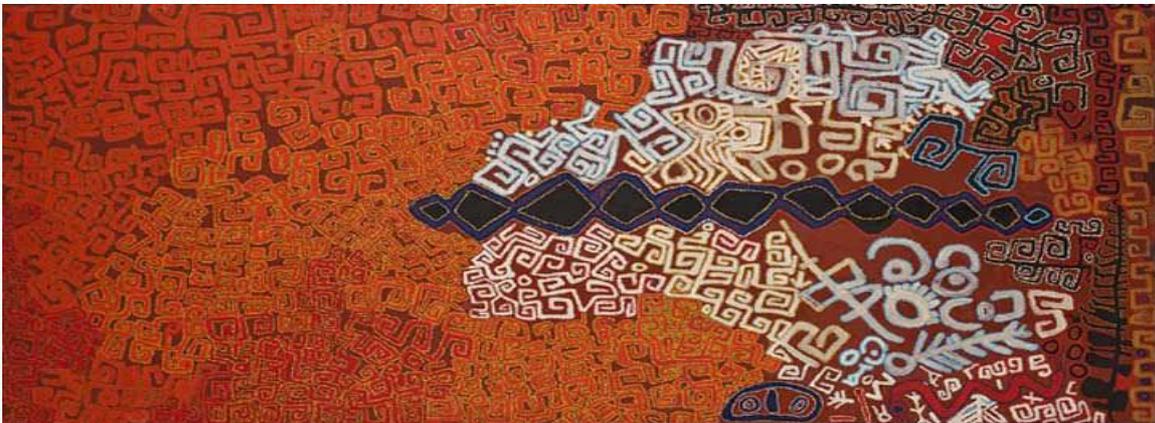


Annual Financial Statements for the year ended 30 June 2013



Shire of **Ngaanyatjaraku**
ON A JOURNEY



Untitled – Cyril Holland 1993 (image courtesy of Warburton Arts Project)

SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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 2013 are in my opinion properly drawn up to present fairly the financial position of the SHIRE OF NGAANYATJARRAKU at 30 June 2013 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 9th day of July 2014



Christopher Paget
Chief Executive Officer

Shire of Ngaanyatjarraku
Annual Financial Statements 2012-2013

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SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2013

2011/2012 ACTUAL		NOTES	2012/2013 ADOPTED BUDGET	2012/2013 ACTUAL
\$			\$	\$
	REVENUE			
304,638	Rates	19	357,938	344,170
6,112,684	Operating Grants, Subsidies & Contributions	25	3,422,713	5,140,322
129,828	Fees & Charges	24	338,950	290,675
-	Service Charges	21	-	-
59,279	Interest Earnings	2(a)	64,000	48,212
32,624	Other Revenue		72,800	42,102
6,639,053			4,256,401	5,865,481
	EXPENSES			
(1,498,224)	Employee Costs		(2,052,658)	(1,743,514)
(2,833,116)	Materials & Contracts		(3,338,135)	(3,182,296)
(102,074)	Utilities		(115,250)	(97,670)
(1,306,167)	Depreciation	2(a)	(1,135,600)	(1,303,405)
-	Interest Expenses	2(a)	-	-
(121,957)	Insurance Expenses		(143,812)	(129,626)
(207,868)	Other Expenditure		(165,110)	(76,679)
(6,069,406)			(6,950,565)	(6,533,190)
	OTHER ITEMS			
-	Assets Revaluation - Decrement		-	(134,834)
1,504,343	Non-Operating Grants, Subsidies & Contributions	25	3,484,627	3,713,565
7,585	Profit on Asset Disposals	17	-	54,615
(5,669)	Loss on Asset Disposal	17	-	(6,631)
1,506,259	Total Other Items		3,484,627	3,626,715
2,075,906	NET RESULT		790,463	2,959,006
-	Other Comprehensive Income		-	-
-	Total Other Comprehensive Income		-	-
2,075,906	TOTAL COMPREHENSIVE INCOME		790,463	2,959,006

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 2013

2011/2012 ACTUAL		NOTES	2012/2013 ADOPTED BUDGET	2012/2013 REVISED BUDGET	2012/2013 ACTUAL
\$			\$	\$	\$
	REVENUE	2(a)			
5,511,552	General Purpose Funding		2,641,484	2,641,484	4,556,987
38,964	Governance		48,000	48,000	47,221
280	Law, Order, Public Safety		200	200	13,930
106,427	Health		158,620	158,620	98,220
107,126	Education & Welfare		840,149	889,054	178,904
30,059	Housing		40,000	65,000	58,284
377,492	Community Amenities		460,670	460,670	380,474
152,435	Recreation & Culture		247,000	247,000	179,122
1,798,377	Transport		3,256,255	4,956,255	4,089,110
6,349	Economic Services		33,500	33,500	18,975
14,336	Other Property & Services		15,150	15,150	5,804
8,143,397			7,741,028	9,514,933	9,627,031
	EXPENSES	2(a)			
(13,538)	General Purpose Funding		(19,461)	(19,461)	(15,082)
(137,142)	Governance		(254,939)	(366,439)	(158,209)
(88,210)	Law, Order, Public Safety		(80,475)	(95,475)	(80,843)
(338,323)	Health		(316,740)	(331,740)	(323,374)
(665,274)	Education & Welfare		(1,013,743)	(882,648)	(928,798)
(505,607)	Housing		(407,559)	(432,559)	(411,581)
(598,402)	Community Amenities		(730,042)	(640,042)	(568,382)
(907,338)	Recreation & Culture		(1,082,928)	(1,101,928)	(1,076,849)
(2,597,025)	Transport		(2,792,193)	(2,792,193)	(2,740,543)
(201,509)	Economic Services		(204,267)	(204,267)	(199,889)
(15,123)	Other Property & Services		(48,218)	(68,218)	(29,641)
(6,067,491)			(6,950,565)	(6,934,970)	(6,533,191)
	OTHER ITEMS				
	- Assets Revaluation - Decrement		-	-	(134,834)
	- Total Other Items		-	-	(134,834)
2,075,906	NET RESULT		790,463	2,579,963	2,959,006
	- Other Comprehensive Income		-	-	-
	- Total Other Comprehensive Income		-	-	-
2,075,906	TOTAL COMPREHENSIVE INCOME		790,463	2,579,963	2,959,006

