

Annual Report for the year ended 30 June 2016



Shire of **Ngaanyatjarraku**
ON A JOURNEY



SHIRE OF NGAANYATJARRAKU
ANNUAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
Address
Great Central Road
Warburton Aboriginal
Community Western Australia.

STATEMENT BY THE SHIRE PRESIDENT

The Shire of Ngaanyatjarraku has been working hard over the last year to achieve the goals of the community as identified within our Strategic Community Plan. Provision of services and infrastructure and the creation of opportunities to realise these goals continues to be the prime focus of our Council, and it is very positive for the Ngaanyatjarra Lands communities and residents to note our continued progress in these areas. As such, it gives me great pleasure to present the Annual Report for the Shire of Ngaanyatjarraku for the 2015-2016 financial year.

Whilst the Shire has made considerable achievements in line with its strategic goals and our key IPRF plans, there have been significant developments and challenges within the broader State and Commonwealth government policy landscape that have profound consequences for our communities and the residents. Of key note in this area is the Commonwealth's remote 'work for the dole'/income support Community Development Program or CDP, previously known as the Regional Jobs Creation Program, and prior to that the Community Development and Employment Program ('CDEP'). The old CDEP was the primary funding base for all of the very remote and isolated Ngaanyatjarra communities. This provided for a payroll for all types of community work, from which a local deduction from all participants could be made to contribute to the functions of their own community in addition to their rents, essential services and other areas of income management. In addition it allowed for a 14% management support and activity fee to provide for the community administration and delivery of administrative services to the local residents.

The redirection of Ngaanyatjarra people into RJCP and now CDP and the redirection of former CDEP funds to pay for the operations of an ineffectual and unproductive JobActive and 'Work for the Dole' system has starved the local community organisations of funding; audit management letters for these entities always noted that they were 'going concerns' provided they continued to receive annual Commonwealth grant funding as per previous years' terms and conditions. The Commonwealth has attempted to divest itself of responsibility in this area by expecting the WA State to ultimately take its place in providing the monies for this; this has also resulted in the Shire losing over \$330,000 in funds to provide municipal services across the Lands.

It is seriously likely that the result will be a collapse of viability and the dissolution of the Ngaanyatjarra Communities and their regional organization. This is of extreme concern to the Shire. Presently such a scenario is being staved off very expensively by the use of community's own-source non grant income which has been reserved over a long period of time; unfortunately this is in no way sustainable and thus money that should be available for investment in community facilities and economic investment is being burned off in recurrent funding of community management, compliance with statutory obligations and the maintenance of community assets. Unfortunately, the Shire is not in any way in a position to step in and meet all of these needs. Our position is a return to a community based grant wage program with the wage pool available to community participants on the basis of a schedule of eligibility for income support.

Finally, I would like to thank our Deputy Shire President Cr. Beverley Thomas and my fellow Councillors for all their support and commitment over the last twelve months, and also all of the Shire staff members for their efforts and dedication to the Shire of Ngaanyatjarraku.

**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 2015-2016 financial year including the full financial and auditor's report.

The Shire of Ngaanyatjarraku continues to operate in a sound financial position and without any borrowings or debt, which is consistent with Council's key financial objective of remaining debt-free. The Council and administration have continued to concentrate on developing, refining and improving systems relating to the Integrated Planning and Reporting Framework (IPRF) and has invested significant resources to ensure that the plans and documents being produced are as accurate, meaningful and useful as possible. During recent times, more analysis is being undertaken by various Government departments and other agencies into the financial management practices, viability and sustainability of local governments when considering submissions for funding of projects and services.

With increased pressure over limited resources, agencies are placing more consideration to whether funds will achieve good value for money long term, and whether applicants can afford to maintain and sustain the assets for which they are applying for funding. Generally the IPRF documents are referred to in assisting with this consideration and assessment. Given the documented projects that the communities aspire to within the Shire of Ngaanyatjarraku Strategic Community Plan, it is essential that we are considerate of the long term impacts of taking on new projects and that Council is able to maintain a sound financial position whilst also maintaining the appropriate levels of service. I am please to report our good progress in this area to date, which includes participation at a regional level through our membership of GVROC and the Outback Highway Development Council.

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 2015-16 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 2015-16 financial year:

Salary Range (\$)	No. of Employees
100,000 – 109,999	1
110,000 – 119,999	0
120,000 – 129,999	0
130,000 – 139,999	1
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 2015-16 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 current DAIP is scheduled for review and update in 2017.

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. With the assistance of Core Business Australia to review and enhance our initial SCP from 2012, and after consultation with the Ngaanyatjarra communities, the Shire of Ngaanyatjarraku adopted its new SCP on 17th December 2015. 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 were grouped into four key strategic themes, each theme being linked to goals, KPIs and associated strategies for achievement. These themes are as follows:

- (1) Social Goal ('Our Community') – building a strong community, that respects our past while building for the future.
- (2) Economic Goal ('Our Economy') - a strong voice representing the interests of the community.
- (3) Environmental Goal ('Our Environment') - promote an attractive environment, balancing social and economic needs.
- (4) Civic Leadership ('Our Leadership') - building capacity for the future.

