



Annual Financial Statements  
for the year ended  
30 June 2012



Shire of **Ngaanyatjarraku**  
ON A JOURNEY

Shire of Ngaanyatjaraku  
Annual Financial Statements 2011-2012

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SHIRE OF NGAANYATJARRAKU  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30 JUNE 2012

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
\$			\$	\$
	<b>REVENUE</b>			
265,279	Rates	19	473,391	304,638
4,546,600	Operating Grants, Subsidies & Contributions	25	4,058,234	6,112,684
132,431	Fees & Charges	24	153,750	129,828
-	Service Charges	21	-	-
87,213	Interest Earnings	2(a)	86,000	59,279
34,652	Other Revenue		67,350	32,624
<b>5,066,175</b>			<b>4,838,725</b>	<b>6,639,053</b>
	<b>EXPENSES</b>			
(1,646,786)	Employee Costs		(1,874,917)	(1,498,224)
(2,446,039)	Materials & Contracts		(3,013,823)	(2,833,116)
(92,675)	Utilities		(102,250)	(102,074)
(1,225,913)	Depreciation	2(a)	(1,135,600)	(1,306,167)
-	Interest Expenses	2(a)	-	-
(114,098)	Insurance Expenses		(122,201)	(121,957)
(68,886)	Other Expenditure		(246,905)	(207,868)
<b>(5,594,397)</b>			<b>(6,495,696)</b>	<b>(6,069,406)</b>
2,737,734	Non-Operating Grants, Subsidies & Contributions	25	3,246,897	1,504,343
6,706	Profit on Asset Disposals	17	-	7,585
-	Loss on Asset Disposal	17	-	(5,669)
<b>2,744,440</b>			<b>3,246,897</b>	<b>1,506,259</b>
<b>2,216,218</b>	<b>NET RESULT</b>		<b>1,589,926</b>	<b>2,075,906</b>
	- Other Comprehensive Income		-	-
	- Total Other Comprehensive Income		-	-
<b>2,216,218</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,589,926</b>	<b>2,075,906</b>

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

SHIRE OF NGAANYATJARRAKU  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2012

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 REVISED BUDGET	2011/2012 ACTUAL
\$			\$	\$	\$
	<b>REVENUE</b>	2(a)			
4,325,853	General Purpose Funding		3,805,680	3,805,680	5,511,552
33,480	Governance		51,500	51,500	38,964
-	Law, Order, Public Safety		15,250	15,250	280
98,220	Health		158,620	158,620	106,427
77,191	Education & Welfare		728,351	728,351	107,126
153,664	Housing		6,000	6,000	30,059
402,399	Community Amenities		463,850	463,850	377,492
91,031	Recreation & Culture		177,500	177,500	152,435
2,587,734	Transport		2,645,221	2,645,221	1,798,377
9,732	Economic Services		18,500	18,500	6,349
25,720	Other Property & Services		15,150	15,150	14,336
<b>7,805,024</b>			<b>8,085,622</b>	<b>8,085,622</b>	<b>8,143,397</b>
	<b>EXPENSES</b>	2(a)			
(11,234)	General Purpose Funding		(17,921)	(17,921)	(13,538)
(131,217)	Governance		(202,056)	(279,556)	(137,142)
(70,950)	Law, Order, Public Safety		(79,026)	(89,026)	(88,210)
(203,822)	Health		(357,707)	(357,707)	(338,323)
(725,364)	Education & Welfare		(680,200)	(718,288)	(665,274)
(361,373)	Housing		(537,812)	(537,812)	(505,607)
(516,762)	Community Amenities		(705,787)	(705,787)	(598,402)
(1,070,449)	Recreation & Culture		(1,033,658)	(1,051,258)	(907,338)
(2,299,888)	Transport		(2,627,941)	(2,627,941)	(2,597,025)
(173,344)	Economic Services		(207,084)	(207,084)	(201,509)
(24,403)	Other Property & Services		(46,504)	(76,504)	(15,123)
<b>(5,588,806)</b>			<b>(6,495,696)</b>	<b>(6,668,884)</b>	<b>(6,067,491)</b>
<b>2,216,218</b>	<b>NET RESULT</b>		<b>1,589,926</b>	<b>1,416,738</b>	<b>2,075,906</b>
-	- Other Comprehensive Income		-	-	-
-	- Total Other Comprehensive Income		-	-	-
<b>2,216,218</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,589,926</b>	<b>1,416,738</b>	<b>2,075,906</b>

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

SHIRE OF NGAANYATJARRAKU  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012

2010/2011 ACTUAL		NOTES	2011/2012 ACTUAL
\$			\$
	<b>CURRENT ASSETS</b>		
3,136,364	Cash and Cash Equivalents	3	2,927,595
500,146	Trade & Other Receivables	4	659,246
60,386	Inventories	5	67,722
<b>3,696,896</b>	<b>TOTAL CURRENT ASSETS</b>		<b>3,654,563</b>
	<b>NON-CURRENT ASSETS</b>		
5,261,914	Property, Plant and Equipment	6	5,328,772
35,518,321	Infrastructure	7	37,718,765
<b>40,780,235</b>	<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,047,537</b>
<b>44,477,131</b>	<b>TOTAL ASSETS</b>	15	<b>46,702,100</b>
	<b>CURRENT LIABILITIES</b>		
236,740	Trade & Other Payables	8	355,511
97,492	Provisions	9	114,046
<b>334,232</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>469,557</b>
	<b>NON-CURRENT LIABILITIES</b>		
24,898	Provisions	9	38,636
<b>24,898</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38,636</b>
<b>359,130</b>	<b>TOTAL LIABILITIES</b>		<b>508,193</b>
<b>44,118,001</b>	<b>NET ASSETS</b>		<b>46,193,907</b>
	<b>EQUITY</b>		
43,053,233	Retained Surplus		45,073,712
1,064,768	Reserves - Cash/Investment Backed	10	1,120,195
<b>44,118,001</b>	<b>TOTAL EQUITY</b>		<b>46,193,907</b>

