

Annual Report for the year ended 30 June 2017



Shire of **Ngaanyatjarraku**
ON A JOURNEY



INDEX

Vision Statement	1
President's Foreword	2
Message from the CEO	3
Council member information	3
Shire Snapshot	4
Organisation Structure	5
Planning & Reporting	5
Statutory Reports	6
Financials	9

Our Vision

The Shire of Ngaanyatjarraku – on a journey

Community engagement has led to the development of four key themes that underpin the development of goals and strategies. The goals and strategies under each theme create the framework for the delivery of sustainable outcomes to achieve our vision.

The four themes include:

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

President's Foreword

The Shire of Ngaanyatjarraku has been working toward achievement of the goals of the community as identified within our Strategic Community Plan. Provision of services and infrastructure and the creation of opportunities to realise these goals continues to be the prime focus of our Council, and it is very positive for the Ngaanyatjarra Lands communities and residents to note our continued progress in these areas. As such, it gives me great pleasure to present the Annual Report for the Shire of Ngaanyatjarraku for the 2016-2017 financial year.

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

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

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

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

Finally, I also thank Chris Paget, the Shire's long serving CEO who finished with the Shire on 31 August 2018 for his years of service advancing the Shire's needs.

**Cr. John Damian McLean
PRESIDENT**





Message from Acting Chief Executive Officer

As Acting CEO I advise that the Shire is working towards compliance with the Local Government Act and various supporting Regulations. The shire has now adopted all elements of the Integrated Planning and Reporting Framework (IPRF) and has invested significant resources to ensure that the plans and documents being produced are as accurate, meaningful and useful as possible. During recent times, more analysis is being undertaken by various Government departments and other agencies into the financial management practices, viability and sustainability of local governments when considering submissions for funding of projects and services.

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

I am pleased to report our good progress in this area to date, which includes participation at a regional level through our membership of GVROC and the Outback Highway Development Council (OHDC). Through the shire's membership and participation in the OHDC significant State and Federal funds are now being allocated to sealing the Great Central Road. The Shire also acknowledges other road funding grant programs such as Roads to Recovery, Aboriginal Access Roads, Regional Road Group and Main Roads WA Direct Grants that enable the Shire to maintain its road network connecting communities and support locations.

Further work will be undertaken in the next financial year to further refine the Shire's Long Term Financial Plan which supports the Strategic Community Plan and Corporate Business Plan.

I would like to thank all of the staff of the Shire for their hard work and support during the year, and the Elected Members for their dedication to their task.

Kevin Hannagan
Acting Chief Executive Officer

Council member information

Councillors have a specific role in relation to developing the local government's vision and long-term goal setting with appropriate key performance indicators (KPIs). These are responsibilities that require specific skills and experience.

The Shire's eight Councillors facilitate the development and implementation of our community's aspirations and goals. The Councillors meet monthly to discuss issues and imperative areas arising in the community along with general council matters.

Mr (John) Damian McLean
PRESIDENT
Mr Andrew Jones
COUNCILLOR
Ms Lalla West
COUNCILLOR
Mrs Beverley Thomas
COUNCILLOR

Mr Fred Twine
COUNCILLOR
Mr Preston Thomas
COUNCILLOR
Mr Alwyn Bates
COUNCILLOR
Ms Joylene Frazer
COUNCILLOR

Shire snapshot

The Shire of Ngaanyatjarraku is responsible for the provision of "mainstream" local government and delivery of services to the ten communities and visitors within its boundaries.

The Shire encompasses an area of 159,948 square kilometres and is located approximately 1,542km from Perth. The region itself is diverse in natural beauty from the magnificent Rawlinson ranges to the red sandy plains of the Gibson Desert.

The Shire is a unique local government in that its community of interest is contained within the traditional lands of the Ngaanyatjarra people of the Central Desert of Western Australia. The 99 year leases held by the Ngaanyatjarra Land Council on behalf of the traditional owners also form the boundaries of the Shire of Ngaanyatjarraku.