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

2011/2012 ACTUAL		NOTES	2012/2013 ACTUAL
\$			\$
	CURRENT ASSETS		
2,927,595	Cash and Cash Equivalents	3	2,174,110
659,246	Trade & Other Receivables	4	1,106,825
67,722	Inventories	5	49,899
3,654,563	TOTAL CURRENT ASSETS		3,330,834
	NON-CURRENT ASSETS		
5,328,772	Property, Plant and Equipment	6	5,079,161
37,718,765	Infrastructure	7	41,564,333
43,047,537	TOTAL NON-CURRENT ASSETS		46,643,494
46,702,100	TOTAL ASSETS	15	49,974,328
	CURRENT LIABILITIES		
355,511	Trade & Other Payables	8	636,841
114,046	Provisions	9	122,942
469,557	TOTAL CURRENT LIABILITIES		759,783
	NON-CURRENT LIABILITIES		
38,636	Provisions	9	61,632
38,636	TOTAL NON-CURRENT LIABILITIES		61,632
508,193	TOTAL LIABILITIES		821,415
46,193,907	NET ASSETS		49,152,913
	EQUITY		
45,073,712	Retained Surplus		48,224,465
1,120,195	Reserves - Cash/Investment Backed	10	928,448
46,193,907	TOTAL EQUITY		49,152,913

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 2013**

	NOTES	RETAINED SURPLUS	RESERVES	TOTAL EQUITY
		\$	\$	\$
Balance as at 30 June 2011		43,053,233	1,064,768	44,118,001
Net Result		2,075,906	-	2,075,906
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	(55,427)	55,427	-
Balance as at 30 June 2012		45,073,712	1,120,195	46,193,907
Net Result		2,959,006	-	2,959,006
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	191,747	(191,747)	-
Balance as at 30 June 2013		48,224,465	928,448	49,152,913

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 2013**

2011/2012 ACTUAL		NOTES	2012/2013 ADOPTED BUDGET	2012/2013 ACTUAL
\$	Cash Flows From Operating Activities		\$	\$
	Receipts			
302,196	Rates		396,559	322,153
6,267,362	Operating Grants, Subsidies and Contributions		3,594,207	4,767,203
86,050	Fees and Charges		375,157	348,771
55,596	Interest Earnings		59,333	43,369
413,727	Goods and Services Tax Refund		51,889	1,228,234
32,624	Other Revenue		965,000	42,019
7,157,555			5,442,145	6,751,749
	Payments			
(1,491,769)	Employee Costs		(1,874,175)	(1,710,857)
(3,375,446)	Materials and Contracts		(3,330,085)	(2,884,435)
(102,074)	Utility Charges		(111,750)	(97,670)
(121,957)	Insurance Expenses		(143,612)	(129,626)
-	Goods and Services Tax Payable		(884,204)	(1,333,319)
(207,868)	Other Expenditure		(158,612)	(76,680)
(5,299,114)			(6,502,438)	(6,232,587)
1,858,441	Net Cash Provided By Operating Activities	11(b)	(1,060,293)	519,162
	Cash Flows from Investing Activities			
(803,697)	Payments for Purchase of Property, Plant & Equipment	6	(1,289,770)	(554,803)
(2,868,570)	Payments for Construction of Infrastructure	7	(3,212,950)	(4,510,045)
1,504,343	Non-Operating Grants, Subsidies and Contributions	11(b)	3,484,627	3,713,565
100,714	Proceeds from Sale of Plant & Equipment	17	193,000	78,636
(2,067,210)	Net Cash Used in Investing Activities		(825,093)	(1,272,647)
(208,769)	Net Increase (Decrease) in Cash Held		(1,885,386)	(753,485)
3,136,364	Cash at Beginning of Year		2,927,596	2,927,595
2,927,595	Cash and Cash Equivalents at the End of the Year	11(a)	1,042,210	2,174,110