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

**SHIRE OF NGAANYATJARRAKU  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTES	RETAINED SURPLUS	RESERVES	TOTAL EQUITY
		\$	\$	\$
<b>Balance as at 30 June 2010</b>		<b>40,364,228</b>	<b>1,537,555</b>	<b>41,901,783</b>
Net Result		2,216,218	-	2,216,218
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	472,787	(472,787)	-
<b>Balance as at 30 June 2011</b>		<b>43,053,233</b>	<b>1,064,768</b>	<b>44,118,001</b>
Net Result		2,075,906	-	2,075,906
Total Other Comprehensive Income		-	-	-
Transfer from/(to) Reserves	10	(55,427)	55,427	-
<b>Balance as at 30 June 2012</b>		<b>45,073,712</b>	<b>1,120,195</b>	<b>46,193,907</b>

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

SHIRE OF NGAANYATJARRAKU  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
<b>\$</b>	<b>Cash Flows From Operating Activities</b>		<b>\$</b>	<b>\$</b>
	<b>Receipts</b>			
233,141	Rates		504,716	302,196
4,766,280	Operating Grants, Subsidies and Contributions		4,632,613	6,267,362
105,199	Fees and Charges		152,347	86,050
87,349	Interest Earnings		89,371	55,596
453,593	Goods and Services Tax Refund		450,000	413,727
46,237	Other Revenue		68,913	32,624
<b>5,691,799</b>			<b>5,897,960</b>	<b>7,157,555</b>
	<b>Payments</b>			
(1,693,598)	Employee Costs		(1,727,978)	(1,491,769)
(3,056,073)	Materials and Contracts		(3,763,402)	(3,375,446)
(92,675)	Utility Charges		(98,750)	(102,074)
(114,098)	Insurance Expenses		(122,001)	(121,957)
(68,886)	Other Expenditure		(240,405)	(207,868)
<b>(5,025,330)</b>			<b>(5,952,536)</b>	<b>(5,299,114)</b>
<b>666,469</b>	<b>Net Cash Provided By Operating Activities</b>	11(b)	<b>(54,576)</b>	<b>1,858,441</b>
	<b>Cash Flows from Investing Activities</b>			
(1,329,301)	Payments for Purchase of Property, Plant & Equipment	6	(2,447,334)	(803,697)
(2,371,368)	Payments for Construction of Infrastructure	7	(2,972,438)	(2,868,570)
2,737,734	Non-Operating Grants, Subsidies and Contributions	11(b)	3,246,897	1,504,343
38,018	Proceeds from Sale of Plant & Equipment	17	241,000	100,714
<b>(924,917)</b>	<b>Net Cash Used in Investing Activities</b>		<b>(1,931,875)</b>	<b>(2,067,210)</b>
(258,448)	<b>Net Increase (Decrease) in Cash Held</b>		(1,986,451)	(208,769)
3,394,812	Cash at Beginning of Year		3,137,161	3,136,364
<b>3,136,364</b>	<b>Cash and Cash Equivalents at the End of the Year</b>	11(a)	<b>1,150,710</b>	<b>2,927,595</b>

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

SHIRE OF NGAANYATJARRAKU  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
\$			\$	\$
	<b>Revenue</b>	2		
4,060,574	General Purpose Funding		3,332,289	5,206,914
33,480	Governance		51,500	38,964
-	Law, Order, Public Safety		15,250	280
98,220	Health		158,620	106,427
77,191	Education and Welfare		728,351	107,126
153,664	Housing		6,000	30,059
402,399	Community Amenities		463,850	377,492
91,031	Recreation and Culture		177,500	152,435
2,587,734	Transport		2,645,221	1,798,377
9,732	Economic Services		18,500	6,349
25,720	Other Property and Services		15,150	14,336
<b>7,539,745</b>			<b>7,612,231</b>	<b>7,838,759</b>
	<b>Expenses</b>	2		
(11,234)	General Purpose Funding		(17,921)	(13,538)
(131,217)	Governance		(202,056)	(137,142)
(70,950)	Law, Order, Public Safety		(79,026)	(88,210)
(203,822)	Health		(357,707)	(338,323)
(725,364)	Education and Welfare		(680,200)	(665,274)
(361,373)	Housing		(537,812)	(505,607)
(516,762)	Community Amenities		(705,787)	(598,402)
(1,070,449)	Recreation & Culture		(1,033,658)	(907,338)
(2,306,593)	Transport		(2,627,941)	(2,598,941)
(173,344)	Economic Services		(207,084)	(201,509)
(24,403)	Other Property and Services		(46,504)	(15,123)
<b>(5,595,511)</b>			<b>(6,495,696)</b>	<b>(6,069,407)</b>
<b>1,944,234</b>	<b>Net Result Excluding Rates</b>		<b>1,116,535</b>	<b>1,769,352</b>
	<b>Adjustments for Cash Budget Requirements:</b>			
	<b>Non-Cash Expenditure and Revenue</b>			
1,225,913	Depreciation on Assets	2(a)	1,135,600	1,306,167
5,109	Long Service Leave Bank Increase/Decrease		(7,343)	13,738
<b>1,231,022</b>	<b>Non-Cash Expenditure and Revenue</b>		<b>1,128,257</b>	<b>1,319,905</b>
	<b>Capital Expenditure and Revenue</b>			
(1,239,404)	Purchase Land and Buildings	16	(1,365,834)	(556,868)
(2,371,368)	Infrastructure Assets - Roads	16	(2,932,438)	(2,842,381)
-	Infrastructure Assets - Other	16	(40,000)	(26,190)
(70,277)	Purchase Plant and Equipment	16	(1,040,500)	(232,766)
(19,620)	Purchase Furniture and Equipment	16	(41,000)	(14,062)
38,018	Proceeds Disposal of Assets	17	241,000	100,714
-	Repayment of Debentures	18	-	-
-	Proceeds from New Debentures	18	-	-
-	Self-Supporting Loan Principal Income		-	-
-	Advances to Community Groups		-	-
(87,213)	Transfers to Reserves	10	(78,000)	(55,427)
560,000	Transfers from Reserves	10	225,000	-
<b>(3,189,864)</b>	<b>Net Cash from Investing Activities</b>		<b>(5,031,772)</b>	<b>(3,626,980)</b>
2,047,225	ADD Surplus/(Deficit) July 1 B/Fwd		2,313,589	2,297,896
(2,297,896)	LESS Surplus/(Deficit) June 30 C/Fwd		-	(2,064,811)
<b>(265,279)</b>	<b>Amount Required to be Raised from Rates</b>	19	<b>(473,391)</b>	<b>(304,638)</b>