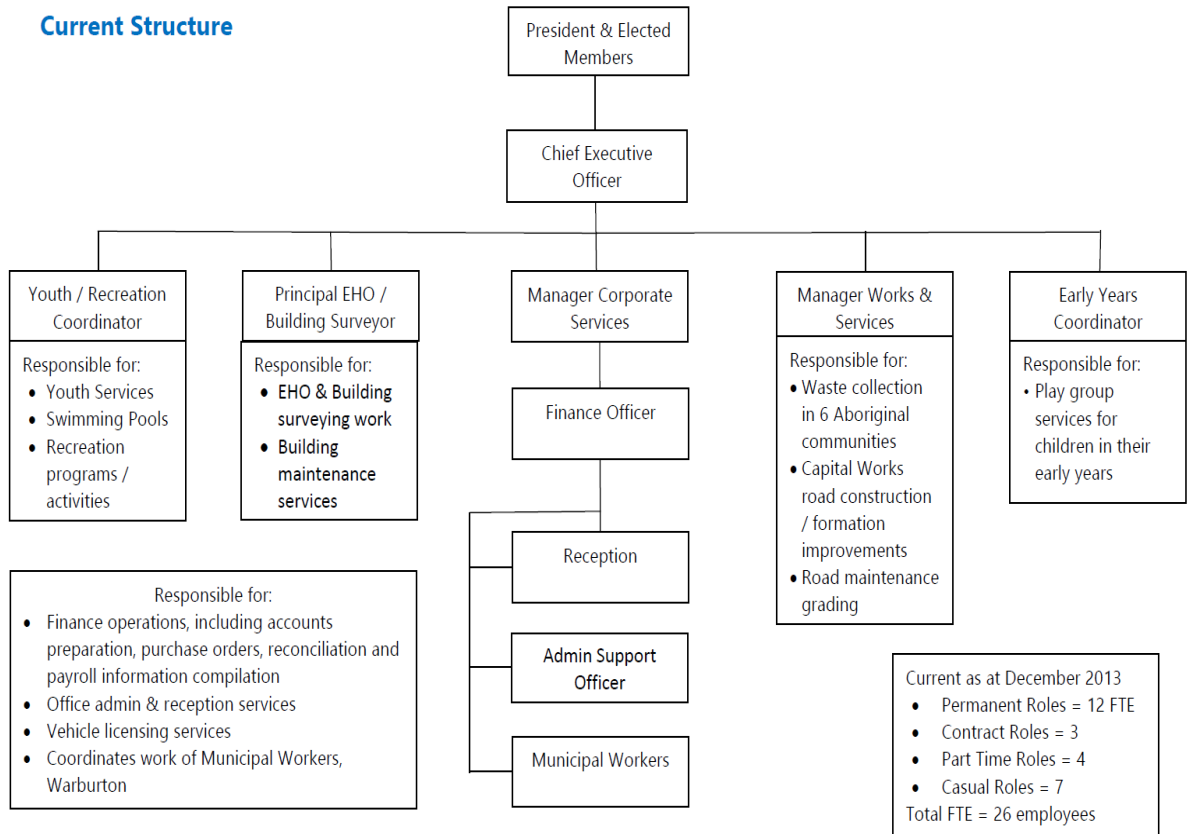
The Shire's main township is Warburton, which is also the largest of the 11 Indigenous communities within the Shire. Warburton is positioned 1,542kms north-east of Perth, 560kms of gravel road north-east of Laverton, 750kms north-east of Kalgoorlie and 1,050kms south-west of Alice Springs. Neighbouring shires include the Shire of Wiluna, Laverton, and East Pilbara. The Shire offices are located in the Tjulyuru Cultural and Civic Centre in Warburton.

In the 2011 local Census the Shire had an estimated residential population of 1,437 people, comprised of 49% male and 51% female residents and there are approximately 509 residential dwellings within the Shire. The Shire has a higher percentage of residents aged between 0-29 years and a lower proportion of residents aged 65+ years compared with the wider Australian population.



Organisation Structure 2016/17

4.1 Current Structure



Planning & Reporting

In 2011, the Department of Local Government introduced the Integrated Planning and Reporting Framework to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

The Shire of Ngaanyatjarraku is building on a successful history of community engagement to ensure that the community can grow and thrive as a vibrant and attractive place to live, work and visit.

Developing our aspirations and plans for the future will shape the delivery of services to the community and the direction of economic development. This integration of community aspiration and service delivery is called the Integrated Planning and Reporting Framework (IPR). This will ensure that the Shire of Ngaanyatjarraku's policies and services are aligned to the community's aspirations.