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

**SHIRE OF NGAANYATJARRAKU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

2011/2012 ACTUAL		NOTES	2012/2013 ADOPTED BUDGET	2012/2013 ACTUAL
\$			\$	\$
	Revenue	2		
5,206,914	General Purpose Funding		2,283,546	4,212,818
38,964	Governance		48,000	47,221
280	Law, Order, Public Safety		200	13,930
106,427	Health		158,620	98,220
107,126	Education and Welfare		840,149	178,904
30,059	Housing		40,000	58,284
377,492	Community Amenities		460,670	380,474
152,435	Recreation and Culture		247,000	179,122
1,798,377	Transport		3,256,255	4,089,110
6,349	Economic Services		33,500	18,975
14,336	Other Property and Services		15,150	5,804
7,838,759			7,383,090	9,282,862
	Expenses	2		
(13,538)	General Purpose Funding		(19,461)	(15,082)
(137,142)	Governance		(254,939)	(158,209)
(88,210)	Law, Order, Public Safety		(80,475)	(80,843)
(338,323)	Health		(316,740)	(323,374)
(665,274)	Education and Welfare		(1,013,743)	(928,798)
(505,607)	Housing		(407,559)	(411,581)
(598,402)	Community Amenities		(730,042)	(568,382)
(907,338)	Recreation & Culture		(1,082,928)	(1,076,849)
(2,597,025)	Transport		(2,792,193)	(2,740,543)
(201,509)	Economic Services		(204,267)	(199,889)
(15,123)	Other Property and Services		(48,218)	(29,641)
(6,067,491)			(6,950,565)	(6,533,191)
1,771,268	Net Result Excluding Rates		432,525	2,749,671
	Adjustments for Cash Budget Requirements:			
	Non-Cash Expenditure and Revenue			
1,306,167	Depreciation on Assets	2(a)	1,135,600	1,303,405
(1,916)	(Profit)/Loss on Disposal of Assets		-	(47,984)
13,738	Long Service Leave Provision Movement - Non Current		193,000	22,996
1,317,989	Non-Cash Expenditure and Revenue		1,328,600	1,278,417
	Capital Expenditure and Revenue			
(556,868)	Purchase Land and Buildings	16	(666,770)	(319,450)
(2,842,381)	Infrastructure Assets - Roads	16	(3,192,951)	(4,510,045)
(26,190)	Infrastructure Assets - Other	16	(20,000)	-
(232,766)	Purchase Plant and Equipment	16	(568,500)	(208,528)
(14,062)	Purchase Furniture and Equipment	16	(54,500)	(26,825)
100,714	Proceeds Disposal of Assets	17	-	78,635
-	Repayment of Debentures	18	-	-
-	Proceeds from New Debentures	18	-	-
-	Self-Supporting Loan Principal Income		-	-
-	Advances to Community Groups		-	-
(55,427)	Transfers to Reserves	10	(60,000)	(43,253)
-	Transfers from Reserves	10	372,500	235,000
(3,626,980)	Net Cash from Investing Activities		(4,190,221)	(4,794,466)
2,297,896	ADD Surplus/(Deficit) July 1 B/Fwd		2,072,730	2,064,811
(2,064,811)	LESS (Surplus)/Deficit June 30 C/Fwd		(1,572)	(1,642,603)
(304,638)	Amount Required to be Raised from Rates	19	(357,938)	(344,170)

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 2013

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 13.

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 2013**

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.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the **Initial Recognition** section as detailed above.

Those assets carried at fair value will be carried in accordance with the **Revaluation** methodology section as detailed above.

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 on a reducing balance basis as follows:

Buildings	10% per annum
Office Furniture	10% per annum
Office Equipment	30% per annum
Household Furniture-Non electrical	10% per annum
Household Furniture - Electrical	20% per annum
Health Plant & Equipment	15% per annum
Road Plant & Equipment	15% per annum
Plant, Vehicles & Equipment - Unclassified	15% per annum
Communications Equipment	15% 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
Infrastructure Assets - Aerodromes	10% per annum

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 2(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 2012/2013 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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 goods 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 2012/2013 financial year.

(l) Comparative Figures

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

(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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) New Accounting Standards and Interpretations

Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8

AASB 2011 – 3

AASB 2011 – 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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.

New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the council for the annual reporting period ending 30 June 2013.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 - Financial Instruments	Dec-09	1-Jan-13	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 1053 - Application of Tiers of Australian Accounting Standards	Jun-10	1-Jul-13	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009 - 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	Dec-09	1-Jan-13	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 council. (refer (ii) above).
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	Jun-10	1-Jul-13	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) 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]	Dec-10	1-Jan-13	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 Council (refer (i) above).
(vi) AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec-10	1-Jan-12	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010-17]	Dec-10	1-Jan-13	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

<p>(viii) AASB 2011 – 2 Amendments to Australian Accounting Standards – Arising from the Trans – Consequence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</p> <p>AASB 2011 – 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]</p> <p>AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</p>		<p>May-11</p> <p>May-11</p> <p>Jul-11</p>	<p>1-Jul-13</p> <p>1-Jul-12</p> <p>1-Jul-13</p>	<p>Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.</p>
<p>(ix) AASB 10 – Consolidated Financial Statements AASB 11 – Joint Arrangements AASB 12 – Disclosure of Interests in Other Entities AASB 127 – Separate Financial Statements AASB 128 – Investments in Associates and Joint Ventures AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11,101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, 17]</p>		<p>Aug-11</p>	<p>1-Jan-13</p>	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements.</p>
<p>(x) AASB 13 – Fair Value Measurement AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p>		<p>Sep-11</p>	<p>1-Jan-13</p>	<p>AASB 13 requires:</p> <ul style="list-style-type: none"> - Inputs to all fair value measurements to be categorized in accordance with a fair value hierarchy; and - Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value. <p>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards.</p> <p>The amendment to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>
<p>(xi) AASB 2011 – 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p>		<p>Sep-11</p>	<p>1-Jul-13</p>	
<p>(xiii) AASB 2011 – 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</p> <p>AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]</p> <p>AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</p>		<p>Sep-11</p> <p>Nov-11</p> <p>1-Dec-11</p>	<p>1-Jul-13</p> <p>1-Jan-13</p> <p>1-Jul-12</p>	<p>Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.</p>