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

STATEMENT OF RATING INFORMATION  
30 June 2012

	CURRENT YEAR ESTIMATED 2011/2012						CURRENT YEARS ACTUAL 2011/2012												
	GENERAL RATE			MINIMUM RATE			GENERAL RATE			MINIMUM RATE									
	No. of Prop.	Rateable value \$	U.V. Rate in \$	Rate Yield \$	Min. Rate \$	Minimums Rateable value \$	No. of Prop.	Rateable value \$	U.V. Rate in \$	Rate Yield \$	Min. Rate \$	Minimums Rateable value \$	No.	Rateable value \$	U.V. Rate in \$	Rate Yield \$	Yield \$	TOTAL \$	
General Rate U.V.	65	1,680,496	0.1400	235,269				1,831,611	0.1400	256,426				1,831,611	0.1400	256,426		256,426	
Minimum Rate																			
Interim Rates- General -Minimum Rate								174,557											-8,128
Interest on Late Payment -General Rate -Minimum Rate																			
<b>SUB TOTAL GENERAL RATE</b>		1,680,496		235,269		-		2,006,168		256,426				2,006,168		256,426		248,298	
Ex Gratia Rates - Ngaanyatjarra Comm. Other - Legal Costs Recoverable																			56,340
Provision for Doubtful Debts Adjustment																			
<b>SUB TOTAL</b>																			56,340
<b>GRAND TOTAL</b>		1,680,496		235,269		-		2,006,168		473,391				2,006,168		256,426		304,638	

NOTE: ( 1 ) THE OBJECT AND REASON FOR GENERAL AND MINIMUM RATE

Council has imposed a general rate of .14 cents in the Dollar and a minimum rate of \$200 p.a., as Council perceives it to be a "reasonable" minimum level of rates which all ratepayers in its district should pay. The minimum rate reflects the basic cost incurred by the Council in servicing each lot or dwelling in its district.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES**

The significant policies which have been adopted in the preparation of the Financial Report are:

**(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**

**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.

**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.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Land under Roads**

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

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

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

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

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

**Depreciation of Non-Current Assets**

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

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

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

Buildings	10% per annum
Office Furniture	10% per annum
Office Equipment	30% per annum
Household Furniture-Non electrical	10% per annum
Household Furniture - Electrical	20% per annum
Health Plant & Equipment	15% per annum
Road Plant & Equipment	15% per annum
Plant, Vehicles & Equipment - Unclassified	15% per annum
Communications Equipment	15% per annum
Infrastructure Assets – Roads Pavement	15-20 years
Infrastructure Assets – Roads Seal	30-40 years
Infrastructure Assets – Roads Kerbing	20 years
Infrastructure Assets - Recreation Facilities	20% per annum
Infrastructure Assets - Aerodromes	10% per annum

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

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

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

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

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

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

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

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

SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

1 **SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(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 2011/2012 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**

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

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

**(k) Joint Venture**

The Municipality was not a party to any joint ventures for the 2011/2012 financial year.

**(l) Comparative Figures**

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

**(m) Goods and Services Tax**

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

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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.

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**(ii) Loans and receivables**

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

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

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

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

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

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

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

**(v) Financial Liabilities**

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

**Impairment**

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

**Derecognition**

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

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) New Accounting Standards and Interpretations**

**Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 – 12  
AASB 2010 – 4  
AASB 2010 – 5  
AASB 2010 – 6  
AASB 2010 – 9  
AASB 2010 – 14  
AASB 2011 – 1

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

**New Accounting Standards and Interpretations for Application in Future Periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the council for the annual reporting period ending 30 June 2012.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 - Financial Instruments	Dec-09	1-Jan-13	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	Jun-10	1-Jul-13	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue To prepare general purpose financial statements.
(iii) AASB 2009 - 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	Dec-09	1-Jan-13	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the council. (refer (ii) above).
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	Jun-10	1-Jul-13	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec-10	1-Jan-13	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec-10	1-Jan-12	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010-17]	Dec-10	1-Jan-13	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Notes:

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(s) Rounding**

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

**(t) Budget Comparative**

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

**(u) Events After the Reporting Period**

The Australian Government passed the Clean Energy Act 2011 on 8 November 2011 introducing a carbon pricing mechanism from 1 July 2012. The Council does not have a direct carbon price liability as it does not fall within the group of major polluters identified by the Australian Federal Government. It will be impacted by the indirect flow-through of the carbon price via increased costs on its operations largely from cost increases in electricity, materials and waste disposal in landfills.

