-	13,063	-	(13,063)
Plant and Equipment	106,000	44,050	106,000	45,852	-	(1,802)
<b>TOTAL</b>	<b>106,000</b>	<b>44,050</b>	<b>106,000</b>	<b>65,165</b>	<b>-</b>	<b>(21,115)</b>

**Assets by Program**

General Administration

-

3,605

(3,605)

Health

26,000

-

26,000

109

(109)

Education and Welfare

30,000

44,050

30,000

43,967

83

Housing

-

-

280

(280)

Community Amenities

-

-

8,332

(8,332)

Recreation and Culture

22,000

22,000

8,786

(8,786)

Transport

28,000

28,000

86

(86)

**TOTAL**

**106,000**

**44,050**

**106,000**

**65,165**

**-**

**(21,115)**

	2013/2014 Actual	2014/2015 Budget	2014/2015 Actual
	\$	\$	\$
<b>Summary</b>			
Profit on Asset Disposals	14,731	-	-
Loss on Asset Disposals	(6,283)	-	(21,115)
<b>TOTAL</b>	<b>8,448</b>	<b>-</b>	<b>(21,115)</b>

**21 INFORMATION ON BORROWINGS**

- (a) The Council has not undertaken the borrowing of any money under section 6.20 of the Local Government Act.
- (b) No overdraft facilities currently exist with the local government's bank.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22 RATING INFORMATION - 2014/2015 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$	Budget Total Revenue \$
<b>General Rate UV</b>	0.17	83	2,060,818	350,339		350,339	350,713
Interim Rates- General					(37,913)	(37,913)	
Rates Written Off						-	
<b>Sub-Totals</b>		<b>83</b>	<b>2,060,818</b>	<b>350,339</b>	<b>(37,913)</b>	<b>312,426</b>	<b>350,713</b>
<b>Minimum Rates</b>	<b>Min Rate</b>						
UV - Rural/Mining	220	3		660		660	
<b>Sub-Totals</b>		<b>3</b>	<b>-</b>	<b>660</b>	<b>-</b>	<b>660</b>	<b>-</b>
<b>Sub Total General Purpose Rate Revenue</b>						313,086	350,713
Ex-Gratia Rates						64,882	64,882
<b>Totals</b>						<b>377,968</b>	<b>415,595</b>

**23 SPECIFIED AREA RATE - 2014/2015 FINANCIAL YEAR**

Council did not raise any specified area rates during the 2014/2015 financial year.

**24 SERVICE CHARGES - 2014/2015 FINANCIAL YEAR**

Council did not raise any service charges during the 2014/2015 financial year.

**25 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**

**(a) Discounts**

The Council does not offer a discount on rates for those who pay their rates in full within 35 days of the date of service appearing on the rate notice.

**(b) Write-Offs**

The Council did not write off any rates during the financial year ending 30 June 2015.

**(c) Waivers**

The Council did not offer any waivers during the financial year ending 30 June 2015.

**(d) Concessions**

The Council has not offered any concessions.

**26 INTEREST CHARGES AND INSTALMENTS - 2014/2015 FINANCIAL YEAR**

Pursuant to Section 6.51 of the Local Government Act and Financial Management Regulation 27(a) the Shire of Ngaanyatjarraku imposed the following rate of interest applicable for the late payment of rates to apply as follows:

(a) Where no election has been made to pay the rate charge by instalments due:

- (i) after it becomes due and payable; or
- (ii) 3 calendar months after the date of issue of the rate notice; which ever is the later.

(b) Where an election has been made to pay the rate charge by instalments and an instalment remains unpaid after its due and payable. The revenue from the imposition of interest for the 2014/2015 financial year amounted to NIL as the Council did not impose interest on the late payment of rates.