Notes:

(*) 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 2013

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

2011/2012 ACTUAL	2012/2013 ADOPTED BUDGET	2012/2013 ACTUAL
\$	\$	\$

2 REVENUES AND EXPENSES

(a) Result from Ordinary Activities Result from Ordinary Activities

(i) Charging as Expenses:

Auditor's Remuneration

Audit	38,005	35,000	28,110
Other Services	-	-	-

Bad and Doubtful Debts

Rates	-	-	-
General Debtors	-	-	-

Depreciation

By Program

Governance	19,278	37,500	18,429
Law, Order, Public Safety	3,915	7,500	3,328
Health	4,398	10,000	15,231
Education and Welfare	73,746	18,000	69,812
Housing	248,443	271,000	251,776
Community Amenities	55,019	18,500	49,925
Recreation and Culture	180,603	80,600	183,648
Transport	708,393	687,000	699,989
Economic Services	12,372	5,500	11,267
Other Property and Services	-	-	-
	1,306,167	1,135,600	1,303,405

By Class

Land and Buildings	425,672	213,920	424,054
Furniture and Equipment	20,048	20,125	21,491
Plant and Equipment	192,320	214,555	193,383
Roads and Footpaths	611,799	615,000	611,799
Other assets	56,328	72,000	52,678
	1,306,167	1,135,600	1,303,405

(ii) Crediting as Revenue:

Interest Earnings

Investments			
- Reserve Funds	55,427	60,000	43,253
- Other Funds	3,852	4,000	4,959

	59,279	64,000	48,212
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**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

2 OPERATING 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
FOR THE YEAR ENDED 30 JUNE 2013

2 OPERATING 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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2 OPERATING REVENUES AND EXPENSES (Continued)

(c) Nature or Type Classifications (continued)

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.

(d) Conditions Over Grants/Contributions

Grant/Contribution	Balance ⁽¹⁾ 1-Jul-11 \$	Received ⁽²⁾ 2011/2012 \$	Expended ⁽³⁾ 2011/2012 \$	Closing Balance ⁽¹⁾ 30-Jun-12 \$	Received ⁽²⁾ 2012/2013 \$	Expended ⁽³⁾ 2012/2013 \$	Closing Balance 30-Jun-13 \$
Operating Grants/Contributions							
General Purpose Funding							
General Purpose Grants Commission	-	5,147,635	5,147,635	-	4,164,605	4,164,605	-
Governance							
CLGF Grant - Forward Capital Works Plan	25,700	-	-	25,700	-	25,700	-
Law, Order & Public Safety							
FESA Aware	-	-	-	-	13,636	13,636	-
Emergency Management Planning Programme	-	-	-	-	-	-	-
Community Safety & Crime Prevention	-	-	-	-	-	-	-
Education and Welfare							
FACSIA Grant - LSP	-	-	-	-	23,600	23,600	-
Grant - LSP - FaHCSIA	-	96,473	96,473	-	145,377	145,377	-
Health							
Environmental Health Program	80,250	98,538	178,788	-	98,220	98,220	-
Housing							
Grant - FACSIA Youth Staff Accomodation	128,195	-	128,195	-	-	-	-
Community Amenities							
FaHCSIA - NJCP	75,072	316,478	298,651	92,899	270,907	363,806	-
Recreation							
Grant - Healthway	30,000	-	30,000	-	-	-	-
Warburton Community Resource Centre	-	-	-	-	-	-	-
Transport							
Govt Grants - Special Purpose	-	294,034	294,034	-	272,500	272,500	-
Grants - Direct	-	-	-	-	100,804	100,804	-
Capital Grants/Contributions towards the Development of Assets							
Housing							
Youth Accommodation – Early Years Coordinator	175,000	-	175,000	-	-	-	-
Grants - FACSIA Youth Staff Accomodation	150,000	-	150,000	-	-	-	-
Recreation							
Australian Govt. RLCIP	30,000	-	30,000	-	-	-	-
Transport							
Govt. Grant - Roads to Recovery	362,510	-	362,510	-	-	-	-
Grants - Direct	-	92,343	92,343	-	-	-	-
Grant - Road Projects Pool	-	412,000	412,000	-	180,000	180,000	-
Govt Grant - Outback Highway	-	-	-	-	1,000,000	1,000,000	-
Govt Grant - Outback Highway	-	-	-	-	960,000	960,000	-
Govt Grant - Outback Highway	-	1,000,000	1,000,000	-	552,000	552,000	-
Govt Grant - Royalties for Region	-	-	-	-	1,021,565	1,021,565	-
Total Operating	339,217	5,953,158	6,173,776	118,599	5,089,649	5,208,248	-
Total Capital	717,510	1,504,343	2,221,853	-	3,713,565	3,713,565	-
Total Operating and Capital	1,056,727	7,457,501	8,395,629	118,599	8,803,214	8,921,813	-