**(v) Borrowing Costs**

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

**(w) Provisions**

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

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

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

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

	2010/2011 ACTUAL	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
	\$	\$	\$
<b>2 REVENUES AND EXPENSES</b>			
<b>(a) Result from Ordinary Activities Result from Ordinary Activities</b>			
(i) Charging as Expenses:			
<b>Auditor's Remuneration</b>			
Audit	33,249	30,000	38,005
Other Services	-	-	-
<b>Bad and Doubtful Debts</b>			
Rates	(6,152)	-	-
General Debtors	7,318	-	-
<b>Depreciation</b>			
<b>By Program</b>			
Governance	20,320	37,500	19,278
Law, Order, Public Safety	4,606	7,500	3,915
Health	4,191	10,000	4,398
Education and Welfare	83,605	18,000	73,746
Housing	247,196	271,000	248,443
Community Amenities	62,768	18,500	55,019
Recreation and Culture	95,413	80,600	180,603
Transport	703,982	687,000	708,393
Economic Services	3,830	5,500	12,372
Other Property and Services	-	-	-
	<b>1,225,913</b>	<b>1,135,600</b>	<b>1,306,167</b>
<b>By Class</b>			
Land and Buildings	339,092	213,920	425,672
Furniture and Equipment	19,699	20,125	20,048
Plant and Equipment	210,685	214,555	192,320
Roads and Footpaths	592,966	615,000	611,799
Other assets	63,471	72,000	56,328
	<b>1,225,913</b>	<b>1,135,600</b>	<b>1,306,167</b>
(ii) Crediting as Revenue:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	87,213	78,000	55,427
- Other Funds	-	8,000	3,852
	<b>87,213</b>	<b>86,000</b>	<b>59,279</b>

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**2 OPERATING REVENUES AND EXPENSES (Continued)**

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

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

**REPORTING PROGRAM DESCRIPTIONS**

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

**GOVERNANCE**

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

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

**GENERAL PURPOSE FUNDING**

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

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

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HOUSING**

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

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

**COMMUNITY AMENITIES**

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

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

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

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

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

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY & SERVICES**

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

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

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**2 OPERATING REVENUES AND EXPENSES (Continued)**

**(c) Nature or Type Classifications**

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

**Revenue**

**Rates**

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

**Operating Grants, Subsidies and Contributions**

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

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

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

**Profit on Asset Disposal**

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

**Fees and Charges**

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

**Service Charges**

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

**Interest Earnings**

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

**Other Revenue**

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

**Expenditure**

**Employee Costs**

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

**Material and Contracts**

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

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

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

**Depreciation on Non-Current Assets**

Depreciation and amortisation expense raised on all classes of assets.

**Loss on Asset Disposal**

Loss on the disposal of fixed assets.

SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

2 OPERATING REVENUES AND EXPENSES (Continued)

(c) Nature or Type Classifications (continued)

**Interest Expenses**

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

**Insurance**

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

**Other Expenditure**

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

(d) Conditions Over Grants/Contributions

Grant/Contribution	Balance <sup>(1)</sup> 1-Jul-10 \$	Received <sup>(2)</sup> 2010/2011 \$	Expended <sup>(3)</sup> 2010/2011 \$	Closing Balance <sup>(1)</sup> 30-Jun-11 \$	Received <sup>(2)</sup> 2011/2012 \$	Expended <sup>(3)</sup> 2011/2012 \$	Closing Balance 30-Jun-12 \$
<b>Operating Grants/Contributions</b>							
<b>General Purpose Funding</b>							
General Purpose Grants Commission	-	3,984,946	3,984,946	-	5,147,635	5,147,635	-
<b>Governance</b>							
CLGF Grant - Forward Capital Works Plan	35,000	-	9,300	25,700	-	-	25,700
<b>Law, Order &amp; Public Safety</b>							
FESA Aware	15,000	-	15,000	-	-	-	-
<b>Education and Welfare</b>							
Attorney Generals Dept – Treatment Camps	30,106	-	30,106	-	-	-	-
FACSIA Grant - LSP	52	-	52	-	-	-	-
Grant - LSP - FaHCSIA	-	47,337	47,337	-	96,473	96,473	-
<b>Health</b>							
Environmental Health Program	98,220	98,220	116,190	80,250	98,538	178,788	-
<b>Housing</b>							
Grant - FACSIA Youth Staff Accomodation	128,195	-	-	128,195	-	128,195	-
<b>Community Amenities</b>							
FaHCSIA - NJCP	67,488	-	67,488	-	-	-	-
FaHCSIA - NJCP	-	346,562	271,490	75,072	316,478	298,651	92,899
<b>Recreation</b>							
Grant - Healthway	-	30,000	-	30,000	-	30,000	-
Grant - Others (RLCIP)	-	15,000	15,000	-	-	-	-
<b>Transport</b>							
Govt Grants - Special Purpose	-	-	-	-	294,034	294,034	-
Grants - Direct	-	-	-	-	-	-	-
<b>Education and Welfare</b>							
CLGF Grant - Playgroup/Early Years Centre Ext.	-	-	-	-	-	-	-
FACSIA - Capital Equipment Grant	9,500	-	9,500	-	-	-	-
<b>Housing</b>							
Youth Accommodation – Early Years Coordinator	175,000	-	-	175,000	-	175,000	-
Grans - FACSIA Youth Staff Accomodation	-	150,000	-	150,000	-	150,000	-
<b>Recreation</b>							
Royalties for Regions Grant	1,085,756	-	1,085,756	-	-	-	-
Australian Govt. RLCIP	30,000	-	-	30,000	-	30,000	-
<b>Transport</b>							
Govt. Grant - Roads to Recovery	-	901,137	538,627	362,510	-	362,510	-
Roads to Recovery Grant	170,863	-	170,863	-	-	-	-
Grant-Road Projects Pool	-	328,897	328,897	-	-	-	-
Grants - Direct	-	87,009	87,009	-	92,343	92,343	-
Govt Grants - Special Purpose	-	244,310	244,310	-	412,000	412,000	-
Govt Grant - Outback Highway	-	1,026,381	1,026,381	-	1,000,000	1,000,000	-
<b>Total Operating</b>	<b>374,061</b>	<b>4,522,065</b>	<b>4,556,909</b>	<b>339,217</b>	<b>5,953,158</b>	<b>6,173,776</b>	<b>118,599</b>
<b>Total Capital</b>	<b>1,471,119</b>	<b>2,737,734</b>	<b>3,491,343</b>	<b>717,510</b>	<b>1,504,343</b>	<b>2,221,853</b>	<b>-</b>
<b>Total Operating and Capital</b>	<b>1,845,180</b>	<b>7,259,799</b>	<b>8,048,252</b>	<b>1,056,727</b>	<b>7,457,501</b>	<b>8,395,629</b>	<b>118,599</b>

