

Annual Financial Statements for the year ended 30 June 2014



Shire of Ngaanyatjarra
ON A JOURNEY



"Cut line. Making the Gunbarrel Highway with Len Beadell"
– by Jean Burke 2011 (image courtesy of Warakurna Artists)

Shire of Ngaanyatjaraku
Annual Financial Statements 2013-2014

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SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2014

2012/2013 ACTUAL		NOTES	2013/2014 ADOPTED BUDGET	2013/2014 ACTUAL
\$			\$	\$
	REVENUE			
344,170	Rates	19	344,718	372,230
5,140,322	Operating Grants, Subsidies & Contributions	25	3,684,950	3,414,257
290,675	Fees & Charges	24	179,350	260,922
-	- Service Charges	21	-	-
48,212	Interest Earnings	2(a)	42,544	32,573
42,102	Other Revenue		52,600	37,547
5,865,481			4,304,162	4,117,529
	EXPENSES			
(1,743,514)	Employee Costs		(2,148,805)	(1,628,181)
(3,182,296)	Materials & Contracts		(3,221,915)	(2,578,251)
(97,670)	Utilities		(102,750)	(80,679)
(1,303,405)	Depreciation	2(a)	(1,135,600)	(1,392,263)
-	- Interest Expenses	2(a)	-	-
(129,626)	Insurance Expenses		(143,331)	(133,894)
(76,679)	Other Expenditure		(152,610)	(78,348)
(6,533,190)			(6,905,011)	(5,891,616)
	OTHER ITEMS			
(134,834)	Assets Revaluation - Decrement		-	-
3,713,565	Non-Operating Grants, Subsidies & Contributions	25	3,964,551	2,500,834
54,615	Profit on Asset Disposals	17	-	14,731
(6,631)	Loss on Asset Disposal	17	-	(6,283)
3,626,715	Total Other Items		3,964,551	2,509,282
2,959,006	NET RESULT		1,363,702	735,195
	- Other Comprehensive Income		-	-
	- Total Other Comprehensive Income		-	-
2,959,006	TOTAL COMPREHENSIVE INCOME		1,363,702	735,195

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2014

2012/2013 ACTUAL		NOTES	2013/2014 ADOPTED BUDGET	2013/2014 REVISED BUDGET	2013/2014 ACTUAL
\$			\$	\$	\$
	REVENUE	2(a)			
4,556,987	General Purpose Funding		2,817,217	2,817,217	2,834,756
47,221	Governance		46,150	46,000	30,279
13,930	Law, Order, Public Safety		300	300	300
98,220	Health		99,020	99,020	103,458
178,904	Education & Welfare		218,296	118,296	130,293
58,284	Housing		50,000	50,000	31,636
380,474	Community Amenities		418,262	418,262	419,502
179,122	Recreation & Culture		206,000	206,000	187,286
4,089,110	Transport		415,717	3,130,595	2,877,551
18,975	Economic Services		18,200	18,200	3,300
5,804	Other Property & Services		15,000	15,150	-
9,627,031			4,304,162	6,919,040	6,618,361
	EXPENSES	2(a)			
(15,082)	General Purpose Funding		(19,381)	(19,381)	(11,765)
(158,209)	Governance		(205,405)	(205,405)	(123,208)
(80,843)	Law, Order, Public Safety		(80,886)	(90,886)	(80,869)
(323,374)	Health		(335,167)	(415,167)	(394,993)
(928,798)	Education & Welfare		(892,285)	(924,135)	(827,329)
(411,581)	Housing		(439,479)	(444,479)	(384,420)
(568,382)	Community Amenities		(742,239)	(742,239)	(514,341)
(1,076,849)	Recreation & Culture		(1,118,258)	(1,174,308)	(909,136)
(2,740,543)	Transport		(2,791,540)	(2,791,540)	(2,425,300)
(199,889)	Economic Services		(219,287)	(219,287)	(195,814)
(29,641)	Other Property & Services		(61,084)	(61,084)	(24,439)
(6,533,191)			(6,905,011)	(7,087,911)	(5,891,614)
	OTHER ITEMS				
(134,834)	Assets Revaluation - Decrement		-	-	-
-	Non-Operating Grants, Subsidies & Contributions		3,964,551	3,964,551	-
-	Profit on Asset Disposals		-	-	14,731
-	Loss on Asset Disposal		-	-	(6,283)
(134,834)	Total Other Items		3,964,551	3,964,551	8,448
2,959,006	NET RESULT		1,363,702	3,795,680	735,195
-	Other Comprehensive Income		-	-	-
-	Total Other Comprehensive Income		-	-	-
2,959,006	TOTAL COMPREHENSIVE INCOME		1,363,702	3,795,680	735,195