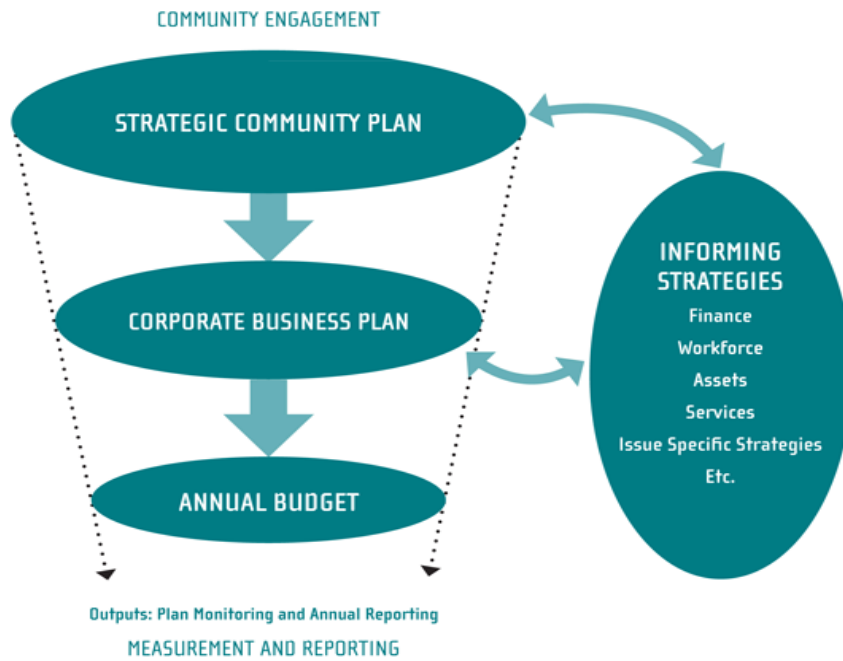
The process, driven by the 10-year Strategic Community Plan will create a 4-year Corporate Business Plan to ensure that we deliver the community's aspirations. This will:

- Strengthen our council's strategic focus; and
- Streamline our reporting processes.

This Strategic Community Plan, which represents the needs and aspirations of the community, has been developed by the Shire's Councillors and sets out the vision for the next 10 years.

The task of turning this vision into a reality rests with Shire's Administration function. They will set out how this will be achieved in a 4-year Corporate Business Plan ("CBP").

Alongside the CBP, the Shire has created a 10-year Long-Term Financial Plan and a 20-year Asset Management Plan and a Workforce Plan which will set out the resources needed to deliver the CBP. Copies of all plans are available on the Shires website.



IPR, Measuring and Reporting Framework

Statutory Reports

As a local government authority, the Shire is required to comply with a number of statutory regulations.

PAYMENT TO EMPLOYEES

In accordance with section 5.53 (2)(g) of the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996 reg. 19B*, the following information is provided in relation to annual salaries over \$100,000 paid to employees during the 2016-17 financial year:

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

DISABILITY ACCESS AND INCLUSION PLAN

In accordance with Section 29 of the Disability Service Act 1993, Local Governments are required to report annually with regard to their Disability Access and Inclusion Plan and provide details addressing the plan's key outcomes within the Annual Report. For 2016-17 the Shire of Ngaanyatjarraku reports as follows:

Key Outcomes:

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

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

The Shire of Ngaanyatjarraku Disability Access and Inclusion Plan 2017-2022 (DAIP) was adopted by Council in 2017.

COMPETITIVE NEUTRALITY

The Shire of Ngaanyatjarraku is classified as a Category 1 Local Government under the National Competition Policy. This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector.

The policy dictates that competitive neutrality should apply to all business activities which generate a user pays income of over \$200,000 unless it can be shown that it is not in the public interest. In this regard, no significant new business activities for the purposes of competitive neutrality were initiated or considered during the year and no noncompliance allegations were made.

FREEDOM OF INFORMATION

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

There were no Freedom of Information applications or requests received during the 2016-17 reporting year.

RECORD KEEPING PLAN

The Shire of Ngaanyatjarraku has prepared a record keeping plan as required by the State Records Act 2000, and the Shire is committed to ensuring its record keeping practices comply with legislation. This plan was submitted to the SRO in December 2015 and approved by the State Records Commission at its meeting held in March 2016 for a five year period to 2020.

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

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

Ngaanyatjarraku is a partner).