**Notes:**

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

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3	<b>CASH AND CASH EQUIVALENTS</b>	2010/2011 \$	2011/2012 \$
	Unrestricted	1,014,869	1,688,801
	Restricted	<u>2,121,495</u>	<u>1,238,794</u>
		<u><b>3,136,364</b></u>	<u><b>2,927,595</b></u>
	Cash on Hand	1,250	1,250
	Cash at Bank - Municipal	2,070,346	1,806,150
	Term Deposits	<u>1,064,768</u>	<u>1,120,195</u>
		<u><b>3,136,364</b></u>	<u><b>2,927,595</b></u>
	<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>		
	Various Reserve Accounts (refer note 10)	1,064,768	1,120,195
	<b>Conditions over contributions -</b>		
	Roads to Recovery Grant	362,510	-
	Royalties for Regions Grant	-	-
	FaHCSIA – Capital Equipment Grant	-	-
	FaHCSIA - NJCP	75,072	92,899
	CLGF Grant – Forward Capital Works Plan	25,700	25,700
	FACSIA Housing Grant	128,195	-
	Attorney Generals Dept – Treatment Camps	-	-
	Youth Accommodation – Early Years Coordinator	150,000	-
	CLGF Grant – Playgroup Early Years Centre	175,000	-
	Environmental Health Program	80,250	-
	BHP Australian Govt. RLCIP	30,000	-
	Govt Grant Special Purpose	-	-
	FESA Aware	-	-
	Healthway Grant	30,000	-
		<u>2,121,495</u>	<u>1,238,794</u>
		<u><b>2,121,495</b></u>	<u><b>1,238,794</b></u>
		<b>2010/2011</b>	<b>2011/2012</b>
		<b>\$</b>	<b>\$</b>
	<b>4</b>		
	<b>TRADE &amp; OTHER RECEIVABLES</b>		
	<b>Current</b>		
	Rates and Rubbish Outstanding	87,825	70,703
	Less: Provision for Doubtful Debts	(21,957)	(2,393)
	Sundry Debtors	406,400	553,319
	Less: Provision for Doubtful Debts	(15,052)	(15,052)
	GST Receivable	42,930	52,669
		<u>500,146</u>	<u>659,246</u>
		<u><b>500,146</b></u>	<u><b>659,246</b></u>
		<b>2010/2011</b>	<b>2011/2012</b>
		<b>\$</b>	<b>\$</b>
	<b>5</b>		
	<b>INVENTORIES</b>		
	<b>Current</b>		
	Fuel and Materials	60,386	67,722
		<u>60,386</u>	<u>67,722</u>
		<u><b>60,386</b></u>	<u><b>67,722</b></u>
		<b>2010/2011</b>	<b>2011/2012</b>
		<b>\$</b>	<b>\$</b>
	<b>6</b>		
	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Land and Buildings - Cost	5,322,104	5,878,972
	Less Accumulated Depreciation	<u>(1,359,487)</u>	<u>(1,785,160)</u>
		3,962,617	4,093,812
	Furniture and Equipment - Cost	331,951	346,013
	Less Accumulated Depreciation	<u>(258,000)</u>	<u>(278,048)</u>
		73,951	67,965
	Plant and Equipment - Cost	2,367,806	2,406,892
	Less Accumulated Depreciation	<u>(1,142,460)</u>	<u>(1,239,897)</u>
		1,225,346	1,166,995
	<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u><b>5,261,914</b></u>	<u><b>5,328,772</b></u>

All property, plant and equipment asset classes are carried at cost and whilst not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

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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

	Land & Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	3,962,617	73,951	1,225,346	5,261,914
Additions	556,868	14,062	232,767	803,697
Disposals	-	-	(98,799)	(98,799)
Depreciation expense	(425,672)	(20,048)	(192,320)	(638,040)
Carrying amount at end of the year	<u>4,093,813</u>	<u>67,965</u>	<u>1,166,994</u>	<u>5,328,772</u>

7 INFRASTRUCTURE

	2010/2011 \$	2011/2012 \$
Roads and Footpaths - Cost	43,556,870	46,399,251
Less Accumulated Depreciation	<u>(8,570,016)</u>	<u>(9,181,815)</u>
	34,986,854	37,217,436
Recreation - Cost	378,893	405,083
Less Accumulated Depreciation	<u>(226,863)</u>	<u>(245,247)</u>
	152,030	159,836
Aerodromes - Cost	964,623	964,623
Less Accumulated Depreciation	<u>(585,186)</u>	<u>(623,130)</u>
	379,437	341,493
TOTAL INFRASTRUCTURE	<u>35,518,321</u>	<u>37,718,765</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	34,986,854	152,030	379,437	35,518,321
Additions	2,842,381	26,190	-	2,868,571
Depreciation expense	(611,799)	(18,384)	(37,944)	(668,127)
Carrying amount at end of the year	<u>37,217,436</u>	<u>159,836</u>	<u>341,493</u>	<u>37,718,765</u>

8 TRADE AND OTHER PAYABLES

**Current**

	2010/2011 \$	2011/2012 \$
Sundry Creditors	236,740	355,511
	<u>236,740</u>	<u>355,511</u>

9 PROVISIONS

**Current**

Provision for Annual Leave	78,122	89,665
Provision for Long Service Leave	19,370	24,381
	<u>97,492</u>	<u>114,046</u>