The Strategic Community Plan is available on the Shire website. It will provide a valuable management tool to the Shire 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 in the Asset Management Plan, Workforce Plan, and Long-Term Financial Plan.

A major review of the SCP is currently being planned for 2016. This will include a comprehensive community engagement process that will be planned and delivered in accordance with the Department of Local Government and Communities Integrated Planning guidelines and consisting of workshops delivered in the Ngaanyatjarra communities as well as surveys and other methodology. It is also intended to be delivered in conjunction with our 'Levels of Service' project so as to ensure efficiency and avoid duplication.

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 (FOI) Statement prepared in accordance with the Freedom of Information Act 1992 which is available on the Shire website. It outlines the Shire's functions, the kind of documents held and how the documents can be accessed.

There were no Freedom of Information applications or requests received during the 2015-16 reporting year.

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 the SRO in December 2015 and approved by the State Records Commission at its meeting held in March for a five year period to 2020.

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 in March 2016.

2. The Shire accesses 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 30th June 2016 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 to ensure that our communities receive the best possible service that this local government can provide.

Chris Paget
CHIEF EXECUTIVE OFFICER



Jackie Kurltjunyinta Giles (dec.) 2008 'Tjamu Tjamu'

SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 as authorisation of issue on the 15th day of June 2018


~~Christopher Paget~~ Kevin Hamagun
Acting Chief Executive Officer

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	21	225,451	387,801	377,968
Operating grants, subsidies and contributions	28	3,472,664	2,518,612	7,565,768
Fees and charges	27	345,712	259,236	244,795
Interest earnings	2(a)	38,909	28,250	27,962
Other revenue	2(a)	24,114	38,285	42,612
		<u>4,106,850</u>	<u>3,232,184</u>	<u>8,259,105</u>
Expenses				
Employee costs		(2,196,336)	(2,370,034)	(1,788,041)
Materials and contracts		(2,572,442)	(3,689,864)	(2,807,667)
Utility charges		(55,531)	(63,000)	(74,183)
Depreciation on non-current assets	2(a)	(1,467,218)	(1,072,196)	(1,396,482)
Insurance expenses		(127,357)	(149,262)	(139,893)
Other expenditure		(241,527)	(124,300)	(67,759)
		<u>(6,660,411)</u>	<u>(7,468,656)</u>	<u>(6,274,025)</u>
		(2,553,561)	(4,236,472)	1,985,080
Non-operating grants, subsidies and contributions	28	2,274,330	4,760,014	2,349,676
Profit on asset disposals	19	33,869	46,272	0
(Loss) on asset disposals	19	(6,195)	0	(21,115)
Net result		(251,557)	569,814	4,313,641
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	0	0	57,736,417
Total other comprehensive income		0	0	57,736,417
Total comprehensive income		(251,557)	569,814	62,050,058

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 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		3,202	10,750	21,424
General purpose funding		2,718,649	2,283,621	6,214,744
Law, order, public safety		2,909	350	324
Health		54,229	53,976	119,876
Education and welfare		131,497	267,380	856,429
Housing		9,100	17,500	23,175
Community amenities		400,929	411,236	401,707
Recreation and culture		281,011	178,136	169,712
Transport		486,234	0	448,668
Economic services		6,160	4,086	3,045
Other property and services		12,930	5,150	0
		<u>4,106,850</u>	<u>3,232,185</u>	<u>8,259,104</u>
Expenses	2(a)			
Governance		(180,440)	(123,500)	(115,871)
General purpose funding		(184,795)	(23,266)	(162)
Law, order, public safety		(83,235)	(94,058)	(67,928)
Health		(401,685)	(419,769)	(358,156)
Education and welfare		(986,482)	(1,068,084)	(1,027,083)
Housing		(263,753)	(480,321)	(405,642)
Community amenities		(525,540)	(737,785)	(574,530)
Recreation and culture		(920,639)	(1,262,934)	(813,624)
Transport		(2,926,637)	(3,011,859)	(2,687,061)
Economic services		(156,629)	(222,900)	(199,890)
Other property and services		(30,576)	(24,181)	(24,077)
		<u>(6,660,411)</u>	<u>(7,468,657)</u>	<u>(6,274,024)</u>
		(2,553,561)	(4,236,472)	1,985,080
Non-operating grants, subsidies and contributions	28	2,274,330	4,760,014	2,349,676
Profit on disposal of assets	19	33,869	46,272	0
(Loss) on disposal of assets	19	(6,195)	0	(21,115)
Net result		<u>(251,557)</u>	<u>569,814</u>	<u>4,313,641</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	0	0	57,736,417
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>57,736,417</u>
Total comprehensive income		<u>(251,557)</u>	<u>569,814</u>	<u>62,050,058</u>