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

3 CASH AND CASH EQUIVALENTS	2011/2012 \$	2012/2013 \$
Unrestricted	1,688,801	1,245,662
Restricted	1,238,794	928,448
	<u>2,927,595</u>	<u>2,174,110</u>
Cash on Hand	1,250	1,250
Cash at Bank - Municipal	1,806,150	1,244,412
Term Deposits	1,120,195	928,448
	<u>2,927,595</u>	<u>2,174,110</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Accounts (refer note 10)	1,120,195	928,448
Conditions over contributions -		
CLGF Grant – Forward Capital Works Plan	25,700	-
FaHCSIA - NJCP	92,899	-
	<u>1,238,794</u>	<u>928,448</u>
4 TRADE & OTHER RECEIVABLES	2011/2012 \$	2012/2013 \$
Current		
Rates and Rubbish Outstanding	70,703	98,943
Less: Provision for Doubtful Debts	(2,393)	(8,616)
Sundry Debtors	553,319	903,324
Less: Provision for Doubtful Debts	(15,052)	(7,887)
GST Receivable	52,669	120,534
Prepayments	0	527
	<u>659,246</u>	<u>1,106,825</u>
5 INVENTORIES	2011/2012 \$	2012/2013 \$
Current		
Fuel and Materials	67,722	49,899
	<u>67,722</u>	<u>49,899</u>
6 PROPERTY, PLANT AND EQUIPMENT	2011/2012 \$	2012/2013 \$
Land and Buildings - Cost	5,878,972	6,198,422
Less Accumulated Depreciation	(1,785,160)	(2,209,214)
	<u>4,093,812</u>	<u>3,989,208</u>
Furniture and Equipment - Cost	346,013	372,838
Less Accumulated Depreciation	(278,048)	(299,539)
	<u>67,965</u>	<u>73,299</u>
Plant and Equipment - Cost	2,406,892	
Less Accumulated Depreciation	(1,239,897)	
Plant and Equipment - Management Valuation		1,016,654
	<u>1,166,995</u>	<u>1,016,654</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,328,772</u>	<u>5,079,161</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

6 PROPERTY, PLANT AND EQUIPMENT (continued)

In accordance with AASB 13 transitional arrangements, the Shire's Plant and Equipment was assessed on the basis of market valuations. All of similar assets adjusted for condition and comparability. These comparatives were made against Red book and indicated that a majority of values could be retained at depreciation cost. The Shire has made a fair value adjustment on its Heavy Vehicle Fleet based on industry comparatives.

The revaluation resulted in an overall decrease of \$134,834.39 in the net value of the Shire's plant and equipment. All of this decrease was expensed as part of the Net Result in the Statement of Comprehensive Income.

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	4,093,812	67,965	1,166,995	5,328,772
Additions	319,450	26,825	208,528	554,803
Disposals	-	-	(30,652)	(30,652)
Revaluation increments/(decrements)	-	-	(134,834)	(134,834)
Depreciation expense	(424,054)	(21,491)	(193,383)	(638,928)
Carrying amount at end of the year	<u>3,989,208</u>	<u>73,299</u>	<u>1,016,654</u>	<u>5,079,161</u>

7 INFRASTRUCTURE

	2011/2012 \$	2012/2013 \$
Roads and Footpaths - Cost	46,399,251	50,909,295
Less Accumulated Depreciation	<u>(9,181,815)</u>	<u>(9,793,613)</u>
	37,217,436	41,115,682
Recreation - Cost	405,083	405,083
Less Accumulated Depreciation	<u>(245,247)</u>	<u>(263,775)</u>
	159,836	141,308
Aerodromes - Cost	964,623	964,622
Less Accumulated Depreciation	<u>(623,130)</u>	<u>(657,279)</u>
	341,493	307,343
TOTAL INFRASTRUCTURE	<u>37,718,765</u>	<u>41,564,333</u>

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	37,217,436	159,836	341,493	37,718,765
Additions	4,510,045	-	-	4,510,045
Depreciation expense	(611,799)	(18,528)	(34,150)	(664,477)
Carrying amount at end of the year	<u>41,115,682</u>	<u>141,308</u>	<u>307,343</u>	<u>41,564,333</u>

8 TRADE AND OTHER PAYABLES

Current

	2011/2012 \$	2012/2013 \$
Sundry Creditors	<u>355,511</u>	<u>636,841</u>
	<u>355,511</u>	<u>636,841</u>