**Non-Current**

Provision for Long Service Leave	24,898	38,636
	<u>24,898</u>	<u>38,636</u>

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	2010/2011 Actual	2011/2012 Budget	2011/2012 Actual
<b>10 RESERVES - CASH/INVESTMENT BACKED</b>			
<b>Asset Replacement, Acquisition and Development Reserve</b>			
Balance brought forward 1st July	1,484,251	1,008,267	1,008,267
Plus transfer from General Purpose Funding	84,017	75,000	52,486
Less transfer To General Purpose Funding	(560,000)	(225,000)	-
<b>BALANCE AS AT 30TH JUNE</b>	<b>1,008,267</b>	<b>858,267</b>	<b>1,060,753</b>
<b>Cultural Centre Reserve</b>			
Balance brought forward 1st July	53,305	56,501	56,501
Plus transfer from General Purpose Funding	3,196	3,000	2,941
Less transfer To General Purpose Funding			
<b>BALANCE AS AT 30TH JUNE</b>	<b>56,501</b>	<b>59,501</b>	<b>59,442</b>
<b>TOTAL RESERVES</b>	<b>1,064,768</b>	<b>917,768</b>	<b>1,120,195</b>
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>	2010/2011 Actual	2011/2012 Budget	2011/2012 Actual
Asset Replacement, Acquisition and Development Reserve	\$ 84,017	\$ 75,000	\$ 52,486
Cultural Centre Reserve	3,196	3,000	2,941
	<b>87,213</b>	<b>78,000</b>	<b>55,427</b>
<b>Transfers from Reserves</b>			
Asset Replacement, Acquisition and Development Reserve	(560,000)	(225,000)	-
Cultural Centre Reserve	-	-	-
	<b>(560,000)</b>	<b>(225,000)</b>	<b>-</b>
<b>Total Transfer to/(from) Reserves</b>	<b>(472,787)</b>	<b>(147,000)</b>	<b>55,427</b>

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

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

**Asset Replacement, Acquisition and Development Reserve**

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

**Cultural Centre Reserve**

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

SHIRE OF NGAANYATJARRAKU  
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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:

	2010/2011 Actual	2011/2012 Adopted Budget	2011/2012 Actual
Cash and Cash Equivalents	<u>3,136,364</u>	<u>1,150,710</u>	<u>2,927,595</u>

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

Net Result	2,216,218	1,589,926	2,075,906
Depreciation	1,225,913	1,135,600	1,306,167
(Profit)/Loss on Sale of Asset	(6,706)	-	(1,916)
(Increase)/Decrease in Receivables	(13,612)	154,095	(159,100)
(Increase)/Decrease in Inventories	(3,137)	5,886	(7,336)
Increase/(Decrease) in Payables	(10,948)	293,953	118,771
Increase/(Decrease) in Employee Provisions	(3,525)	12,861	30,292
Grants/Contributions for the Development of Assets	(2,737,734)	(3,246,897)	(1,504,343)
<b>Net Cash from Operating Activities</b>	<u><u>666,469</u></u>	<u><u>(54,576)</u></u>	<u><u>1,858,441</u></u>

12 CONTINGENT LIABILITIES

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

13 TRUST FUNDS

There was no monies held in trust fund during the year ended 30 June 2012.

Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SHIRE OF NGAANYATJARRAKU  
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14 FINANCIAL RATIOS

	2009/2010	2010/2011	2011/2012
(a) <b>Current Ratio</b>	1.57:1	4.71:1	4.95:1
<i>(Current Assets Minus Restricted Assets)</i> (Current Liabilities - Liabilities Associated with Restricted Assets)			
(b) <b>Debt Ratio</b>	0.88%	0.81%	1.09%
<i>Total Liabilities</i> Total Assets			
(c) <b>Debt Service Ratio</b>	NIL	NIL	NIL
<i>Debt Service Cost</i> Available Operating Revenue			
(d) <b>Rate Coverage Ratio</b>	2.99%	3.40%	3.74%
<i>Net Rate Revenue</i> Operating Revenue			
(e) <b>Outstanding Rates Ratio</b>	10.17%	22.03%	18.44%
<i>Rates Outstanding</i> Rates Collectable			
(f) <b>Gross Debt to Revenue Ratio</b>	NIL	NIL	NIL
<i>Gross Debt</i> Total Revenue			
(g) <b>Untied Cash to Unpaid Trade Creditors Ratio</b>	0.05:1	4.29:1	4.49:1
<i>Untied Cash</i> Unpaid Trade Creditors			
(h) <b>Gross Debt to Economically Realisable Assets Ratio</b>	NIL	NIL	NIL
<i>Gross Debt</i> Economically Realisable Assets			

**DEFINITIONS**

“Available operating revenue” means the operating revenue-

- (a) plus any contributions towards the repayment of money borrowed which have not been included in the operating revenue; and
- (b) minus specific purpose grants, contributions and donations of a capital nature;

“Current assets” means the total current assets as shown in the Balance Sheet;

“Debt service cost” means all principal and interest expenses for borrowings under Section 6.20 of the Local Government Act 1995;

“Economically realisable assets” means total assets other than infrastructure assets;

“Gross debt” includes all borrowings under section 6.20 and all utilised bank overdrafts;

“Infrastructure assets” means all tangible assets of economic value that are not economically realisable, and includes roads, bridges, drains and recreational facilities;

“Net rate revenue” means the revenue from all rates and money paid in lieu of rates on non-rateable land -

- (a) plus interest for late payment and interest and additional charges on instalments;
- (b) minus discounts and concessions granted and money written off;

SHIRE OF NGAANYATJARRAKU  
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14 FINANCIAL RATIOS (continued)

“Rates collectable” means the amount of-

- (a) all rates, interim rates, back rates, interim minimum payments, back minimum payments;
- (b) interest and additional charges payable on rates and payments referred to in paragraphs (a) and (b);
- (c) arrears brought forward from a previous financial year of the amounts referred to in paragraphs (a) and (b);

“Rates outstanding” means unpaid rates collectable;

“Restricted assets” means an asset the use of which is restricted, wholly or partly, by a law made or a requirement imposed outside of the control of the local government;

“Total assets” means all current and non-current assets as shown in the Statement of Financial Position;

“Total liabilities” means all current and non-current liabilities as shown in the Statement of Financial Position;

15 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2010/2011 Actual \$	2011/2012 Actual \$
Governance	80,415	63,277
Law, Order, Public Safety	26,100	22,185
Health	25,341	101,180
Education and Welfare	664,689	595,793
Housing	2,221,830	2,474,641
Community Amenities	357,492	332,834
Recreation and Culture	1,586,888	1,520,205
Transport	35,760,025	37,862,312
Economic Services	57,456	75,110
Unallocated	3,696,896	3,654,563
	<u>44,477,131</u>	<u>46,702,100</u>