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,254,106	5,206,196
Trade and other receivables	4	160,052	895,201
Inventories	5	44,990	33,623
TOTAL CURRENT ASSETS		<u>4,459,148</u>	<u>6,135,020</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,534,891	8,670,908
Infrastructure	7	98,925,372	97,311,264
TOTAL NON-CURRENT ASSETS		<u>107,460,263</u>	<u>105,982,172</u>
TOTAL ASSETS		<u>111,919,411</u>	<u>112,117,192</u>
CURRENT LIABILITIES			
Trade and other payables	8	177,224	221,651
Provisions	9	293,906	193,347
TOTAL CURRENT LIABILITIES		<u>471,130</u>	<u>414,998</u>
NON-CURRENT LIABILITIES			
Provisions	9	38,277	40,633
TOTAL NON-CURRENT LIABILITIES		<u>38,277</u>	<u>40,633</u>
TOTAL LIABILITIES		<u>509,407</u>	<u>455,631</u>
NET ASSETS		<u>111,410,004</u>	<u>111,661,561</u>
EQUITY			
Retained surplus		52,795,576	53,072,421
Reserves - cash backed	10	878,011	852,723
Revaluation surplus	11	57,736,417	57,736,417
TOTAL EQUITY		<u>111,410,004</u>	<u>111,661,561</u>

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		48,787,641	823,862	0	49,611,503
Comprehensive income					
Net result		4,313,641	0	0	4,313,641
Changes on revaluation of assets	11	0	0	57,736,417	57,736,417
Total comprehensive income		4,313,641	0	57,736,417	62,050,058
Transfers from/(to) reserves		(28,861)	28,861	0	0
Balance as at 30 June 2015		53,072,421	852,723	57,736,417	111,661,561
Comprehensive income					
Net result		(251,557)	0	0	(251,557)
Changes on revaluation of assets	11	0	0	0	0
Total comprehensive income		(251,557)	0	0	(251,557)
Transfers from/(to) reserves		(25,288)	25,288	0	0
Balance as at 30 June 2016		52,795,576	878,011	57,736,417	111,410,004

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		222,253	513,677	328,523
Operating grants, subsidies and contributions		4,095,759	3,037,937	7,102,125
Fees and charges		345,192	259,236	287,059
Interest earnings		38,909	28,250	29,024
Goods and services tax		80,107	393,137	205,035
Other revenue		24,114	38,285	28,675
		<u>4,806,334</u>	<u>4,270,522</u>	<u>7,980,441</u>
Payments				
Employee costs		(2,076,860)	(2,440,657)	(1,695,601)
Materials and contracts		(2,649,509)	(3,663,491)	(2,916,584)
Utility charges		(55,531)	(63,000)	(71,418)
Insurance expenses		(127,357)	(149,262)	(139,893)
Goods and services tax		(122,486)	(393,137)	(192,297)
Other expenditure		(83,376)	(124,300)	(67,760)
		<u>(5,115,119)</u>	<u>(6,833,847)</u>	<u>(5,083,553)</u>
Net cash provided by (used in) operating activities	12(b)	<u>(308,785)</u>	<u>(2,563,325)</u>	<u>2,896,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(339,607)	(1,789,000)	(152,914)
Payments for construction of infrastructure		(2,672,461)	(4,839,162)	(2,223,913)
Non-operating grants, subsidies and contributions		2,274,330	4,760,014	2,349,676
Proceeds from sale of fixed assets		94,433	106,000	44,050
Net cash provided by (used in) investment activities		<u>(643,305)</u>	<u>(1,762,148)</u>	<u>16,899</u>
Net increase (decrease) in cash held		(952,090)	(4,325,473)	2,913,787
Cash at beginning of year		5,206,196	5,206,197	2,292,409
Cash and cash equivalents at the end of the year	12(a)	<u><u>4,254,106</u></u>	<u><u>880,724</u></u>	<u><u>5,206,196</u></u>