SHIRE OF NGAANYATJARRAKU
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9	PROVISIONS	2011/2012		2012/2013
		\$		\$
	Current			
	Provision for Annual Leave	89,665		95,659
	Provision for Long Service Leave	24,381		27,283
		<u>114,046</u>		<u>122,942</u>
	Non-Current			
	Provision for Long Service Leave	38,636		61,632
		<u>38,636</u>		<u>61,632</u>
		2011/2012	2012/2013	2012/2013
		Actual	Budget	Actual
10	RESERVES - CASH/INVESTMENT BACKED			
	(a) Asset Replacement, Acquisition and Development Reserve			
	Balance brought forward 1st July	1,008,267	1,060,754	1,060,753
	Plus transfer from General Purpose Funding	52,486	57,000	40,960
	Less transfer To General Purpose Funding	-	(372,500)	(235,000)
	BALANCE AS AT 30TH JUNE	<u>1,060,753</u>	<u>745,254</u>	<u>866,713</u>
	(b) Cultural Centre Reserve			
	Balance brought forward 1st July	56,501	59,442	59,442
	Plus transfer from General Purpose Funding	2,941	3,000	2,293
	Less transfer To General Purpose Funding			
	BALANCE AS AT 30TH JUNE	<u>59,442</u>	<u>62,442</u>	<u>61,735</u>
	TOTAL RESERVES	<u>1,120,195</u>	<u>807,696</u>	<u>928,448</u>
	Summary of Reserve Transfers	2011/2012	2012/2013	2012/2013
		Actual	Budget	Actual
	Transfers to Reserves	\$	\$	\$
	Asset Replacement, Acquisition and Development Reserve	52,486	57,000	40,960
	Cultural Centre Reserve	2,941	3,000	2,293
		<u>55,427</u>	<u>60,000</u>	<u>43,253</u>
	Transfers from Reserves			
	Asset Replacement, Acquisition and Development Reserve	-	(372,500)	(235,000)
	Cultural Centre Reserve	-	-	-
		<u>-</u>	<u>(372,500)</u>	<u>(235,000)</u>
	Total Transfer to/(from) Reserves	<u>55,427</u>	<u>(312,500)</u>	<u>(191,747)</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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

11 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:

	2011/2012 Actual	2012/2013 Adopted Budget	2012/2013 Actual
Cash and Cash Equivalents	<u>2,927,595</u>	<u>1,042,210</u>	<u>2,174,110</u>

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

Net Result	2,075,906	790,463	2,959,006
Depreciation	1,306,167	1,135,600	1,303,405
(Profit)/Loss on Sale of Asset	(1,916)	-	(47,984)
(Increase)/Decrease in Receivables	(159,100)	306,207	(442,736)
(Increase)/Decrease in Inventories	(7,336)	5,886	17,823
Increase/(Decrease) in Payables	118,771	174,014	281,330
Increase/(Decrease) in Accrued Income	-	(4,667)	(4,843)
Increase/(Decrease) in Employee Provisions	30,292	16,833	31,892
Grants/Contributions for the Development of Assets	(1,504,343)	(3,484,629)	(3,713,565)
(Increment)/Decrement - Assets	-	-	134,834
Net Cash from Operating Activities	<u>1,858,441</u>	<u>(1,060,293)</u>	<u>519,162</u>

(c) Undrawn Borrowing Facilities

	2011/2012	2012/2013
	\$	\$
Credit Standby Arrangements	-	-
Credit Card Limit	-	-
Credit Card at Balance Date	-	-
Total Amount of Credit Unused	<u>-</u>	<u>-</u>

12 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

13 TRUST FUNDS

	Balance 1-Jul-12	Amounts Received	Amounts Paid	Balance 30-Jun-13
	\$	\$	(\$)	\$
There was no monies held in trust fund during the year ended 30 June 2013.	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

14 FINANCIAL INFORMATION BY RATIOS

	2010/2011	2011/2012	2012/2013
Current Ratio	#REF!	#REF!	#REF!
Asset Sustainability Ratio	#REF!	#REF!	#REF!
Debt Service Cover Ratio ¹	N/A	N/A	N/A
Operating Surplus Ratio	#REF!	#REF!	#REF!
Own Source Revenue Ratio	#REF!	#REF!	#REF!

The above ratios are calculated as follows:

Current Ratio	<u>Current Assets Minus Restricted Assets</u> Current Liabilities - Liabilities Associated with Restricted Assets
Asset Sustainability Ratio	<u>Capital Renewal and Replacement Expenditure</u> Depreciation Expense
Debt Service Cover Ratio	<u>Annual Operating Surplus before Interest and Depreciation</u> Principal and Interest
Operating Surplus Ratio	<u>Operating Revenue minus Operating Expense</u> Own Source Operating Revenue
Own Source Revenue Ratio	<u>Own Source Operating Revenue</u> 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.

	2010/2011	2011/2012	2012/2013
Asset Consumption Ratio	N/A	N/A	#REF!
Asset Renewal Funding Ratio ²	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	<u>Depreciated Replacement Cost of Assets</u> Current Replacement Cost of Depreciable Assets
Asset Renewal Funding Ratio	<u>NPV of planned capital renewals over 10 years</u> NPV of required capital expenditure over 10 years

¹ The Shire is currently debt free and as such this ratio is not applicable.

² 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 2012/2013.

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2011/2012 and 2010/2011) 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 2012/2013.

15 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2011/2012 Actual \$	2012/2013 Actual \$
Governance	63,277	71,673
Law, Order, Public Safety	22,185	18,857
Health	101,180	85,949
Education and Welfare	595,793	601,236
Housing	2,474,641	2,235,412
Community Amenities	332,834	221,123
Recreation and Culture	1,520,205	1,684,339
Transport	37,862,312	41,661,061
Economic Services	75,110	63,843
Unallocated	3,654,563	3,330,835
	<u>46,702,100</u>	<u>49,974,328</u>

SHIRE OF NGAANYATJARRAKU
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FOR THE YEAR ENDED 30 JUNE 2013

16 ACQUISITION OF ASSETS

Land & Buildings	Motor Vehicles	Plant & Equipment	Furniture & Equipment	Infrastructure Roads & Other	Totals
Actual 2012-2013	Actual 2012-2013	Actual 2012-2013	Actual 2012-2013	Actual 2012-2013	Actual 2012-2013
\$	\$	\$	\$	\$	\$