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

2012/2013 ACTUAL		NOTES	2013/2014 ACTUAL
\$			\$
	CURRENT ASSETS		
2,174,110	Cash and Cash Equivalents	3	2,292,409
1,106,825	Trade & Other Receivables	4	398,537
49,899	Inventories	5	87,880
3,330,834	TOTAL CURRENT ASSETS		2,778,826
	NON-CURRENT ASSETS		
5,079,161	Property, Plant and Equipment	6	4,964,079
41,564,333	Infrastructure	7	42,643,104
46,643,494	TOTAL NON-CURRENT ASSETS		47,607,183
49,974,328	TOTAL ASSETS	15	50,386,009
	CURRENT LIABILITIES		
636,841	Trade & Other Payables	8	297,926
122,942	Provisions	9	160,479
759,783	TOTAL CURRENT LIABILITIES		458,405
	NON-CURRENT LIABILITIES		
61,632	Provisions	9	39,494
61,632	TOTAL NON-CURRENT LIABILITIES		39,494
821,415	TOTAL LIABILITIES		497,899
49,152,913	NET ASSETS		49,888,110
	EQUITY		
48,224,465	Retained Surplus	10	49,064,248
928,448	Reserves - Cash/Investment Backed		823,862
49,152,913	TOTAL EQUITY		49,888,110

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTES	RETAINED SURPLUS	RESERVES	TOTAL EQUITY
		\$	\$	\$
Balance as at 1 July 2012		45,073,712	1,120,195	46,193,907
Net Result		2,959,006	-	2,959,006
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	191,747	(191,747)	-
Balance as at 30 June 2013		48,224,465	928,448	49,152,913
Net Result		735,195	-	735,195
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	104,586	(104,586)	-
Balance as at 30 June 2014		49,064,246	823,862	49,888,110

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

2012/2013 ACTUAL		NOTES	2013/2014 ADOPTED BUDGET	2013/2014 ACTUAL
\$	Cash Flows From Operating Activities		\$	\$
	Receipts			
322,153	Rates		364,718	286,126
4,767,203	Operating Grants, Subsidies and Contributions		4,484,950	4,084,052
348,771	Fees and Charges		194,371	222,640
43,369	Interest Earnings		43,444	35,523
1,228,234	Goods and Services Tax Refund		640,000	471,751
42,019	Other Revenue		52,600	42,356
6,751,749			5,780,083	5,142,448
	Payments			
(1,710,857)	Employee Costs		(2,119,105)	(1,613,064)
(2,884,435)	Materials and Contracts		(2,964,357)	(2,954,866)
(97,670)	Utility Charges		(94,250)	(80,679)
(129,626)	Insurance Expenses		(143,331)	(133,894)
(1,333,319)	Goods and Services Tax Payable		(600,000)	(316,631)
(76,680)	Other Expenditure		(147,610)	(78,345)
(6,232,587)			(6,068,653)	(5,177,479)
519,162	Net Cash Provided By Operating Activities	11(b)	(288,570)	(35,031)
	Cash Flows from Investing Activities			
(554,803)	Payments for Purchase of Property, Plant & Equipment	6	(2,383,000)	(543,538)
(4,510,045)	Payments for Construction of Infrastructure	7	(2,045,000)	(1,856,155)
3,713,565	Non-Operating Grants, Subsidies and Contributions	11(b)	3,964,551	2,500,834
78,636	Proceeds from Sale of Plant & Equipment	17	70,000	52,189
(1,272,647)	Net Cash Used in Investing Activities		(393,449)	153,330
(753,485)	Net Increase (Decrease) in Cash Held		(682,019)	118,299
2,927,595	Cash and cash equivalents at Beginning of Year		2,174,110	2,174,110
2,174,110	Cash and Cash Equivalents at the End of the Year	11(a)	1,492,091	2,292,409