(c) Pursuant to Section 6.45 of the Local Government Act and Financial Management Regulation 27 (c) the due dates of each instalment was as follows:

1st Instalment	14th November 2014
2nd Instalment	16th January 2015
3rd Instalment	20th March 2015
4th Instalment	22nd May 2015

**SHIRE OF NGAANYATJARRAKU**  
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	2013/2014 Actual \$	2014/2015 Budget \$	2014/2015 Actual \$
<b>27 FEES &amp; CHARGES</b>			
General Purpose Funding	-	-	-
Governance	2,085	6,500	237
Law, Order, Public Safety	-	-	-
Health	1,800	1,800	-
Education & Welfare	1,005	4,000	576
Housing	31,636	35,000	23,175
Community Amenities	72,739	74,500	78,062
Recreation & Culture	148,357	157,000	139,700
Transport	-	-	-
Economic Services	3,300	11,500	3,045
Other Property & Services	-	15,050	-
	<b>260,922</b>	<b>305,350</b>	<b>244,795</b>

There were no changes during the year to the amount of the fees and charges detailed in the original budget.

**28 GRANTS, SUBSIDIES & CONTRIBUTIONS**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2013/2014 Actual \$	2014/2015 Actual \$
<b>(a) By Nature &amp; Type:</b>		
Operating Grants, Subsidies and Contributions	3,414,257	8,167,444
Non-Operating Grants, Subsidies and Contributions	2,500,834	1,748,000
	<b>5,915,091</b>	<b>9,915,444</b>
<b>(b) By Program:</b>		
General Purpose Funding	2,429,955	6,410,490
Governance	28,194	21,187
Law, Order, Public Safety	-	-
Health	101,658	119,876
Education & Welfare	128,875	841,853
Housing	-	-
Community Amenities	346,762	323,645
Recreation and Culture	2,096	1,725
Transport	2,877,551	2,196,668
Economic Services	-	-
Other Property & Services	-	-
	<b>5,915,091</b>	<b>9,915,444</b>

**29 EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

2012/2013	2013/2014	2014/2015
16	17	19

**30 COUNCILLORS' REMUNERATION**

The following fees, expenses and allowances were paid to Council members and/or the President.

	2013/2014 Actual \$	2014/2015 Budget \$	2014/2015 Actual \$
Meeting Fees	10,584	23,325	12,355
President's Allowance	3,500	3,500	3,500
Deputy President's Allowance	875	875	875
Travelling Expenses	16,033	20,000	12,908
Telecommunications Allowance	-	-	-
	<b>30,992</b>	<b>47,700</b>	<b>29,638</b>

**31 MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2014/2015 financial year

**32 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or mayor trading undertakings during the 2014/2015 financial year

**33 ECONOMIC DEPENDENCY**

The Shire is dependent upon the ongoing receipt of grants from the Federal and State Government to ensure the continuance of its services. The Council has no reason to believe the Federal and State Government will not continue to support the Shire.

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**34 EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting period required to be included in the 2014/2015 Annual Financial Report.

**35 FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risk including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk

Financial risk management is carried out by the finance area under policies approved by the Shire. The Shire held the following financial instruments at balance date.

	Carrying Value		Fair Value	
	2013/2014	2014/2015	2013/2014	2014/2015
<b>Financial Assets</b>				
Cash and cash equivalents	2,292,409	5,206,196	2,292,409	5,206,196
Receivables	398,537	895,201	398,537	895,201
	<b>2,690,946</b>	<b>6,101,397</b>	<b>2,690,946</b>	<b>6,101,397</b>
<b>Financial Liabilities</b>				
Payables	297,926	221,651	297,926	221,651
	<b>297,926</b>	<b>221,651</b>	<b>297,926</b>	<b>221,651</b>

Fair value is determined as follows:

- \* Cash and Cash Equivalents, Receivables, Payables - estimated to be the carrying value which approximates net market value.

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Section manages the cash and investments portfolio with the assistance of independent advisers. The Shire has an investment policy which complies with the relevant legislations. The policy is regularly reviewed by the Shire and an Investment Report provided to the Shire monthly setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

Cash and cash equivalents are also subject to interest rate risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. The Shire also seeks advice from its independent advisers before placing any cash in investments.