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

SHIRE OF NGAANYATJARRAKU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		4,867,299	4,954,424	1,496,559
		<u>4,867,299</u>	<u>4,954,424</u>	<u>1,496,559</u>
Revenue from operating activities (excluding rates)				
Governance		3,202	10,750	21,424
General purpose funding		2,558,080	1,960,702	5,836,776
Law, order, public safety		2,909	350	324
Health		54,229	55,323	119,876
Education and welfare		131,497	267,380	856,429
Housing		9,100	17,500	23,175
Community amenities		404,020	412,702	401,707
Recreation and culture		311,789	214,919	169,712
Transport		486,234	0	448,668
Economic services		6,160	4,086	3,045
Other property and services		12,930	11,826	0
		<u>3,980,150</u>	<u>2,955,538</u>	<u>7,881,136</u>
Expenditure from operating activities				
Governance		(180,440)	(123,500)	(115,871)
General purpose funding		(184,795)	(23,266)	(162)
Law, order, public safety		(83,235)	(94,058)	(67,928)
Health		(402,866)	(419,769)	(358,156)
Education and welfare		(986,482)	(1,068,084)	(1,027,083)
Housing		(263,753)	(480,321)	(405,642)
Community amenities		(525,540)	(737,785)	(574,530)
Recreation and culture		(920,639)	(1,262,934)	(813,624)
Transport		(2,926,637)	(3,011,859)	(2,687,061)
Economic services		(156,629)	(222,900)	(199,890)
Other property and services		(35,590)	(24,181)	(45,191)
		<u>(6,666,606)</u>	<u>(7,468,657)</u>	<u>(6,295,138)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	19	(33,869)	(46,272)	0
Loss on disposal of assets	19	6,195	0	21,115
Movement in employee benefit provisions (non-current)		(2,356)	0	1,139
Depreciation and amortisation on assets	2(a)	1,467,218	1,072,196	1,396,482
Amount attributable to operating activities		<u>3,618,031</u>	<u>1,467,229</u>	<u>4,501,293</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,274,330	4,760,014	2,349,676
Proceeds from disposal of assets	19	94,433	106,000	44,050
Purchase of property, plant and equipment	6(b)	(339,607)	(1,789,000)	(152,914)
Purchase and construction of infrastructure	7(b)	(2,672,461)	(4,839,162)	(2,223,913)
Amount attributable to investing activities		<u>(643,305)</u>	<u>(1,762,148)</u>	<u>16,899</u>
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	10	(25,288)	(28,000)	(28,861)
Amount attributable to financing activities		<u>(25,288)</u>	<u>(28,000)</u>	<u>(28,861)</u>
Surplus(deficiency) before general rates		<u>2,949,438</u>	<u>(322,919)</u>	<u>4,489,331</u>
Total amount raised from general rates	21	<u>160,569</u>	<u>322,919</u>	<u>377,968</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	22	<u><u>3,110,007</u></u>	<u><u>0</u></u>	<u><u>4,867,299</u></u>

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 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have 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 Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All Funds through which the Shire 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. A separate statement of those monies appears at Note 18 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and 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 reported 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 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(d) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(e) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was 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.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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.

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 Local Government (Financial Management) Regulation 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) Regulation 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) Regulation 4(2) provides, 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 Shire.

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods and rates used for each class of depreciable asset are:

Buildings	30-60 years
Furniture and equipment	4-20 years
Plant and equipment	5-30 years
Infrastructure Assets - Roads Pavement	30-50 years
Infrastructure Assets - Roads Seal	30-40 years
Infrastructure Assets - Roads Kerbing	45 years
Infrastructure Assets - Recreation Assets	100 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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

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

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

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

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. 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 at cost.

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 and any reduction for impairment; and
- (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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(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. Gains or losses are recognised in profit or loss.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 Shire 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.

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication 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.

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

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

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) 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 until such time as the asset is substantially ready for its intended use or sale.

(l) Provisions

Provisions are recognised when the Shire 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.

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government 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.

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 in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 Shire's operational cycle. In the case of liabilities where the Shire 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 sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(t) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(u) Budget Comparative Figures

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.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 Shire.

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	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 Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>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.</p> <p>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.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

⁽¹⁾ 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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	14,200	19,710
- Other Services	0	900
	<u>14,200</u>	<u>20,610</u>
Depreciation		
Buildings	147,148	366,715
Furniture and equipment	8,916	15,663
Plant and equipment	252,801	241,519
Infrastructure - Roads & Footpaths	1,055,988	757,652
Infrastructure -Recreation Assets	2,365	14,933
	<u>1,467,218</u>	<u>1,396,482</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	0	5,119
Other	24,114	990,032
	<u>24,114</u>	<u>995,151</u>
	<u><u>1,491,332</u></u>	<u><u>1,391,633</u></u>
	2016	2015
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	25,808	27,799
- Other funds	403	163
Other interest revenue (refer note 26)	12,698	0
	<u>38,909</u>	<u>27,962</u>
	<u><u>38,909</u></u>	<u><u>27,962</u></u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

COMMUNITY VISION

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

Shire operations as disclosed in these financial statements 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.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and a waste pick-up service.

EDUCATION AND WELFARE

Objective:

To provide services to children and youth.

Activities:

Maintenance of playgroup centre (early years learning) and operation of youth services.

HOUSING

Objective:

To provide and maintain staff housing.

Activities:

Provision and maintenance of staff housing.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, litter control, storm water maintenance and protection of the environment.

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, recreation centres and various sporting facilities. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depot and traffic control. Cleaning of streets and maintenance of street trees.