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

**SHIRE OF NGAANYATJARRAKU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

2012/2013 ACTUAL		NOTES	2013/2014 ADOPTED BUDGET	2013/2014 ACTUAL
\$			\$	\$
	Revenue			
4,212,818	General Purpose Funding		2,472,499	2,462,528
47,221	Governance		46,150	30,279
13,930	Law, Order, Public Safety		300	300
98,220	Health		99,020	103,458
178,904	Education and Welfare		467,969	130,293
58,284	Housing		50,000	31,636
380,474	Community Amenities		418,262	419,502
179,122	Recreation and Culture		1,206,000	195,734
4,089,110	Transport		3,130,595	2,877,551
18,975	Economic Services		18,200	3,300
5,804	Other Property and Services		15,000	-
9,282,862			7,923,995	6,254,581
	Expenses			
(15,082)	General Purpose Funding		(19,381)	(11,765)
(158,209)	Governance		(205,405)	(123,208)
(80,843)	Law, Order, Public Safety		(80,886)	(80,869)
(323,374)	Health		(335,167)	(394,993)
(928,798)	Education and Welfare		(892,285)	(827,329)
(411,581)	Housing		(439,479)	(384,420)
(568,382)	Community Amenities		(742,239)	(514,341)
(1,076,849)	Recreation & Culture		(1,118,258)	(909,136)
(2,740,543)	Transport		(2,791,540)	(2,425,300)
(199,889)	Economic Services		(219,287)	(195,814)
(29,641)	Other Property and Services		(61,084)	(24,439)
(6,533,191)			(6,905,011)	(5,891,614)
2,749,671	Net Result Excluding Rates		1,018,984	362,967
	Adjustments for Cash Budget Requirements:			
	Non-Cash Expenditure and Revenue			
1,303,405	Depreciation on Assets	2(a)	1,135,600	1,392,263
(47,984)	(Profit)/Loss on Disposal of Assets	17	-	(8,448)
22,996	Long Service Leave Provision Movement - Non Current		-	(22,138)
1,278,417	Non-Cash Expenditure and Revenue		1,135,600	1,361,677
	Capital Expenditure and Revenue			
(319,450)	Purchase Land and Buildings	16	(2,015,000)	(65,170)
(4,510,045)	Infrastructure Assets - Roads	16	(2,030,000)	(1,848,245)
-	Infrastructure Assets - Other	16	(15,000)	(7,910)
(208,528)	Purchase Plant and Equipment	16	(329,000)	(472,124)
(26,825)	Purchase Furniture and Equipment	16	(39,000)	(6,244)
78,635	Proceeds Disposal of Assets	17	70,000	52,189
(43,253)	Transfers to Reserves	10	(38,000)	(35,414)
235,000	Transfers from Reserves	10	-	140,000
(4,794,466)	Net Cash from Investing Activities		(4,396,000)	(2,242,918)
2,064,811	ADD Surplus/(Deficit) July 1 B/Fwd		1,896,698	1,642,603
(1,642,603)	LESS (Surplus)/Deficit June 30 C/Fwd		-	(1,496,559)
(344,170)	Amount Required to be Raised from Rates	19	(344,718)	(372,230)

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

1 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the Financial Statements, but a separate Statement of those monies is disclosed at Note 13.

Critical Accounting Estimates

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

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

(c) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

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

Initial Recognition

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

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

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revaluation

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

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

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

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

Transitional Arrangement

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

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

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

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

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

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

Items are depreciated over their useful lives on a reducing balance basis as follows:

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

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

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

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

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

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed at Note 2(d). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Shire of Ngaanyatjarraku's operations for the current reporting period.

(e) Employee Benefits

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

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

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

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

Long Service Leave (Long-term Benefits)

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

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

(f) Superannuation

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

(g) Leases

The Municipality was not a party to any finance or operating leases for the 2013/2014 financial year.

(h) Inventories

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

(i) Cash and Cash Equivalents

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

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

(j) Trade and Other Receivables

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

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful

(k) Joint Venture

The Municipality was not a party to any joint ventures for the 2013/2014 financial year.

(l) Comparative Figures

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Goods and Services Tax

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

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

(n) Impairment

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

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

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

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

(o) Trade and Other Payables

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

(p) Land Held for Resale

The Municipality is not currently holding any land for resale.

(q) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

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

(ii) Loans and receivables

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial Liabilities

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

Impairment

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

Derecognition

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

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

(r) Intangible Assets

Easements

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

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

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

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

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

Title	Issued/ Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 - Financial Instruments	December 2013	January 2017	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	December 2013	January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Title	Issued/ Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards (Not-For-Profit entities) [AASB 1, 3, 5, 7, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off: and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount if impaired assets.
(vi) AASB 2013 - 8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.
(vii) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework - 20 December 2013; Part B Materiality - 1 January 2014; Part C Financial Instruments - 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deleted references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

(t) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

(u) Rounding

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

(v) Budget Comparative

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

(w) 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.

(x) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(y) Current and Non-Current Classification

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

2 REVENUES AND EXPENSES

(a) Result from Ordinary Activities Result from Ordinary Activities

(i) Charging as Expenses:

Auditor's Remuneration

Audit	28,110	40,000	30,945
Other Services	-	-	-

Bad and Doubtful Debts

Rates	-	-	-
General Debtors	-	-	-

Depreciation

By Program

Governance	18,429	37,500	20,858
Law, Order, Public Safety	3,328	7,500	4,714
Health	15,231	10,000	20,146
Education and Welfare	69,812	18,000	69,630
Housing	251,776	271,000	225,682
Community Amenities	49,925	18,500	45,756
Recreation and Culture	183,648	80,600	190,084
Transport	699,989	687,000	805,817
Economic Services	11,267	5,500	9,576
Other Property and Services	-	-	-
	1,303,405	1,135,600	1,392,263

By Class

Land and Buildings	424,054	213,920	402,963
Furniture and Equipment	21,491	20,125	20,216
Plant and Equipment	193,383	214,555	191,700
Roads and Footpaths	611,799	615,000	730,483
Other assets	52,678	72,000	46,901
	1,303,405	1,135,600	1,392,263

(ii) Crediting as Revenue:

Interest Earnings

Investments			
- Reserve Funds	43,253	38,000	32,464
- Other Funds	4,959	4,544	109

	48,212	42,544	32,573
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**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

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

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

REPORTING PROGRAM DESCRIPTIONS

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

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HOUSING

Objective: To provide and maintain elderly residents housing.