	30-June-2014	30-June-2015
	\$	\$
<b>Impact of a 1% (*) movement in interest rates on cash and cash equivalents</b>		
· Equity	\$8,239	\$8,527
· Statement of Comprehensive Income	\$8,239	\$8,527
	(#)	(#)

The Council's cash investment portfolio as at the 30 June 2015 totalling \$852,723 is held in an interest bearing deposit with the Westpac Bank. The balance of the funds held by the council at 30 June 2015 are in a cash management account with the Westpac Bank. The likelihood of the capital value of these financial instruments fluctuating due to changes in the market prices would appear to be minimal.

The impact on the Council's \$852,723 cash investment portfolio in the event of a 1% movement in market interest rates could result in investment returns being reduced by up to \$8,527

**Notes:**

\* Sensitivity percentages based on management's expectation of future possible market movements.(Interest rate movements calculated on cash and cash equivalents)

# Maximum impact.

**SHIRE OF NGAANYATJARRAKU**  
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**35 FINANCIAL RISK MANAGEMENT (continued)**

**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

The level of outstanding receivables is reported to the Shire monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	30-June-2014 %	30-June-2015 %
<b>Percentage of Rates Collected</b>		
· Current	55.64%	53.86%
· Overdue	44.36%	46.14%

The rates collectable as per the statement of rating information total (excluding exgratia rates) \$313,086 . The rate arrears as at 30 June 2014 (after deducting the provision for doubtful debts) was \$176,431 and at 30 June 2015 the arrears totalled (after deducting the provision for doubtful debts) \$225,876. The rate collection percentage of the Council for the financial year ended 30 June 2015 was therefore 55.64%.

	30-June-2014 %	30-June-2015 %
<b>Percentage of Other Receivables</b>		
· Current	45%	97%
· Overdue	55%	3%

Current Other Receivables represents 30 days or less and Overdue more than 30 days

**(c) Payables**

Payables are subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash-flows of the Shire's Payables are set out in the Liquidity Sensitivity Table Below:

		Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	<u>2015</u>	221,651	-	-	221,651	221,651
		<u>221,651</u>	<u>-</u>	<u>-</u>	<u>221,651</u>	<u>221,651</u>
Payables	<u>2014</u>	297,926	-	-	297,926	297,926
		<u>297,926</u>	<u>-</u>	<u>-</u>	<u>297,926</u>	<u>297,926</u>

See note 21 on Loan Borrowings. The local government is debt free.

**36 FAIR VALUE MEASUREMENTS**

The Shire measures the following non-current assets on a recurring basis:

Property Plant and Equipment  
- Land  
- Buildings  
- Furniture and Equipment  
- Plant and Equipment

Infrastructure  
- Road Infrastructure  
- Recreation Assets

Intangibles  
- Intangibles

**SHIRE OF NGAANYATJARRAKU**  
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**36 FAIR VALUE MEASUREMENTS (continued)**

The following table provides the fair values of the Shire's non current assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

**Recurring Fair Value Measurements**

	<b>30-Jun-15</b>				Total
	Level 1	Level 2	Level 3	Level 4	
Building			7,346,751		7,346,751
Plant and Equipment		1,288,494			1,288,494
Furniture and Equipment			35,664		35,664
Road Infrastructure			97,193,145		97,193,145
Recreation Asset			118,118		118,118
Intangibles					
	-	<b>1,288,494</b>	<b>104,693,678</b>	-	<b>105,982,172</b>

	<b>30-Jun-14</b>				Total
	Level 1	Level 2	Level 3	Level 4	
Building		1,253,336			1,253,336
Plant and Equipment					
Furniture and Equipment					
Road Infrastructure					
Recreation Asset					
Intangibles					
	-	<b>1,253,336</b>	-	-	<b>1,253,336</b>

**(a) Transfers Policy**

The policy of the Shire is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers in and out of Levels 1, 2 or 3 measurements.

**(b) Highest and Best Use**

There were no assets valued where it was assumed that the highest and best use was other than their current use.

**(c) Valuation techniques and inputs used to derive fair values**

The following table summarises valuation inputs and techniques used to determine the fair value for each asset class.