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

OFFICIAL CONDUCT – COMPLAINTS REGISTER

Pursuant to section 5.121 of the *Local Government Act* 1995, a complaints register has been maintained.

As at the 30th June 2017 no complaint had been received, and therefore accordingly there has been no action required to deal with complaints.



Jackie Kurtjuyinta Giles (Dec.) 2008 'Tjamu Tjamu'

SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	53

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

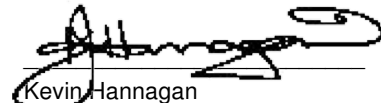
**SHIRE OF NGAANYATJARRAKU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Ngaanyatjarraku for the financial year ended 30 June 2017 is based on proper accounts and records to present fairly the financial position of the Shire of Ngaanyatjarraku at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act and Australian Accounting Standards.

Signed as authorisation of issue on the 17th day of December 2018



Kevin Hannagan
Acting Chief Executive Officer

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	217,278	130,425	225,451
Operating grants, subsidies and contributions	29	6,886,960	4,531,945	3,472,664
Fees and charges	28	344,718	259,236	345,712
Interest earnings	2(a)	42,521	28,250	38,909
Other revenue	2(a)	32,167	38,286	24,114
		<u>7,523,644</u>	<u>4,988,142</u>	<u>4,106,850</u>
Expenses				
Employee costs		(2,211,151)	(2,409,855)	(2,196,336)
Materials and contracts		(2,919,426)	(2,577,903)	(2,572,442)
Utility charges		(60,883)	(47,250)	(55,531)
Depreciation on non-current assets	2(a)	(1,536,555)	(706,378)	(1,467,218)
Insurance expenses		(131,041)	(149,262)	(127,357)
Other expenditure		(204,960)	(124,300)	(241,527)
		<u>(7,064,016)</u>	<u>(6,014,948)</u>	<u>(6,660,411)</u>
		459,628	(1,026,806)	(2,553,561)
Non-operating grants, subsidies and contributions	29	2,218,295	4,959,858	2,274,330
Profit on asset disposals	20	9,293	40,724	33,869
(Loss) on asset disposals	20	(404)	0	(6,195)
Fair value adjustments to financial assets at fair value through profit or loss	4	30,934	0	0
Net result		<u>2,717,746</u>	<u>3,973,776</u>	<u>(251,557)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>2,717,746</u></u>	<u><u>3,973,776</u></u>	<u><u>(251,557)</u></u>

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Governance		2,994	5,250	3,202
General purpose funding		6,158,034	4,006,183	2,718,649
Law, order, public safety		70	350	2,909
Health		106,335	53,976	54,229
Education and welfare		150,016	250,500	131,497
Housing		52,144	17,500	9,100
Community amenities		100,432	319,500	400,929
Recreation and culture		227,291	178,136	281,011
Transport		712,011	142,011	486,234
Economic services		1,615	4,086	6,160
Other property and services		12,702	10,650	12,930
		<u>7,523,644</u>	<u>4,988,142</u>	<u>4,106,850</u>
Expenses				
Governance		(365,439)	(123,498)	(180,440)
General purpose funding		(73,621)	(27,128)	(184,795)
Law, order, public safety		(84,735)	(97,612)	(83,235)
Health		(390,942)	(433,400)	(401,685)
Education and welfare		(947,051)	(1,234,655)	(986,482)
Housing		(267,629)	(524,742)	(263,753)
Community amenities		(567,011)	(671,518)	(525,540)
Recreation and culture		(1,034,182)	(1,196,237)	(920,639)
Transport		(3,160,080)	(1,480,474)	(2,926,637)
Economic services		(143,203)	(234,104)	(156,629)
Other property and services		(30,123)	8,420	(30,576)
		<u>(7,064,016)</u>	<u>(6,014,948)</u>	<u>(6,660,411)</u>
		459,628	(1,026,806)	(2,553,561)
Non-operating grants, subsidies and contributions	29	2,218,295	4,959,858	2,274,330
Profit on disposal of assets	20	9,293	40,724	33,869
(Loss) on disposal of assets	20	(404)	0	(6,195)
Fair value adjustments to financial assets at fair value through profit or loss	4.	30,934	0	0
Net result		<u>2,717,746</u>	<u>3,973,776</u>	<u>(251,557)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>2,717,746</u></u>	<u><u>3,973,776</u></u>	<u><u>(251,557)</u></u>