Activities: Provision and maintenance of elderly residents housing.

COMMUNITY AMENITIES

Objective: To provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

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

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

OTHER PROPERTY & SERVICES

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

(c) Nature or Type Classifications

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

Revenue

Rates

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

Operating Grants, Subsidies and Contributions

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

Non-Operating Grants, Subsidies and Contributions

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

Profit on Asset Disposal

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

Fees and Charges

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

Service Charges

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

Interest Earnings

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

Other Revenue

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

Expenditure

Employee Costs

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

Material and Contracts

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

Utilities (Gas, Electricity, Water, etc)

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

Depreciation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of fixed assets.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

2 OPERATING REVENUES AND EXPENSES (Continued)

Interest Expenses

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

Insurance

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

Other Expenditure

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

(d) Conditions Over Grants/Contributions

Grant/Contribution	Balance ⁽¹⁾ 1-Jul-12 \$	Received ⁽²⁾ 2012/2013 \$	Expended ⁽³⁾ 2012/2013 \$	Closing Balance ⁽¹⁾ 30-Jun-13 \$	Received ⁽²⁾ 2013/2014 \$	Expended ⁽³⁾ 2013/2014 \$	Closing Balance 30-Jun-14 \$
Operating Grants/Contributions							
General Purpose Funding							
General Purpose Grants Commission	-	4,164,605	4,164,605	-	2,429,955	2,429,955	-
Governance							
CLGF Grant - Forward Capital Works Plan	25,700	-	25,700	-	-	-	-
Law, Order & Public Safety							
FESA Aware	-	13,636	13,636	-	-	-	-
Emergency Management Planning Programme	-	-	-	-	-	-	-
Community Safety & Crime Prevention	-	-	-	-	-	-	-
Education and Welfare							
FACSIA Grant - LSP	-	23,600	23,600	-	28,800	28,800	-
Grant - LSP - FaHCSIA	-	145,377	145,377	-	100,075	100,075	-
Health							
Environmental Health Program	-	98,220	98,220	-	101,658	101,658	-
Housing							
Grant - FACSIA Youth Staff Accommodation	-	-	-	-	-	-	-
Community Amenities							
FaHCSIA - NJCP	92,899	270,907	363,806	-	346,762	346,762	-
Recreation							
Grant - Healthway	-	-	-	-	-	-	-
Warburton Community Resource Centre	-	-	-	-	-	-	-
Transport							
Govt Grants - Special Purpose	-	272,500	272,500	-	268,000	268,000	-
Grants - Direct	-	100,804	100,804	-	108,717	107,852	865
Capital Grants/Contributions towards the Development of Assets							
Housing							
Youth Accommodation – Early Years Coordinator	-	-	-	-	-	-	-
Grants - FACSIA Youth Staff Accommodation	-	-	-	-	-	-	-
Recreation							
Australian Govt. RLCIP	-	-	-	-	-	-	-
Transport							
Govt. Grant - Roads to Recovery	-	-	-	-	938,878	938,878	-
Grants - Direct	-	-	-	-	-	-	-
Grant - Road Projects Pool	-	180,000	180,000	-	320,356	320,356	-
Govt Grant - Outback Highway	-	1,000,000	1,000,000	-	1,040,000	910,316	129,684
Govt Grant - Outback Highway	-	960,000	960,000	-	-	-	-
Govt Grant - Outback Highway	-	552,000	552,000	-	201,600	201,600	-
Govt Grant - Royalties for Region	-	1,021,565	1,021,565	-	-	-	-
Total Operating	118,599	5,089,649	5,208,248	-	3,383,967	3,383,102	865
Total Capital	-	3,713,565	3,713,565	-	2,500,834	2,371,150	129,684
Total Operating and Capital	118,599	8,803,214	8,921,813	-	5,884,801	5,754,252	130,549

Notes:

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

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

3	CASH AND CASH EQUIVALENTS	2012/2013 \$	2013/2014 \$
	Unrestricted	1,245,662	1,337,998
	Restricted	928,448	954,411
		<u>2,174,110</u>	<u>2,292,409</u>
	Cash on Hand	1,250	1,250
	Cash at Bank - Municipal	1,244,412	1,467,297
	Term Deposits	928,448	823,862
		<u>2,174,110</u>	<u>2,292,409</u>
	The following restrictions have been imposed by regulations or other externally imposed requirements:		
	Various Reserve Accounts (refer note 10)	928,448	823,862
	Unspent Grants (refer note 2 (d))	-	130,549
		<u>928,448</u>	<u>954,411</u>
4	TRADE & OTHER RECEIVABLES	2012/2013 \$	2013/2014 \$
	Current		
	Rates and Rubbish Outstanding	98,943	176,431
	Less: Provision for Doubtful Debts	(8,616)	-
	Sundry Debtors	903,324	189,476
	Less: Provision for Doubtful Debts	(7,887)	-
	GST Receivable	120,534	32,103
	Prepayments	527	527
		<u>1,106,825</u>	<u>398,537</u>
5	INVENTORIES	2012/2013 \$	2013/2014 \$
	Current		
	Fuel and Materials - at cost	49,899	87,880
		<u>49,899</u>	<u>87,880</u>
6	PROPERTY, PLANT AND EQUIPMENT	2012/2013 \$	2013/2014 \$
	Land and Buildings - Cost	6,198,422	6,263,593
	Less Accumulated Depreciation	(2,209,214)	(2,612,177)
		3,989,208	3,651,416
	Furniture and Equipment - Cost	372,838	379,083
	Less Accumulated Depreciation	(299,539)	(319,756)
		73,299	59,327
	Plant and Equipment - Management Valuation	1,016,654	972,913
	Additions after Valuation	0	472,123
	Less Accumulated Depreciation	0	(191,700)
		1,016,654	1,253,336
	TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>5,079,161</u>	<u>4,964,079</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in Carrying Amounts