Asset Class	Level of Valuation Input	Valuation Technique(s)	Basis of valuation	Date of last Valuation	Fair Value at 30 June 2015	Inputs Used
<b>Property Plant and Equipment</b>						
Land			N/A			Not Required
Buildings	Level 3	Cost Approach	Independent	30/06/2015	7,346,751	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Furniture and Equipment	Level 3	Cost Approach	Management	30/06/2015	1,288,494	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Plant and Equipment	Level 2	Market Approach	Independent	30/06/2015	35,664	Make, size, year of manufacture and condition.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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36 **FAIR VALUE MEASUREMENTS (Continued)**

**(c) Valuation techniques and inputs used to derive fair values (Continued)**

Asset Class	Level of Valuation Input	Valuation Technique(s)	Basis of valuation	Date of last Valuation	Fair Value at 30 June 2015	Inputs Used
<b>Infrastructure</b>						
Road Infrastructure	Level 3	Cost Approach	Independent	30/06/2015	97,193,145	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Recreation Assets	Level 3	Cost Approach	Management	30/06/2015	118,118	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
<b>Total</b>					<u><u>105,982,172</u></u>	

The timing of valuation(s) complies with the statutory requirement of regulation 17A of the Local Government (Financial Management) Regulations 1996; which requires specific asset classes to be revalued by a specific date.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of the above asset classes using either level 2 or level 3 inputs.

**Recurring fair value measurements**

In order to estimate the price implied by the appropriate basis of value, the valuer will need to apply one or more valuation approaches. A valuation approach or method refers to generally accepted analytical methodologies that are in common use.

There are two basis of valuations the Shire undertakes;

1. Independent
2. Management

**Independent**

The Shire engages an external, independent and qualified valuer to determine the fair value of the Shire's non current assets. The Shire and the valuer(s) have regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology is reviewed with the valuer to ensure that the valuations and the output from the valuer would be fully compliant with the related Accounting Standards. In accordance with the mandatory asset measurement framework detailed at Note 1(g) the Shire prepare the revaluation of its non current assets on a regular basis.

**Management**

In accordance with AASB13 and legislative requirements, the Shire conducted internal management revaluations of its assets as at 30 June 2015. These valuations were completed using the Cost Approach, or commonly referred to as Depreciated Replacement Cost (DRC). The cost approach is deemed to be a Level 3 Input. The valuations were prepared inhouse based on staff knowledge of the regional area that the shire operates in, the costs involved in acquiring assets. The valuation process also considers the risk of getting the value materially incorrect and the impact this would have on the financial report.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material, a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

As at 30 June 2015 revaluations were undertaken by The Shire for the following non current asset classes:

**- Buildings**

The shire's building and improvement assets are considered to be of a 'specialised nature' (non-market type properties which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the depreciated replacement cost (DRC).

The 'DRC' approach considers the cost (sourced from cost guides such as Rawlinson's, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to produce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence. The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the shire's building and improvement assets were classified as having been valued using Level 3 valuation inputs.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**36 FAIR VALUE MEASUREMENTS (Continued)**

**(c) Valuation techniques and inputs used to derive fair values (Continued)**

**- Plant and Equipment**

Plant and equipment assets were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the Shire's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Plant and equipment will be revalued during the year ending 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(c).

**- Furniture and Equipment**

The Shire has identified that historical cost is an appropriate surrogate because any difference between fair value and depreciated historical cost is unlikely to be material. In other words, it equates with fair value in all material respects. Further, the benefit of ascertaining a more accurate fair value does not justify the additional cost of obtaining it. The use of a surrogate is to avoid the necessity of obtaining market evidence given that the difference is likely to be immaterial.

**- Road Infrastructure**

The shire's infrastructure assets are considered to be of a 'specialised nature' (non-market type fixtures which are not readily traded in the market place). The Shire conducted internal management revaluations of its assets as at 30 June 2015 assisted by Core Business Australia who prepared inputs for management. These valuations were completed using the Cost Approach, or commonly referred to as Depreciated Replacement Cost (DRC). The cost approach is deemed to be a Level 3 Input. The valuations were prepared inhouse based on qualified civil engineering consultants expertise and staff knowledge of the regional area that the shire operates in, the costs involved in acquiring assets. The valuation process also considers the risk of getting the value materially incorrect and the impact this would have on the financial report.