ECONOMIC SERVICES

Objective:

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

Activities:

Tourism and area promotion, provision of rural services including weed control and vermin control. Building control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repairs, operation costs and administrative costs.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Health							
Environmental Health Program	0	104,352	(104,352)	0	54,229	(54,229)	0
Education and welfare							
FACSIA Grant - LSP	0	145,107	(145,107)	0	0	0	0
DCD/PGWA	0	0	0	0	124,961	(124,961)	0
LSP FaHCSIA	0	95,070	(95,070)	0	0	0	0
RLCIP Grant - Playgroup Early Years Centre Extens.	0	601,676	0	601,676	0	0	601,676
Community amenities							
FaHCSIA - NJCP	0	323,645	(323,645)	0	331,737	(331,737)	0
Transport							
Grants - Direct	865	118,200	(119,065)	0	0	0	0
Govt Grant - Outback Highway	129,684	1,200,000	(1,329,684)	0	1,000,000	(1,000,000)	0
Govt Grants - special purpose	0	330,468	(330,468)	0	262,650	(262,650)	0
Govt Grant - Road projects pool	0	548,000	(548,000)	0	0	0	0
Govt Grant - Roads to Recovery	0	0	0	0	1,369,415	(1,369,415)	0
Total	<u>130,549</u>	<u>3,466,518</u>	<u>(2,995,391)</u>	<u>601,676</u>	<u>3,142,992</u>	<u>(3,142,992)</u>	<u>601,676</u>

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 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,774,419	3,751,797
Restricted		<u>1,479,687</u>	<u>1,454,399</u>
		<u><u>4,254,106</u></u>	<u><u>5,206,196</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Asset Replacement, Acquisition and Development Reserve	10	809,637	786,303
Cultural Centre Reserve	10	68,374	66,420
Unspent grants	2(c)	<u>601,676</u>	<u>601,676</u>
		<u><u>1,479,687</u></u>	<u><u>1,454,399</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		229,074	225,876
Sundry debtors		45,703	668,798
GST receivable		42,379	0
Prepayments		527	527
Accrued Income		520	0
Provision for Doubtful Debts		<u>(158,151)</u>	<u>0</u>
		<u><u>160,052</u></u>	<u><u>895,201</u></u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>44,990</u>	<u>33,623</u>
		<u><u>44,990</u></u>	<u><u>33,623</u></u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Buildings at:		
- Independent valuation 2015 - level 3	8,288,384	8,288,384
- Additions after valuation - cost	35,376	0
Buildings - non-specialised - Less: accumulated depreciation	<u>(1,088,781)</u>	<u>(941,633)</u>
Total buildings	<u>7,234,979</u>	<u>7,346,751</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	172,124	0
- Management valuation 2015 - level 3	0	163,988
Furniture and equipment - Less: accumulated depreciation	<u>(137,240)</u>	<u>(128,324)</u>
	34,884	35,664
Plant and equipment at:		
- Independent valuation 2016 - level 3	2,747,877	0
- Management valuation 2015 - level 2	0	2,825,560
Plant and equipment - Less: accumulated depreciation	<u>(1,482,849)</u>	<u>(1,537,067)</u>
	1,265,028	1,288,493
	<u>8,534,891</u>	<u>8,670,908</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 the Shire can fulfil its service obligations and accommodate staff throughout the municipality. The leases 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 shown as cost, given they were acquired at arms 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 in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Buildings	7,346,751	35,376	0	0	0	0	(147,148)	0	7,234,979
Total buildings	7,346,751	35,376	0	0	0	0	(147,148)	0	7,234,979
Furniture and equipment	35,664	8,136	0	0	0	0	(8,916)	0	34,884
Plant and equipment	1,288,493	296,095	(66,759)	0	0	0	(252,801)	0	1,265,028
Total property, plant and equipment	8,670,908	339,607	(66,759)	0	0	0	(408,865)	0	8,534,891

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Buildings	Level 3	Cost Approach	Independent Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 3	Cost Approach	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	Level 3	Cost Approach	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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 property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads & Footpaths		
- Management Valuation 2015 - Level 3	112,504,070	112,504,070
- Additions after valuation - cost	2,672,461	0
Infrastructure - Roads - Less: accumulated depreciation	<u>(16,366,913)</u>	<u>(15,310,925)</u>
	98,809,618	97,193,145
Infrastructure -Recreation Assets		
- Management valuation 2015 - level 3	412,993	412,993
Infrastruncture - Recreation Assets - Less: accumulated deppreciation	<u>(297,239)</u>	<u>(294,874)</u>
	115,754	118,119
	<u>98,925,372</u>	<u>97,311,264</u>

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 shown as cost. Given they were acquired at arms 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 in accordance with Local Government (Financial Management)Regulation 17A(2) which requires infrastructure to be shown at fair value.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads & Footpaths	97,193,145	2,672,461	0	0	0	0	(1,055,988)	0	98,809,618
Infrastructure -Recreation Assets	118,119	0	0	0	0	0	(2,365)	0	115,754
Total infrastructure	<u>97,311,264</u>	<u>2,672,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,058,353)</u>	<u>0</u>	<u>98,925,372</u>