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

	Land & Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	3,989,208	73,299	1,016,654	5,079,161
Additions	65,170	6,244	472,124	543,538
Disposals	-	-	(43,741)	(43,741)
Revaluation increments/(decrements)	-	-	-	-
Depreciation expense	(402,963)	(20,216)	(191,700)	(614,879)
Carrying amount at end of the year	3,651,415	59,327	1,253,337	4,964,079

	2012/2013 \$	2013/2014 \$
7 INFRASTRUCTURE		
Roads and Footpaths - Cost	50,909,295	52,757,540
Less Accumulated Depreciation	<u>(9,793,613)</u>	<u>(10,524,096)</u>
	41,115,682	42,233,444
Recreation - Cost	405,083	412,993
Less Accumulated Depreciation	<u>(263,775)</u>	<u>(279,941)</u>
	141,308	133,052
Aerodromes - Cost	964,622	964,622
Less Accumulated Depreciation	<u>(657,279)</u>	<u>(688,014)</u>
	307,343	276,608
TOTAL INFRASTRUCTURE	<u>41,564,333</u>	<u>42,643,104</u>

Movements in Carrying Amounts

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

	Roads & Footpaths	Recreation	Aerodromes	Total
	\$	\$	\$	\$
Balance at the beginning of the year	41,115,682	141,308	307,343	41,564,333
Additions	1,848,245	7,910	-	1,856,155
Depreciation expense	(730,483)	(16,166)	(30,735)	(777,384)
Carrying amount at end of the year	42,233,444	133,052	276,608	42,643,104

	2012/2013 \$	2013/2014 \$
8 TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	<u>636,841</u>	<u>297,926</u>
	<u>636,841</u>	<u>297,926</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

9	PROVISIONS	2012/2013		2013/2014
		\$		\$
	Current			
	Provision for Annual Leave	95,659		120,239
	Provision for Long Service Leave	27,283		40,240
		<u>122,942</u>		<u>160,479</u>
	Non-Current			
	Provision for Long Service Leave	61,632		39,494
		<u>61,632</u>		<u>39,494</u>
		2012/2013	2013/2014	2013/2014
		Actual	Budget	Actual
10	RESERVES - CASH/INVESTMENT BACKED			
	(a) Asset Replacement, Acquisition and Development Reserve			
	Balance brought forward 1st July	1,060,753	866,713	866,713
	Plus transfer from General Purpose Funding	40,960	36,000	32,977
	Less transfer To General Purpose Funding	(235,000)	-	(140,000)
	BALANCE AS AT 30TH JUNE	<u>866,713</u>	<u>902,713</u>	<u>759,690</u>
	(b) Cultural Centre Reserve			
	Balance brought forward 1st July	59,442	61,736	61,735
	Plus transfer from General Purpose Funding	2,293	2,000	2,437
	Less transfer To General Purpose Funding			
	BALANCE AS AT 30TH JUNE	<u>61,735</u>	<u>63,736</u>	<u>64,172</u>
	TOTAL RESERVES	<u>928,448</u>	<u>966,449</u>	<u>823,862</u>
	Summary of Reserve Transfers			
	Transfers to Reserves	2012/2013	2013/2014	2013/2014
		Actual	Budget	Actual
		\$	\$	\$
	Asset Replacement, Acquisition and Development Reserve	40,960	36,000	32,977
	Cultural Centre Reserve	2,293	2,000	2,437
		<u>43,253</u>	<u>38,000</u>	<u>35,414</u>
	Transfers from Reserves			
	Asset Replacement, Acquisition and Development Reserve	(235,000)	-	(140,000)
	Cultural Centre Reserve	-	-	-
		<u>(235,000)</u>	<u>-</u>	<u>(140,000)</u>
	Total Transfer to/(from) Reserves	<u>(191,747)</u>	<u>38,000</u>	<u>(104,586)</u>

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

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

Asset Replacement, Acquisition and Development Reserve

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

Cultural Centre Reserve

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

11 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2012/2013 Actual	2013/2014 Adopted Budget	2013/2014 Actual
Cash and Cash Equivalents	<u>2,174,110</u>	<u>1,492,091</u>	<u>2,292,409</u>