**- Recreation Assets**

The Shire has identified that historical cost is an appropriate surrogate because any difference between fair value and depreciated historical cost is unlikely to be material. In other words, it equates with fair value in all material respects. Further, the benefit of ascertaining a more accurate fair value does not justify the additional cost of obtaining it. The use of a surrogate is to avoid the necessity of obtaining market evidence given that the difference is likely to be immaterial.

Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

**(d) Quantitative Information about significant unobservable inputs and relationships to fair value**

The following table summarises the quantitative information about the key significant unobservable inputs (Level 3 fair value hierarchy), the ranges of those inputs and the relationships of unobservable inputs to the fair value measurements.

Description and fair value as at 30 June 2015	Valuation Technique	Unobservable Inputs	Range of Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Buildings	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$734,675
Furniture and Equipment	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$3,566
Road Infrastructure	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$9,719,314
Recreation Assets	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$11,811

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**36 FAIR VALUE MEASUREMENTS (Continued)**

**(e) Valuation Processes**

The shire engaged external, independent and qualified valuers to determine the fair value of the shire's building assets (Opteon Property Group). The shire and the valuer had regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology was reviewed with the valuer to ensure the valuations and the output from the valuer would be fully compliant with the related Accounting Standards.

An annual assessment is undertaken of all classes of assets to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material, a revaluation is undertaken either by comprehensive valuation or by applying an interim revaluation using appropriate indices.

A combination of level 2 and 3 inputs are derived and evaluated as follows:

**Relationship between asset consumption rating scale and the level of consumed service potential**

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on legal and commercial obsolescence and the determination of the depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of the Shire's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against the Shire's own understanding of the assets and the level of remaining service potential.

**SHIRE OF NGAANYATJARRAKU**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the SHIRE OF NGAANYATJARRAKU being the annual financial report and supporting notes and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the SHIRE OF NGAANYATJARRAKU at 30 June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 8th day of September 2017



Christopher Paget  
Chief Executive Officer

## INDEPENDENT AUDITOR'S REPORT

### TO: THE RATEPAYERS OF SHIRE OF NGAANYATJARRAKU

#### Report on the Financial Report

##### Opinion

We have audited the financial report of **Shire of Ngaanyatjarraku** (the Council), which comprises the Statement of Financial position as at 30 June 2015, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Rate Setting Statement and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the accompanying financial report of the **Shire of Ngaanyatjarraku** is in accordance with the *Local Government Act 1995* (as amended), including:

- (a) giving a true and fair view of the financial position of the **Shire of Ngaanyatjarraku** as at 30 June 2015 and of its financial performance for the year then ended; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

#### Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) Except as detailed below, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.

- Submission of Annual Financial Report

The accounts and annual financial report for the year ended 30 June 2015 were not submitted to the auditor by 30 September 2015 as required by Section 6.4(3) of the *Local Government Act 1995*.



## INDEPENDENT AUDITOR'S REPORT (Cont'd)

- (c) In relation to the asset consumption ratio (presented at **Note 17** of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
- (i) reasonably calculated; and
  - (ii) based on verifiable information.

As at the reporting date, the Council had not completed the Long Term Financial Plan and therefore was unable to calculate its Asset Renewal Funding Ratio.

- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

### **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 auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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 management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2015, 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.

### **Responsibilities of the Management for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal controls as management 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.

# INDEPENDENT AUDITOR'S REPORT (Cont'd)

## Auditor's Responsibilities 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 the management.
- 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.

We communicate with the management 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.

## Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **Shire of Ngaanyatjarraku** for the year ended 30 June 2015 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

  
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**MACRI PARTNERS**  
**CERTIFIED PRACTISING ACCOUNTANTS**  
**SUITE 2, 137 BURSWOOD ROAD**  
**BURSWOOD WA 6100**

  
\_\_\_\_\_  
**A MACRI**  
**PARTNER**

**PERTH**  
**DATED THIS 8TH DAY OF SEPTEMBER 2017.**