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,000,613	4,254,106
Investments	4	30,934	0
Trade and other receivables	5	888,660	160,052
Inventories	6	41,862	44,990
TOTAL CURRENT ASSETS		<u>5,962,069</u>	<u>4,459,148</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,563,657	8,534,891
Infrastructure	8	100,430,178	98,925,372
TOTAL NON-CURRENT ASSETS		<u>108,993,835</u>	<u>107,460,263</u>
TOTAL ASSETS		<u>114,955,904</u>	<u>111,919,411</u>
CURRENT LIABILITIES			
Trade and other payables	9	441,976	177,224
Provisions	10	358,929	293,906
TOTAL CURRENT LIABILITIES		<u>800,905</u>	<u>471,130</u>
NON-CURRENT LIABILITIES			
Provisions	10	27,249	38,277
TOTAL NON-CURRENT LIABILITIES		<u>27,249</u>	<u>38,277</u>
TOTAL LIABILITIES		<u>828,154</u>	<u>509,407</u>
NET ASSETS		<u>114,127,750</u>	<u>111,410,004</u>
EQUITY			
Retained surplus		55,554,662	52,795,576
Reserves - cash backed	11	836,671	878,011
Revaluation surplus	12	57,736,417	57,736,417
TOTAL EQUITY		<u>114,127,750</u>	<u>111,410,004</u>

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

**SHIRE OF NGAANYATJARRAKU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015	53,072,421	852,723	57,736,417	111,661,561
Comprehensive income				
Net result	(251,557)	0	0	(251,557)
Total comprehensive income	(251,557)	0	0	(251,557)
Transfers from/(to) reserves	(25,288)	25,288	0	0
Balance as at 30 June 2016	52,795,576	878,011	57,736,417	111,410,004
Comprehensive income				
Net result	2,717,746	0	0	2,717,746
Changes on revaluation of assets	0	0	0	0
Total comprehensive income	2,717,746	0	0	2,717,746
Transfers from/(to) reserves	41,340	(41,340)	0	0
Balance as at 30 June 2017	55,554,662	836,671	57,736,417	114,127,750

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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		212,801	130,425	222,253
Operating grants, subsidies and contributions		6,207,034	4,531,945	4,095,759
Fees and charges		398,332	259,236	345,192
Interest earnings		42,521	28,250	38,909
Goods and services tax		281,535	0	80,107
Other revenue		32,167	38,286	24,114
		<u>7,174,390</u>	<u>4,988,142</u>	<u>4,806,334</u>
Payments				
Employee costs		(2,090,991)	(2,409,855)	(2,076,860)
Materials and contracts		(2,717,711)	(2,577,903)	(2,649,509)
Utility charges		(60,883)	(47,250)	(55,531)
Insurance expenses		(131,041)	(149,262)	(127,357)
Goods and services tax		(379,354)	0	(122,486)
Other expenditure		(204,960)	(124,300)	(83,376)
		<u>(5,584,940)</u>	<u>(5,308,570)</u>	<u>(5,115,119)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,589,450</u>	<u>(320,428)</u>	<u>(308,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(542,602)	(1,684,000)	(339,607)
Payments for construction of infrastructure		(2,625,675)	(4,492,858)	(2,672,461)
Non-operating grants, subsidies and contributions		2,218,295	4,959,858	2,274,330
Proceeds from sale of fixed assets		107,039	0	94,433
Net cash provided by (used in) investment activities		<u>(842,943)</u>	<u>(1,217,000)</u>	<u>(643,305)</u>
Net increase (decrease) in cash held		746,507	(1,537,428)	(952,090)
Cash at beginning of year		4,254,106	4,239,755	5,206,196
Cash and cash equivalents at the end of the year	13(a)	<u>5,000,613</u>	<u>2,702,327</u>	<u>4,254,106</u>