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

Net Result	2,959,006	1,363,702	735,195
Depreciation	1,303,405	1,135,600	1,392,263
(Profit)/Loss on Sale of Asset	(47,984)	-	(8,448)
(Increase)/Decrease in Receivables	(442,736)	875,021	705,340
(Increase)/Decrease in Inventories	17,823	6,899	(37,981)
Increase/(Decrease) in Payables	281,330	264,159	(338,915)
Increase/(Decrease) in Accrued Income	(4,843)	900	2,950
Increase/(Decrease) in Employee Provisions	31,892	29,700	15,399
Grants/Contributions for the Development of Assets	(3,713,565)	(3,964,551)	(2,500,834)
(Increment)/Decrement - Assets	134,834	-	-
Net Cash from Operating Activities	<u>519,162</u>	<u>(288,570)</u>	<u>(35,031)</u>

(c) Undrawn Borrowing Facilities

	2012/2013 \$	2013/2014 \$
Credit Standby Arrangements		
Credit Card Limit	10,000	4,000
Credit Card at Balance Date	-	1,429
Total Amount of Credit Unused	<u>10,000</u>	<u>2,571</u>

12 CONTINGENT LIABILITIES

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

13 TRUST FUNDS

There was no monies held in trust fund during the year ended 30 June 2014

Balance 1-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
-	-	-	-
-	-	-	-

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

14 FINANCIAL INFORMATION BY RATIOS

	2011/2012	2012/2013	2013/2014
Current Ratio	#REF!	#REF!	#REF!
Asset Sustainability Ratio	#REF!	#REF!	#REF!
Debt Service Cover Ratio ¹	N/A	N/A	N/A
Operating Surplus Ratio	#REF!	#REF!	#REF!
Own Source Revenue Ratio	#REF!	#REF!	#REF!

The above ratios are calculated as follows:

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

ADDITIONAL RATIOS

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

	2011/2012	2012/2013	2013/2014
Asset Consumption Ratio	N/A	0.79	#REF!
Asset Renewal Funding Ratio ²	N/A	N/A	N/A

The above ratios are calculated as follows:

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

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

² As at the reporting date, the Shire had not completed its Long Term Financial Plan and therefore is unable to calculate its Asset Renewal Funding Ratio for 2013/2014.

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012/2013 and 2011/2012) have not been reported as financial information is not available. Further, the Shire had not completed its Long Term Financial Plan and therefore is unable to calculate its Asset Renewal Funding Ratio for 2013/2014.

15 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2012/2013 Actual \$	2013/2014 Actual \$
Governance	71,673	97,498
Law, Order, Public Safety	18,857	14,143
Health	85,949	184,578
Education and Welfare	601,236	543,654
Housing	2,235,412	2,009,730
Community Amenities	221,123	435,629
Recreation and Culture	1,684,339	1,564,196
Transport	41,661,061	42,703,489
Economic Services	63,843	54,267
Unallocated	3,330,835	2,778,825
	<u>49,974,328</u>	<u>50,386,009</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

16 ACQUISITION OF ASSETS

Land & Buildings	Motor Vehicles	Plant & Equipment	Furniture & Equipment	Infrastructure Roads & Other	Totals
Actual 2013-2014	Actual 2013-2014	Actual 2013-2014	Actual 2013-2014	Actual 2013-2014	Actual 2013-2014
\$	\$	\$	\$	\$	\$

By Program

Governance

Office Equipment - Computer 1,586 1,586

Health

Environmental Health Vehicle 29,363 29,363

Education and Welfare

Warburton Community Drop In Centre 3,509 3,509

Warakurna Community Drop IN Centre 1,149 1,149

Purchase of Vehicle - Youth Development 89,412 89,412

Community Amenities

Rubbish Disposal Truck - Blackstone 86,806 86,806

Rubbish Truck - Wanarn 86,806 86,806

Rubbish Truck - Wingellina 86,650 86,650

Recreation and Culture

Warburton Community Resource Centre 20,100 20,100

Cemetery Shelter - Warburton 27,000 27,000

Playgroup/Early Years Learning Centre 7,390 7,390

Purchase 4x4 (Wagon) 29,195 29,195

Digital TV & Radio Broadcasting Equip-Warb 10,680 10,680

Other Property and Services

Purchase of Vehicle - Station Wagon 63,892 63,892

Transport

All Community roads - including Great Central 1,848,245 1,848,245

BMX / Skate Park Development 7,910 7,910

54,490	472,124	10,680	6,244	1,856,155	2,399,693
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By Class