By Program

Governance

Computer 26,826 26,826

Education and Welfare

2012 Mitsubishi Triton GLX Dual Cab KBC937D 36,034 36,034
 2012 Toyota Prado GX wagon 1EAN 767 53,792 53,792

Housing

Staff Housing Lot 255a Warburton Community 6,274 6,274
 Staff Housing Lot 255b Warburton Community 6,274 6,274

Recreation and Culture

Warburton Community Resource Centre 134,184 134,184
 2013 Toyota Prado GX wagon 1EBO 496 53,894 53,894
 Digital TV & Radio Broadcasting Equip -Warb & Blackstone Communities 172,718 172,718

Transport

All Community roads - including Great Central 4,510,045 4,510,045
 2012 Toyota Prado GXL wagon 1DXX644 64,809 64,809

319,450	-	208,529	26,826	4,510,045	5,064,850
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By Class

Land and Buildings 319,450
 Plant and Equipment 208,529
 Furniture and Equipment 26,826
 Infrastructure Assets 4,510,045

5,064,850

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

17 DISPOSAL OF ASSETS - 2012/2013 FINANCIAL YEAR

The following assets were disposed of during the year

	Proceeds Sale of Assets		Written Down Value		Gain/(Loss) on Disposal	
	2012/2013	2012/2013	2012/2013	2012/2013	2012/2013	2012/2013
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Asset by Class						
Plant and Equipment	193,000	78,636	193,000	30,652	-	47,984
	193,000	78,636	193,000	30,652	-	47,984
Assets by Program						
Education and Welfare						
Early Years Program 1CXG575	40,000	-	40,000	-	-	-
Community Amenities						
* Isuzu Bus 1DXT731 (formerly 1CLQ100)	75,000	52,364	75,000	-	-	52,364
Isuzu Truck 1AXR704	-	1,727	-	8,358	-	(6,631)
Recreation and Culture						
Recreation KBC8870	20,000	-	20,000	-	-	-
Youth, Sport & Rec PC 1DDJ086	22,000	-	22,000	-	-	-
Transport						
Hilux 1CRI219	6,000	-	6,000	-	-	-
Transport 1DCT153	30,000	24,545	30,000	22,294	-	2,251
TOTAL	193,000	78,636	193,000	30,652	-	47,984

	2011/2012 Actual \$	2012/2013 Budget \$	2012/2013 Actual \$
Summary			
Profit on Asset Disposals	7,585	-	54,615
Loss on Asset Disposals	(5,669)	-	(6,631)
	1,916	-	47,984

Note:

- * This asset was gifted from the Ngaanyatjarra Land Council and was subsequently sold.

18 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
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FOR THE YEAR ENDED 30 JUNE 2013

19 RATING INFORMATION - 2012/2013 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$	Budget Total Revenue \$
General Rate UV	0.16	87	2,005,317	320,851		320,851	293,058
Interim Rates- General					(34,572)	(34,572)	
Provision for Doubtful Debts Adjustment				(7,191)		(7,191)	
Sub-Totals		87	2,005,317	313,660	(34,572)	279,088	293,058
Minimum Rates	Min Rate						
UV - Rural/Mining		1	851	200		200	
Sub-Totals		1	851	200	-	200	-
Sub Total General Purpose Rate Revenue						279,288	293,058
Ex-Gratia Rates						64,882	64,880
Totals						344,170	357,938

20 SPECIFIED AREA RATE - 2012/2013 FINANCIAL YEAR

Council did not raise any specified area rates during the 2012/2013 financial year.

21 SERVICE CHARGES - 2012/2013 FINANCIAL YEAR

Council did not raise any service charges during the 2012/2013 financial year.

22 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

During 2012/2013 financial year, Council resolved to write-offs of rates provided for as doubtful debts totalling \$967.55 and sundry debtors totalling \$8,023.52

(c) Waivers

The Council did not offer any waivers during the financial year ending 30 June 2013

(d) Concessions

The Council has not offered any concessions.

23 INTEREST CHARGES AND INSTALMENTS - 2012/2013 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; whichever 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 2012/2013 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	30th November 2012
2nd Instalment	1st February 2013
3rd Instalment	5th April 2013
4th Instalment	7th June 2013

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2011/2012 Actual \$	2012/2013 Budget \$	2012/2013 Actual \$
24 FEES & CHARGES			
General Purpose Funding	-	-	-
Governance	14,025	20,000	4,320
Law, Order, Public Safety	-	-	-
Health	-	400	-
Education & Welfare	4,045	10,000	4,708
Housing	30,059	40,000	58,284
Community Amenities	61,014	66,500	63,834
Recreation & Culture	-	154,000	134,750
Transport	-	-	-
Economic Services	6,349	33,000	18,975
Other Property & Services	14,336	15,050	5,804
	129,828	338,950	290,675

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

25 GRANTS, SUBSIDIES & CONTRIBUTIONS

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

	2011/2012 Actual \$	2012/2013 Actual \$
(a) By Nature & Type:		
Operating Grants, Subsidies and Contributions	6,112,684	5,140,322
Non-Operating Grants, Subsidies and Contributions	1,504,343	3,713,565
	7,617,027	8,853,887
(b) By Program:		
General Purpose Funding	5,147,635	4,164,605
Governance	24,939	42,901
Law, Order, Public Safety	-	13,636
Health	106,426	98,220
Education & Welfare	96,473	168,977
Housing	-	-
Community Amenities	316,478	270,907
Recreation and Culture	126,699	7,782
Transport	1,798,377	4,086,859
Economic Services	-	-
Other Property & Services	-	-
	7,617,027	8,853,887