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16 ACQUISITION OF ASSETS**

	Land & Buildings		Motor Vehicles		Plant & Equipment		Furniture & Equipment		Infrastructure Roads & Other	Totals
	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012					
							\$			\$
<b>By Program</b>										
<b>Governance</b>										
Computer							2,141			2,141
<b>Law, Order, Public Safety</b>										
<b>Health</b>										
2012 Toyota Prado VX wagon					71,774					71,774
2012 Toyota Prado GXL wagon					30,026					30,026
<b>Education and Welfare</b>										
Lot 39 Warburton Playgroup and Early Learning Centre	4,850									4,850
<b>Housing</b>										
Staff Housing Lot 255a Warburton Community	244,667									244,667
Staff Housing Lot 255b Warburton Community	244,666									244,666
Duplex Staff Housing							1,221			1,221
F&E Staff Housing (Lot 255a & b units)							10,700			10,700
<b>Community Amenities</b>										
Mitsubishi Triton utility -Waste Services					37,194					37,194
<b>Recreation and Culture</b>										
Warburton Community Resource Centre	62,685									62,685
2012 Toyota Landcruiser Personnel Carrier					63,747					63,747
Skate Park Development								26,190		26,190
<b>Transport</b>										
All Community roads - including Great Central								2,842,381		2,842,381
<b>Economic Services</b>										
2012 Toyota Prado GXL wagon 1DRS231					30,025					30,025
<b>Other Property and Services</b>										
	<b>556,868</b>	<b>-</b>			<b>232,766</b>		<b>14,062</b>	<b>2,868,571</b>		<b>3,672,267</b>
<b>By Class</b>										
Land and Buildings										556,868
Motor Vehicles										-
Plant and Equipment										232,766
Furniture and Equipment										14,062
Infrastructure Assets - Roads and Footpaths										2,842,381
Infrastructure Assets - Recreation										26,190
Infrastructure Assets - Aerodromes										-
										<b>3,672,267</b>

SHIRE OF NGAANYATJARRAKU  
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17 DISPOSAL OF ASSETS - 2011/2012 FINANCIAL YEAR

The following assets were disposed of during the year

	Proceeds Sale of Assets		Written Down Value		Gain/(Loss) on Disposal	
	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
<b>Asset by Class</b>						
Plant and Equipment	241,000	100,714	241,000	98,798	-	1,916
	<b>241,000</b>	<b>100,714</b>	<b>241,000</b>	<b>98,798</b>	<b>-</b>	<b>1,916</b>
<b>Assets by Program</b>						
<b>Governance</b>						
Nissan Patrol 1CRI220	32,000	-	32,000	-	-	-
<b>Health</b>						
Toyota Landcruiser 1CHS946	32,000	27,596	32,000	21,563	-	6,033
<b>Community Amenities</b>						
Jameson Depot Ute	27,000	-	27,000	-	-	-
Caterpillar 920 model Loader	-	5,000	-	6,833	-	(1,833)
<b>Recreation and Culture</b>						
Recreation Vehicle	25,000	23,636	25,000	22,846	-	790
Toyota Landcruiser KBC8870	-	16,618	-	15,856	-	762
<b>Transport</b>						
Isuzu Cargo Van 1COK092	30,000	27,864	30,000	31,700	-	(3,836)
<b>Other Property and Services</b>						
Mitsubishi Bus 1CLQ00	95,000	-	95,000	-	-	-
<b>TOTAL</b>	<b>241,000</b>	<b>100,714</b>	<b>241,000</b>	<b>98,798</b>	<b>-</b>	<b>1,916</b>

	2010/2011 Actual \$	2011/12 Budget \$	2011/12 Actual \$
<b>Summary</b>			
Profit on Asset Disposals	6,706	-	7,585
Loss on Asset Disposals	-	-	(5,669)
	<b>6,706</b>	<b>-</b>	<b>1,916</b>

18 INFORMATION ON BORROWINGS

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

SHIRE OF NGAANYATJARRAKU  
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19 RATING INFORMATION - 2011/2012 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	0.14	65	1,831,611	256,426	(8,128)	248,298	235,269
Interim Rates- General			174,557				
Provision for Doubtful Debts Adjustment							
Sub-Totals		65	2,006,168	256,426	(8,128)	248,298	235,269
Minimum Rates	Min Rate						
Sub-Totals		-	-	-	-	-	-
Sub Total General Purpose Rate Revenue						248,298	235,269
Ex-Gratia Rates						56,340	238,122
<b>Totals</b>						<b>304,638</b>	<b>473,391</b>

20 SPECIFIED AREA RATE - 2011/2012 FINANCIAL YEAR

Council did not raise any specified area rates during the 2011/2012 financial year.

21 SERVICE CHARGES - 2011/2012 FINANCIAL YEAR

Council did not raise any service charges during the 2011/2012 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 2011/2012 financial year, Council resolved to write-offs of rates provided for as doubtful debts totalling \$19,564.42

(c) Waivers

The Council did not offer any waivers during the financial year ending 30 June 2012

(d) Concessions

The Council has not offered any concessions.