Land and Buildings 54,490

Motor Vehicles 472,124

Plant and Equipment 10,680

Furniture and Equipment 6,244

Infrastructure Assets 1,856,155

2,399,693

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

17 DISPOSAL OF ASSETS - 2013/2014 FINANCIAL YEAR

The following assets were disposed of during the year

	Proceeds Sale of Assets		Written Down Value		Gain/(Loss) on Disposal	
	2013/2014	2013/2014	2013/2014	2013/2014	2013/2014	2013/2014
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Asset by Class						
Plant and Equipment	70,000	52,189	70,000	43,741	-	8,448
	70,000	52,189	70,000	43,741	-	8,448
Assets by Program						
Education and Welfare						
Early Years Program 1CXG575	-	-	-	-	-	-
Community Amenities						
Isuzu Bus 1DXT731 (formerly 1CLQ100)	-	-	-	-	-	-
Recreation and Culture						
Recreation KBC8870	20,000	12,727	20,000	10,527	-	2,200
Youth, Sport & Rec PC 1DDJ086	22,000	-	22,000	-	-	-
Nissan Patrol DX Wagon - 1 CRI220	-	8,135	-	14,418	-	(6,283)
Toyota Prado GXL - 1DKW272	-	31,327	-	18,796	-	12,531
Transport						
Hilux 1CRI219	6,000	-	6,000	-	-	-
Depot Ute	22,000	-	22,000	-	-	-
TOTAL	70,000	52,189	70,000	43,741	-	8,448

	2012/2013 Actual \$	2013/2014 Budget \$	2013/2014 Actual \$
Summary			
Profit on Asset Disposals	54,615	-	14,731
Loss on Asset Disposals	(6,631)	-	(6,283)
	47,984	-	8,448

18 INFORMATION ON BORROWINGS

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

19 RATING INFORMATION - 2013/2014 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$	Budget Total Revenue \$
General Rate UV	0.17	82	1,646,105	279,838		279,838	279,838
Interim Rates- General					27,537	27,537	
Rates Written Off				(27)		(27)	
Sub-Totals		82	1,646,105	279,811	27,537	307,348	279,838
Minimum Rates	Min Rate						
UV - Rural/Mining		-	-	-		-	
Sub-Totals		-	-	-	-	-	-
Sub Total General Purpose Rate Revenue						307,348	279,838
Ex-Gratia Rates						64,882	64,880
Totals						372,230	344,718

20 SPECIFIED AREA RATE - 2012/2013 FINANCIAL YEAR

Council did not raise any specified area rates during the 2013/2014 financial year.

21 SERVICE CHARGES - 2013/2014 FINANCIAL YEAR

Council did not raise any service charges during the 2013/2014 financial year.

22 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

(a) Discounts

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

(b) Write-Offs

During 2013/2014 financial year, Council resolved to write-offs of rates totalling \$8,643.40 and sundry debtors totalling \$7,887.12

(c) Waivers

The Council did not offer any waivers during the financial year ending 30 June 2014.

(d) Concessions

The Council has not offered any concessions.

23 INTEREST CHARGES AND INSTALMENTS - 2013/2014 FINANCIAL YEAR

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

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

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

(b) Where an election has been made to pay the rate charge by instalments and an instalment remains unpaid after its due and payable. The revenue from the imposition of interest for the 2013/2014 financial year amounted to NIL as the Council did not impose interest on the late payment of rates.

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

1st Instalment	15th November 2013
2nd Instalment	17th January 2014
3rd Instalment	21st March 2014
4th Instalment	23rd May 2014

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	2012/2013 Actual \$	2013/2014 Budget \$	2013/2014 Actual \$
24 FEES & CHARGES			
General Purpose Funding	-	-	-
Governance	4,320	10,000	2,085
Law, Order, Public Safety	-	-	-
Health	-	800	1,800
Education & Welfare	4,708	10,000	1,005
Housing	58,284	50,000	31,636
Community Amenities	63,834	71,500	72,739
Recreation & Culture	134,750	4,000	148,357
Transport	-	-	-
Economic Services	18,975	18,000	3,300
Other Property & Services	5,804	15,050	-
	290,675	179,350	260,922

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

25 GRANTS, SUBSIDIES & CONTRIBUTIONS

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

	2012/2013 Actual \$	2013/2014 Actual \$
(a) By Nature & Type:		
Operating Grants, Subsidies and Contributions	5,140,322	3,414,257
Non-Operating Grants, Subsidies and Contributions	3,713,565	2,500,834
	8,853,887	5,915,091
(b) By Program:		
General Purpose Funding	4,164,605	2,429,955
Governance	42,901	28,194
Law, Order, Public Safety	13,636	-
Health	98,220	101,658
Education & Welfare	168,977	128,875
Housing	-	-
Community Amenities	270,907	346,762
Recreation and Culture	7,782	2,096
Transport	4,086,859	2,877,551
Economic Services	-	-
Other Property & Services	-	-
	8,853,887	5,915,091

26 EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2011/2012	2012/2013	2013/2014
16	16	17

27 COUNCILLORS' REMUNERATION

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

	2012/2013 Actual \$	2013/2014 Budget \$	2013/2014 Actual \$
Meeting Fees	8,610	19,360	10,584
President's Allowance	2,000	2,000	3,500
Deputy President's Allowance	500	500	875
Travelling Expenses	19,203	17,500	16,033
Telecommunications Allowance	-	-	-
	30,313	39,360	30,992

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

28 MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/2014 financial year

29 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or mayor trading undertakings during the 2013/2014 financial year

30 ECONOMIC DEPENDENCY

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

31 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period required to be included in the 2013/2014 Annual Financial Report.