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

SHIRE OF NGAANYATJARRAKU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>3,110,007</u>	<u>3,315,526</u>	<u>4,867,299</u>
	3,110,007	3,315,526	4,867,299
Revenue from operating activities (excluding rates)			
Governance	2,994	5,250	3,202
General purpose funding	6,005,638	3,875,758	2,558,080
Law, order, public safety	70	350	2,909
Health	107,715	53,976	54,229
Education and welfare	150,016	250,500	131,497
Housing	52,144	17,500	9,100
Community amenities	100,432	319,500	404,020
Recreation and culture	232,674	178,136	311,789
Transport	713,161	182,735	486,234
Economic services	2,995	4,086	6,160
Other property and services	12,702	10,650	12,930
	<u>7,380,541</u>	<u>4,898,441</u>	<u>3,980,150</u>
Expenditure from operating activities			
Governance	(365,439)	(123,498)	(180,440)
General purpose funding	(73,621)	(27,128)	(184,795)
Law, order, public safety	(84,735)	(97,612)	(83,235)
Health	(390,942)	(433,400)	(402,866)
Education and welfare	(947,051)	(1,234,655)	(986,482)
Housing	(267,629)	(524,742)	(263,753)
Community amenities	(567,011)	(671,518)	(525,540)
Recreation and culture	(1,034,182)	(1,196,237)	(920,639)
Transport	(3,160,484)	(1,480,474)	(2,926,637)
Economic services	(143,203)	(234,104)	(156,629)
Other property and services	(30,123)	8,420	(35,590)
	<u>(7,064,420)</u>	<u>(6,014,948)</u>	<u>(6,666,606)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	20	(9,293)	(40,724)
Loss on disposal of assets	20	404	0
Movement in employee benefit provisions (non-current)		(11,028)	0
Depreciation and amortisation on assets	2(a)	1,536,555	706,378
Amount attributable to operating activities		<u>4,942,766</u>	<u>2,864,673</u>
		4,942,766	2,864,673
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		2,218,295	4,959,858
Proceeds from disposal of assets	20	107,039	0
Purchase of investments		0	0
Purchase of property, plant and equipment	7(b)	(542,602)	(1,684,000)
Purchase and construction of infrastructure	8(b)	(2,625,675)	(4,492,858)
Amount attributable to investing activities		<u>(842,943)</u>	<u>(1,217,000)</u>
		(842,943)	(1,217,000)
FINANCING ACTIVITIES			
Transfers to reserves (restricted assets)	11	(22,160)	(28,000)
Transfers from reserves (restricted assets)	11	63,500	0
Amount attributable to financing activities		<u>41,340</u>	<u>(28,000)</u>
		41,340	(28,000)
Surplus(deficiency) before general rates		<u>4,141,163</u>	<u>1,619,673</u>
		4,141,163	1,619,673
Total amount raised from general rates	22	<u>152,396</u>	<u>130,425</u>
		152,396	130,425
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>4,293,559</u></u>	<u><u>1,750,098</u></u>
		4,293,559	1,750,098
		<u><u>3,110,007</u></u>	<u><u>4,867,299</u></u>

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All Funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

(b) Cash and Cash Equivalents

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

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

Revaluation

The fair value of the fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires property, plant and equipment to be shown at fair value.

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

Land under roads

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

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

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

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	2.00%
Furniture and equipment	25.00%
Plant and equipment	17.50%
Infrastructure, Pavement	4.32%
Infrastructure, Seal	4.30%
Infrastructure, Kerb	4.94%
Infrastructure, Recreation	2.00%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined by using fair value at the end of reporting period.

(i) Trade and Other Payables

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(l) Provisions

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

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

(m) Leases

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

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

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

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(q) Superannuation

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	31,000	14,200
	<u>31,000</u>	<u>14,200</u>
Depreciation		
Buildings	147,392	147,148
Furniture and equipment	10,951	8,916
Plant and equipment	257,343	252,801
Infrastructure - Roads & Footpaths	1,118,505	1,055,988
Infrastructure - Recreation Assets	2,364	2,365
	<u>1,536,555</u>	<u>1,467,218</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	5,853	0
Other	26,314	24,114
	<u>32,167</u>	<u>24,114</u>
	2017	2017
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	21,639	28,000
- Other funds	335	250
Other interest revenue (refer note 27)	20,547	0
	<u>42,521</u>	<u>28,250</u>
	<u>42,521</u>	<u>28,250</u>
		<u>38,909</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

COMMUNITY VISION

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

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision and enforcement of various local laws relating to fire prevention and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To provide services to children and youth.

Activities:

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

HOUSING

Objective:

To provide and maintain staff housing.