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads & Footpaths	Level 3	Cost Approach	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure -Recreation Assets	Level 3	Cost Approach	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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 to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	123,594	195,948
ATO liabilities	46,976	25,703
Accrued Expenses	6,654	0
	177,224	221,651

9. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Isolation Leave \$	Total \$
Opening balance at 1 July 2015				
Current provisions	127,881	65,466	0	193,347
Non-current provisions	0	40,633	0	40,633
	127,881	106,099	0	233,980
Additional provision	36,690	26,904	34,609	98,203
Balance at 30 June 2016	164,571	133,003	34,609	332,183
Comprises				
Current	164,571	94,726	34,609	293,906
Non-current	0	38,277	0	38,277
	164,571	133,003	34,609	332,183

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

10. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Asset Replacement, Acquisition and Development Reserve	786,303	23,334	0	809,637	786,303	26,000	0	812,303	759,690	26,613	0	786,303
Cultural Centre Reserve	66,420	1,954	0	68,374	66,421	2,000	0	68,421	64,172	2,248	0	66,420
	<u>852,723</u>	<u>25,288</u>	<u>0</u>	<u>878,011</u>	<u>852,724</u>	<u>28,000</u>	<u>0</u>	<u>880,724</u>	<u>823,862</u>	<u>28,861</u>	<u>0</u>	<u>852,723</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount 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 and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Asset Replacement, Acquisition and Development Reserve	Ongoing	To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves.
Cultural Centre Reserve	Ongoing	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 30TH JUNE 2016

11. REVALUATION SURPLUS

	2015/16				2014/15					
	2015/16 Opening Balance \$	2015/16 Revaluation Increment \$	2015/16 Revaluation (Decrement) \$	2015/16 Total Movement on Revaluation \$	2015/16 Closing Balance \$	2014/15 Opening Balance \$	2014/15 Revaluation Increment \$	2014/15 Revaluation (Decrement) \$	2014/15 Total Movement on Revaluation \$	2014/15 Closing Balance \$
Buildings	4,052,570	0	0	0	4,052,570	0	4,052,570	0	4,052,570	4,052,570
Plant and equipment	190,407	0	0	0	190,407	0	190,407	0	190,407	190,407
Infrastructure - Roads & Footpaths	53,493,440	0	0	0	53,493,440	0	53,493,440	0	53,493,440	53,493,440
	57,736,417	0	0	0	57,736,417	0	57,736,417	0	57,736,417	57,736,417

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash 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:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>4,254,106</u>	<u>880,724</u>	<u>5,206,196</u>

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

Net result	(251,557)	569,814	4,313,641
Non-cash flows in Net result:			
Depreciation	1,467,218	1,072,196	1,396,482
(Profit)/Loss on sale of asset	(27,674)	(46,272)	21,115
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	735,149	645,201	(497,726)
(Increase)/Decrease in inventories	(11,367)	7,880	54,257
Increase/(Decrease) in payables	(44,427)	(52,130)	(76,275)
Increase/(Decrease) in accrued income	0	0	1,062
Increase/(Decrease) in provisions	98,203	0	34,008
Grants contributions for the development of assets	<u>(2,274,330)</u>	<u>(4,760,014)</u>	<u>(2,349,676)</u>
Net cash from operating activities	<u>(308,785)</u>	<u>(2,563,325)</u>	<u>2,896,888</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	8,000	8,000
Credit card balance at balance date	<u>(3,654)</u>	<u>(3,109)</u>
Total amount of credit unused	<u>4,346</u>	<u>4,891</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. 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.

14. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

15. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire of Coolgardie, Dundas, Esperance, Laverton, Leonora, Ravensthorpe and Wiluna have a joint venture arrangement with regards to the provision of a Regional Records Service. The assets included in the joint venture are recorded as one-tenth share as follows:

	2016	2015
	\$	\$
Non-current assets		
Land and buildings at valuation (2014)	75,500	75,500
Less: accumulated depreciation	<u>(3,775)</u>	<u>(1,887)</u>
	<u>71,725</u>	<u>73,613</u>
Furniture and equipment at valuation (2016)	8,204	12,109
Less: accumulated depreciation	<u> </u>	<u>(2,778)</u>
	<u>8,204</u>	<u>9,331</u>
Plant and machinery at valuation (2016)	4,182	8,247
Less: accumulated depreciation	<u> 0</u>	<u>(3,492)</u>
	<u>4,182</u>	<u>4,755</u>
Light vehicles at valuation (2016)	3,200	6,549
Less: accumulated depreciation	<u> 0</u>	<u>(1,129)</u>
	<u>3,200</u>	<u>5,420</u>
Total Assets	<u>87,311</u>	<u>93,119</u>

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	120,408	143,957
General purpose funding	43,512	0
Law, order, public safety	13,202	16,000
Health	247,117	146,109
Education and welfare	1,090,641	995,134
Housing	4,923,726	5,025,066
Community amenities	336,064	383,970
Recreation and culture	2,468,579	1,797,245
Transport	99,054,575	97,421,442
Economic services	43,931	53,250
Other property and services	44,990	0
Unallocated	3,532,666	6,135,019
	<u>111,919,411</u>	<u>112,117,192</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
17. FINANCIAL RATIOS			
Current ratio	6.32	11.28	3.98
Asset sustainability ratio	1.96	1.70	1.72
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(3.92)	2.83	(2.46)
Own source revenue coverage ratio	0.10	0.11	0.12

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 53 of this document.