32 FINANCIAL RISK MANAGEMENT

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

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

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

	Carrying Value		Fair Value	
	2012/2013	2013/2014	2012/2013	2013/2014
Financial Assets				
Cash and cash equivalents	2,174,110	2,292,409	2,174,110	2,292,409
Receivables	1,106,825	398,537	1,106,825	398,537
	3,280,935	2,690,946	3,280,935	2,690,946
Financial Liabilities				
Payables	636,841	297,926	636,841	297,926
	636,841	297,926	636,841	297,926

Fair value is determined as follows:

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

(a) Cash and Cash Equivalents

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

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

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

32 FINANCIAL RISK MANAGEMENT (continued)

	30-June-2013	30-June-2014
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents		
· Equity	\$9,284	\$8,239
· Statement of Comprehensive Income	\$9,284	\$8,239
	(#)	(#)

The Council's cash investment portfolio as at the 30 June 2014 totalling \$823,862 is held in an interest bearing deposit with the Westpac Bank. The balance of the funds held by the council at 30 June 2014 are in a cash management account with the Westpac Bank. The likelihood of the capital value of these financial instruments fluctuating due to changes in the market prices would appear to be minimal.

The impact on the Council's \$823,862 cash investment portfolio in the event of a 1% movement in market interest rates could result in investment returns being reduced by up to \$8,239

Notes:

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

Maximum impact.

(b) Receivables

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

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

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

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

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

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

	30-June-2013	30-June-2014
	%	%
Percentage of Rates Collected		
· Current	74.54%	55.64%
· Overdue	25.46%	44.36%

The rates collectable as per the statement of rating information total (excluding exgratia rates) \$307,375 . The rate arrears as at 30 June 2013 (after deducting the provision for doubtful debts) was \$90,363 and at 30 June 2014 the arrears totalled (after deducting the provision for doubtful debts) \$176,431. The rate collection percentage of the Council for the financial year ended 30 June 2014 was therefore 55.64%.

Percentage of Other Receivables

· Current	3%	45%
· Overdue	97%	55%

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

32 FINANCIAL RISK MANAGEMENT (continued)

(c) Payables

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

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

		Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
	2014					
Payables		297,926			297,926	297,926
		297,926	-	-	297,926	297,926
	2013					
Payables		636,841			636,841	636,841
		636,841	-	-	636,841	636,841

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

33 FAIR VALUE MEASUREMENTS

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

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

Recurring Fair Value Measurements

	30-Jun-14			
	Level 1	Level 2	Level 3	Total
Plant and Equipment		1,253,336		1,253,336
	0	1,253,336	0	1,253,336
	30-Jun-13			
	Level 1	Level 2	Level 3	Total
Plant and Equipment		1,016,654		1,016,654
	0	1,016,654	0	1,016,654

(a) Transfers Policy

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

(b) Highest and Best Use

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

33 FAIR VALUE MEASUREMENTS (Continued)

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

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

Asset Class	Level of Valuation Input	Fair Value at 30 June 2014	Valuation Technique(s)	Inputs Used
Plant and Equipment	2	1,253,336	Market Approach	Make, size, year of manufacture and condition.
Total		<u>1,253,336</u>		

Recurring fair value measurements

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

Plant and Equipment

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

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

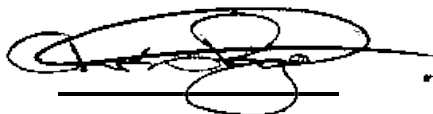
SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the SHIRE OF NGAANYATJARRAKU being the annual financial report and supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the SHIRE OF NGAANYATJARRAKU at 30 June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 9th day of October 2015

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Christopher Paget
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF SHIRE OF NGAANYATJARRAKU

We have audited the financial report of the Shire of Ngaanyatjaraku, which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by the Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Basis for Qualified Auditor's Opinion

Regulation 17A of the Local Government (Financial Management) Regulations 1996 requires the local government to show the fair value of all of the assets of the local government that are land and buildings or infrastructure for the financial year ended on 30 June 2014. As the Shire has not performed a current valuation of the land and buildings or infrastructure as at 30 June 2014, we have been unable to obtain sufficient appropriate audit evidence to determine the fair value of the land and buildings or infrastructure as at 30 June 2014.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the fair value of the land and buildings or infrastructure assets, the financial report of the Shire of Ngaanyatjaraku:

- (a) gives a true and fair view of the financial position of the Shire of Ngaanyatjaraku as at 30 June 2014 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) Asset consumption ratio (presented at Note 14 of the annual financial report):

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

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


The Asset renewal funding ratio cannot be calculated as the Shire has not completed its 10-year long term financial plan at the date of this report. It is now currently being completed by the Shire.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Shire of Ngaanyatjarraku for the year ended 30 June 2014 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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



**A MACRI
PARTNER**

**PERTH
DATED THIS 13th DAY OF OCTOBER 2015.**