26 EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2010/2011	2011/2012	2012/2013
14	16	16

27 COUNCILLORS' REMUNERATION

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

	2011/2012 Actual \$	2012/2013 Budget \$	2012/2013 Actual \$
Meeting Fees	8,960	19,360	8,610
President's Allowance	2,000	2,000	2,000
Deputy President's Allowance	500	500	500
Travelling Expenses	19,114	22,000	19,203
Telecommunications Allowance	-	-	-
	30,574	43,860	30,313

**SHIRE OF NGAANYATJARRAKU
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FOR THE YEAR ENDED 30 JUNE 2013**

28 MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2012/2013 financial year

29 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/2013 financial year

30 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.

31 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year-end, the State Government has announced the proposed amalgamation of some Metropolitan Councils in Western Australia effective from 1 July 2015. The impact on the Shire of Ngaanyatjarraku has not yet been quantified.

32 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 Shires'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	
	2011/2012	2012/2013	2011/2012	2012/2013
Financial Assets				
Cash and cash equivalents	2,927,595	2,174,110	2,927,595	2,174,110
Receivables	659,246	1,106,825	659,246	1,106,825
	3,586,841	3,280,935	3,586,841	3,280,935
Financial Liabilities				
Payables	355,511	636,841	355,511	636,841
	355,511	636,841	355,511	636,841

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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

32 FINANCIAL RISK MANAGEMENT (continued)

	30-June-2012	30-June-2013
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents		
· Equity	\$11,202	\$9,284
· Statement of Comprehensive Income	\$11,202	\$9,284
	(#)	(#)

The Council's cash investment portfolio as at the 30 June 2013 totalling \$928,449 is held in an interest bearing deposit with the Westpac Bank. The balance of the funds held by the council at 30 June 2013 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 \$928,449 cash investment portfolio in the event of a 1% movement in market interest rates could result in investment returns being reduced by up to \$9,284

Notes:

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

Maximum impact.

(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-2012	30-June-2013
	%	%
Percentage of Rates Collected		
· Current	78.26%	74.54%
· Overdue	21.74%	25.46%

The rates collectable as per the statement of rating information total (excluding exgratia rates) \$286,479 . The rate arrears as at 30 June 2012 (after deducting the provision for doubtful debts) was \$68,310 and at 30 June 2013 the arrears totalled (after deducting the provision for doubtful debts) \$90,327. The rate collection percentage of the Council for the financial year ended 30 June 2013 was therefore 72.11%.

Percentage of Other Receivables

· Current	38%	3%
· Overdue	62%	97%

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

32 FINANCIAL RISK MANAGEMENT (continued)

(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
	\$	\$	\$	\$	\$
2013					
Payables	636,841			636,841	636,841
	636,841	-	-	636,841	636,841
2012					
Payables	355,511			355,511	355,511
	355,511	-	-	355,511	355,511

See note 18 on Loan Borrowings. The local government is debt free.

SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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 2013 are in my opinion properly drawn up to present fairly the financial position of the SHIRE OF NGAANYATJARRAKU at 30 June 2013 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 9th day of July 2014



Christopher Paget
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF SHIRE OF NGAANYATJARRAKU

We have audited the financial report of the Shire of Ngaanyatjarraku, which comprises the Statement of Financial Position as at 30 June 2013 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by the Chief Executive Officer.

Management's Responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

In our opinion, the financial report of the Shire of Ngaanyatjaraku:

- (a) gives a true and fair view of the financial position of the Shire of Ngaanyatjaraku as at 30 June 2013 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

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, there are 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 were noted during the course of our audit.

(i) *Submission of Financial Report*

The accounts and financial report for the year ended 30 June 2013 were not submitted to the auditor by 30 September 2013 as required by Section 6.4(3) of the Act.

(ii) *Annual Report*

The annual report had not been accepted by absolute majority by the local government by 31 December 2013 as required by Section 5.54 of the Act.

(iii) *Annual Budget*

A copy of the annual budget for the year ended 30 June 2013 was not submitted to the Department of Local Government within 30 days of its adoption as required by Financial Management Regulation 33.

(iv) *Review of Budget*

A copy of the budget review and determination was not provided to the Department of Local Government within 30 days after the council has made a determination, as required by Financial Management Regulation 33A (4).



INDEPENDENT AUDITOR'S REPORT (Cont'd)

(c) Asset consumption ratio (presented at Note 14 of the annual financial report):

The Asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.

(d) Asset renewal funding ratio (presented at Note 14 of the annual financial report):

The Asset renewal funding ratio can not be calculated as the Shire has not completed it's long term asset management plan.

(e) All necessary information and explanations were obtained by us.

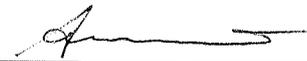
(f) All audit procedures were satisfactorily completed in conducting our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Shire of Ngaanyatjaraku for the year ended 30 June 2013 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.



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



A MACRI
PARTNER

PERTH
DATED THIS 9th DAY OF JULY 2014.