For 2016 and 2015, the Operating Surplus ratio as disclosed above was distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

For 2015, the Current ratio as disclosed above was also distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistant Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,954,442

For 2014, the current and Operating Surplus ratios disclosed above were distorted by the change to the payment of Financial Assistance Grants during the year ended 30 June 2014 which saw the advance payment of the first quarter of the following year cease. This created a timing difference which resulted in an amount of some \$1,114,012 less revenue for the year.

If recognised in the year to which the allocation related, the calculations in the 2016, 2015 and 2014 columns above would be as follows:

	2016	2015	2014
Current ratio	6.32	6.57	6.41
Operating surplus ratio	(0.89)	0.01	(0.91)

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

18. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Licensing	0	5,084	(5,084)	0
	<u>0</u>			<u>0</u>

19. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Health								
Toyota LC 1COM575	20,573	19,392	0	(1,181)	13,653	15,000	1,347	0
Community amenities								
Iveco Rubbish Truck	0	3,091	3,091	0	4,534	6,000	1,466	0
Recreation and culture								
Isuzu 4WD Bus 1BWF783	24,880	55,658	30,778	0	19,988	55,000	35,012	0
Toyota Hilux 1CGJ892	0	0	0	0	8,229	10,000	1,771	0
Other property and services								
Toyota Prado 1CLX670	21,306	16,292	0	(5,014)	13,324	20,000	6,676	0
	<u>66,759</u>	<u>94,433</u>	<u>33,869</u>	<u>(6,195)</u>	<u>59,728</u>	<u>106,000</u>	<u>46,272</u>	<u>0</u>

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Council had no borrowings at 30 June 2016.

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

No overdraft facilities exist with the local government's bank.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Unimproved value valuations											
General Rate UV	0.1800	58	1,230,595	322,479	(162,826)	36	159,689	322,479	0	0	322,479
Sub-Total		58	1,230,595	322,479	(162,826)	36	159,689	322,479	0	0	322,479
Minimum payment	Minimum \$										
Unimproved value valuations											
General Rate UV	220	2	2,993	440	440	0	880	440	0	0	440
Sub-Total		2	2,993	440	440	0	880	440	0	0	440
		60	1,233,588	322,919	(162,386)	36	160,569	322,919	0	0	322,919
Total amount raised from general rate							160,569				322,919
Ex-gratia rates							64,882				64,882
Totals							<u>225,451</u>				<u>387,801</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. NET CURRENT ASSETS

Composition of net current assets

	2016	2016	2015
	(30 June 2016 Carried Forward) \$	(1 July 2015 Brought Forward) \$	(30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>3,110,007</u>	<u>4,867,299</u>	<u>4,867,299</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	2,774,419	3,751,797	3,751,797
Restricted	1,479,687	1,454,399	1,454,399
Receivables			
Rates outstanding	229,074	225,876	225,876
Sundry debtors	45,703	668,798	668,798
GST receivable	42,379	0	0
Prepayments	527	527	527
Accrued Income	520	0	0
Provision for Doubtful Debts	(158,151)	0	0
Inventories			
Fuel and Materials	44,990	33,623	33,623
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(123,594)	(195,948)	(195,948)
ATO liabilities	(46,976)	(25,703)	(25,703)
Other payables	(6,654)	0	0
Provisions			
Provision for annual leave	(164,571)	(127,881)	(127,881)
Provision fo isolation leave	(34,609)	0	0
Provision for long service leave	(94,726)	(65,466)	(65,466)
Unadjusted net current assets	<u>3,988,018</u>	<u>5,720,022</u>	<u>5,720,022</u>
Adjustments			
Less: Reserves - restricted cash	(878,011)	(852,723)	(852,723)
Adjusted net current assets - surplus/(deficit)	<u>3,110,007</u>	<u>4,867,299</u>	<u>4,867,299</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

23. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2016.

24. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2016.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

The Council did not offer any discounts, incentives, concessions or waivers.

26. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	31 December 15	0	0.00%	11.00%
Option Two				
First Instalment	31 December 15	0	0.00%	
Second Instalment	29 February 16	0	0.00%	
Option Three				
First Instalment	31 December 15	0	0.00%	
Second Instalment	29 February 16	0	0.00%	
Third Instalment	30 April 16	0	0.00%	
Fourth Instalment	30 June 16	0	0.00%	
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			12,698	0
Interest on instalment plan			0	0
Charges on instalment plan			0	0
			<u>12,698</u>	<u>0</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. FEES & CHARGES	2016	2015
	\$	\$
Governance	30	237
Education and welfare	6,286	576
Housing	9,100	23,175
Community amenities	69,192	78,062
Recreation and culture	254,944	139,700
Economic services	6,160	3,045
	<u>345,712</u>	<u>244,795</u>

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

28. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	3,172	21,187
General purpose funding	2,459,403	6,410,490
Health	54,229	119,876
Education and welfare	124,961	240,177
Community amenities	331,737	323,645
Recreation and culture	0	1,725
Transport	486,234	448,668
Other property and services	12,928	0
	<u>3,472,664</u>	<u>7,565,768</u>
Non-operating grants, subsidies and contributions		
Education and welfare	0	601,676
Transport	2,274,330	1,748,000
	<u>2,274,330</u>	<u>2,349,676</u>
	<u>5,746,994</u>	<u>9,915,444</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	22		19
--	----	--	----

30. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2016	2016 Budget	2015
	\$	\$	\$
Meeting Fees	14,805	24,000	12,355
President's allowance	4,000	4,000	3,500
Deputy President's allowance	1,000	1,000	875
Travelling expenses	18,099	20,000	12,908
	37,904	49,000	29,638

31 MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/2016 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/2016 financial year.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management 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 Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	4,254,106	5,206,196	4,254,106	5,206,196
Receivables	160,052	895,201	160,052	895,201
	<u>4,414,158</u>	<u>6,101,397</u>	<u>4,414,158</u>	<u>6,101,397</u>
Financial liabilities				
Payables	177,224	221,651	177,224	221,651
	<u>177,224</u>	<u>221,651</u>	<u>177,224</u>	<u>221,651</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit 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 investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	42,541	8,527
- Statement of Comprehensive Income	42,541	8,527

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. 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 debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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 Council 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:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	80%	97%
- Overdue	20%	3%

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables and borrowings are both 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 if required.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings 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 \$
<u>2016</u>					
Payables	177,224	0	0	177,224	177,224
	<u>177,224</u>	<u>0</u>	<u>0</u>	<u>177,224</u>	<u>177,224</u>
<u>2015</u>					
Payables	221,651	0	0	221,651	221,651
	<u>221,651</u>	<u>0</u>	<u>0</u>	<u>221,651</u>	<u>221,651</u>

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF NGAANYATJARRAKU

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Ngaanattjarraku (the Shire), which comprises the statement of financial position as at 30 June 2016, 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Ngaanattjarraku is in accordance with *the Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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 Shire in accordance with the 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.

Report on Other Legal and Regulatory Requirements

We have not obtained all documents in relation to *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* compliance, namely Council meeting minutes, monthly statements of financial activity and monthly lists of accounts paid. Therefore we are unable to provide an indication of compliance or non-compliance with applicable regulations in these areas.

Notwithstanding the above, during the course of the audit we became aware of the following instances where the Shire did not comply with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*:

Submission of Financial Report

The balanced accounts and complete financial report for the year ended 30 June 2016 were not submitted to the auditor by 30 September 2016 as required by Section 6.4(3) of the *Local Government Act*.

Procedures for Making Payments

Proper procedures for authorisation and payment of accounts have not been developed or implemented as required by *Local Government (Financial Management) Regulation 11*.

Report on Other Legal and Regulatory Requirements (Continued)

Annual Budget

A copy of the annual budget for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of its adoption as required by Local Government (Financial Management) Regulation 33.

Annual Budget Review

A copy of the annual budget review for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of its adoption as required by Local Government (Financial Management) Regulation 33A(4).

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 of the Shire.

In our opinion, the Shire experienced a significant adverse trend in its financial management practices as evidenced by the inability to:

- i) balance the year end position and provide audit information in a timely manner; and
- ii) supply all information as requested (refer to *Report on Other Legal and Regulatory Requirements* above).

This reflects on the efficiency of the Shire as a whole as it compromises the delivery and monitoring of meaningful, accurate and timely management information.

- b) As reported in our *Report on Other Legal and Regulatory Requirements* above, except as specifically detailed, we are unable to provide a full indication of compliance or non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law.
- c) In relation to the Supplementary Ratio Information presented at page 54 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not supported by:
- i) verifiable information; and
 - ii) reasonable assumptions,

The Asset Renewal Funding Ratio was not calculated and consequently, no review was able to be carried out.

- d) As reported above, not all necessary information and explanations were obtained by us.
- e) As reported above, not all audit procedures were satisfactorily completed in conducting our audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2016 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF NGAANYATJARRAKU (CONTINUED)**

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

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. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 15 June 2018
Perth, WA

**SHIRE OF NGAANYATJARRAKU
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2016	2015	2014
Asset consumption ratio	0.85	0.73	0.75
Asset renewal funding ratio (Note 1)	N/A	N/A	N/A

Note 1:

The Shire does not currently have the information available for the calculation of the ratio.

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$