23 INTEREST CHARGES AND INSTALMENTS - 2011/2012 FINANCIAL YEAR

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

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

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

(b) Where an election has been made to pay the rate charge by instalments and an instalment remains unpaid after its due and payable. The revenue from the imposition of interest for the 2011/2012 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	28th October 2011
2nd Instalment	30th December 2011
3rd Instalment	2nd March 2012
4th Instalment	4th May 2012

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	2010/2011 Actual \$	2011/2012 Budget \$	2011/2012 Actual \$
<b>24 FEES &amp; CHARGES</b>			
General Purpose Funding	-	-	-
Governance	14,403	20,000	14,025
Law, Order, Public Safety	-	-	-
Health	-	400	-
Education & Welfare	23,076	24,000	4,045
Housing	3,664	-	30,059
Community Amenities	55,837	72,300	61,014
Recreation & Culture	9,732	4,000	-
Transport	-	-	-
Economic Services	-	18,000	6,349
Other Property & Services	25,720	15,050	14,336
	<u>132,431</u>	<u>153,750</u>	<u>129,828</u>

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:

	2010/2011 Actual \$	2011/2012 Actual \$
<b>(a) By Nature &amp; Type:</b>		
Operating Grants, Subsidies and Contributions	4,546,600	6,112,684
Non-Operating Grants, Subsidies and Contributions	2,737,734	1,504,343
	<u>7,284,334</u>	<u>7,617,027</u>
<b>(b) By Program:</b>		
General Purpose Funding	3,984,946	5,147,635
Governance	19,077	24,939
Law, Order, Public Safety	(1,364)	-
Health	98,220	106,426
Education & Welfare	47,337	96,473
Housing	150,000	0
Community Amenities	346,562	316,478
Recreation and Culture	51,822	126,699
Transport	2,587,734	1,798,377
Economic Services	-	-
Other Property & Services	-	-
	<u>7,284,334</u>	<u>7,617,027</u>

**26 EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

2009/2010	2010/2011	2011/2012
18	14	16

**27 COUNCILLORS' REMUNERATION**

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

	2010/2011 \$	2011/2012 Adopted Budget \$	2011/2012 \$
Meeting Fees	7,420	19,360	8,960
President's Allowance	2,000	2,000	2,000
Deputy President's Allowance	500	500	500
Travelling Expenses	21,958	22,000	19,114
Telecommunications Allowance	-	-	-
	<u>31,878</u>	<u>43,860</u>	<u>30,574</u>

**SHIRE OF NGAANYATJARRAKU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**28 MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2011/2012 financial year

**29 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or mayor trading undertakings during the 2011/2012 financial year

**30 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	
	2010/2011	2011/2012	2010/2011	2011/2012
<b>Financial Assets</b>				
Cash and cash equivalents	3,136,364	2,927,595	3,136,364	2,927,595
Receivables	500,146	659,246	500,146	659,246
	<b>3,636,510</b>	<b>3,586,841</b>	<b>3,636,510</b>	<b>3,586,841</b>
<b>Financial Liabilities</b>				
Payables	236,740	355,511	236,740	355,511
	<b>236,740</b>	<b>355,511</b>	<b>236,740</b>	<b>355,511</b>

Fair value is determined as follows:

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

**(a) Cash and Cash Equivalents**

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

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

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

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**30 FINANCIAL RISK MANAGEMENT (continued)**

	30-June-2011	30-June-2012
	\$	\$
<b>Impact of a 1% (*) movement in interest rates on cash and cash equivalents</b>		
· Equity	\$10,647	\$11,202
· Statement of Comprehensive Income	\$10,647	\$11,202
	(#)	(#)

The Council's cash investment portfolio as at the 30 June 2012 totalling \$1.120 million is held in an interest bearing deposit with the Westpac Bank. The balance of the funds held by the council at 30 June 2012 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 \$1.120 million cash investment portfolio in the event of a 1% movement in market interest rates could result in investment returns being reduced by up to \$11,202

**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. 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 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-2011	30-June-2012
	%	%
<b>Percentage of Rates Collected</b>		
· Current	72.86%	78.26%
· Overdue	27.14%	21.74%

The rates collectable as per the statement of rating information total (excluding exgratia rates) \$248,298. The rate arrears as at 30 June 2011 (after deducting the provision for doubtful debts) was \$65,868 and at 30 June 2012 the arrears totalled (after deducting the provision for doubtful debts) \$68,310. The rate collection percentage of the Council for the financial year ended 30 June 2012 was therefore 78.26%.

**Percentage of Other Receivables**

· Current	99%	38%
· Overdue	1%	62%

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 2012

30 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
		\$	\$	\$	\$	\$
	<b>2012</b>					
Payables		355,511			355,511	355,511
		<u>355,511</u>	-	-	<u>355,511</u>	<u>355,511</u>
	<b>2011</b>					
Payables		236,740			236,740	236,740
		<u>236,740</u>	-	-	<u>236,740</u>	<u>236,740</u>

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

SHIRE OF NGAANYATJARRAKU  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 are in my opinion properly drawn up to present fairly the financial position of the SHIRE OF NGAANYATJARRAKU at 30 June 2012 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 24th day of September 2013



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Christopher Paget  
Chief Executive Officer

**INDEPENDENT AUDITOR'S REPORT**

**TO: RATEPAYERS OF SHIRE OF NGAANYATJARRAKU**

We have audited the financial report of the Shire of Ngaanyatjarraku, which comprises the Statement of Financial Position as at 30 June 2012 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by the Chief Executive Officer.

**Council's Responsibility for the Financial Report**

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, 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 ethical pronouncements.



### **Auditor's Opinion**

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

- (i) gives a true and fair view of the financial position of the Shire of Ngaanyatjarraku as at 30 June 2012 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

### **Statutory Compliance**

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), other than the matters outlined below:

#### *(a) Submission of Financial Report*

The accounts and financial report for the year ended 30 June 2012 were not submitted to the auditor by 30 September 2012 as required by Section 6.4(3) of the Act.

#### *(b) Annual Report*

The annual report had not been accepted by absolute majority by the local government by 31 December 2012 as required by Section 5.54 of the Act.

#### *(c) Annual Budget*

A copy of the annual budget for the year ended 30 June 2012 was not submitted to the Department of Local Government within 30 days of its adoption as required by Financial Management Regulation 33.

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

This auditor's report relates to the financial report of Shire of Ngaanyatjarraku for the year ended 30 June 2012 included on Shire of Ngaanyatjarraku's website. The Council is responsible for the integrity of Shire of Ngaanyatjarraku'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*  
\_\_\_\_\_  
MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100

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

PERTH  
DATED THIS 26<sup>TH</sup> DAY OF SEPTEMBER 2013.