Activities:

Provision and maintenance of staff housing.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centre, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

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

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
	1/07/15	2015/16	2015/16	30/06/16	2016/17	2016/17	30/06/17
	\$	\$	\$	\$	\$	\$	\$
Health							
Environmental Health Program	0	54,229	(54,229)	0	106,335	(106,335)	0
Education and welfare							
DCD/PGWA	0	124,961	(124,961)	0	119,485	(119,485)	0
LSP FaHCSIA	0	0	0	0	18,237	(18,237)	0
RLCIP Grant - Playgroup Early Years Centre Extens.	601,676	0	0	601,676	4,664	(440,138)	166,202
Community amenities							
FaHCSIA - NJCP	0	331,737	(331,737)	0	17,097	(17,097)	0
Transport							
Grants - Direct	0	0	0	0	142,011	(142,011)	0
Govt Grant - Outback Highway	0	1,000,000	(1,000,000)	0	1,200,000	(766,746)	433,254
Govt Grant - Special purpose	0	262,650	(262,650)	0	781,400	(781,400)	0
Govt Grant - Special Projects	0	0	0	0	570,000	(570,000)	0
Govt Grant - Roads to Recovery	0	1,369,415	(1,369,415)	0	236,895	(236,895)	0
Total	601,676	3,142,992	(3,142,992)	601,676	3,196,124	(3,198,344)	599,456

Notes:

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

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

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		3,564,486	2,774,419
Restricted		<u>1,436,127</u>	<u>1,479,687</u>
		<u><u>5,000,613</u></u>	<u><u>4,254,106</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Asset Replacement, Acquisition and Development	11	830,071	809,637
Reserves cash backed - Cultural Centre	11	6,600	68,374
Unspent grants	2(c)	<u>599,456</u>	<u>601,676</u>
		<u><u>1,436,127</u></u>	<u><u>1,479,687</u></u>
4. INVESTMENTS			
Financial assets at fair value through profit and loss			
At the beginning of the year		0	0
Initial recognition of investment		<u>30,934</u>	<u>0</u>
At the end of the year		<u><u>30,934</u></u>	<u><u>0</u></u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		238,664	229,074
Sundry debtors		720,516	45,703
GST receivable		140,198	42,379
Prepayments		527	527
Accrued Income		0	520
Provision for Doubtful Debts		<u>(211,245)</u>	<u>(158,151)</u>
		<u><u>888,660</u></u>	<u><u>160,052</u></u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:			
Rates outstanding		<u><u>238,664</u></u>	<u><u>229,074</u></u>
Includes:			
Past due and not impaired		27,419	70,923
Impaired		<u>211,245</u>	<u>158,151</u>
Sundry debtors		<u><u>720,516</u></u>	<u><u>45,703</u></u>
Includes:			
Past due and not impaired		719,436	1,822
Impaired		<u>0</u>	<u>0</u>
6. INVENTORIES			
Current			
Fuel and Materials		<u>41,862</u>	<u>44,990</u>
		<u><u>41,862</u></u>	<u><u>44,990</u></u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Buildings at:		
- Management valuation 2017 - level 3	8,781,737	8,323,760
Less: accumulated depreciation	<u>(1,236,173)</u>	<u>(1,088,781)</u>
Total buildings	<u>7,545,564</u>	<u>7,234,979</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	187,611	172,124
Less: accumulated depreciation	<u>(148,191)</u>	<u>(137,240)</u>
	39,420	34,884
Plant and equipment at:		
- Management valuation 2016 - level 3	2,554,944	2,747,877
Less: accumulated depreciation	<u>(1,576,271)</u>	<u>(1,482,849)</u>
	978,673	1,265,028
	<u>8,563,657</u>	<u>8,534,891</u>

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Buildings	7,234,979	457,977	0	0	0	0	(147,392)	0	7,545,564
Total buildings	7,234,979	457,977	0	0	0	0	(147,392)	0	7,545,564
Furniture and equipment	34,884	15,487	0	0	0	0	(10,951)	0	39,420
Plant and equipment	1,265,028	69,138	(98,150)	0	0	0	(257,343)	0	978,673
Total property, plant and equipment	8,534,891	542,602	(98,150)	0	0	0	(415,686)	0	8,563,657

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Buildings	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2017	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.
Furniture and equipment	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2016	Purchase costs of similar assets adjusted for condition and comparability, residual values and remaining useful life assessments.
Plant and equipment	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2016	Purchase costs of similar assets adjusted for condition and comparability, residual values and remaining useful life assessments.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads & Footpaths		
- Management valuation 2015 - Level 3	117,802,206	115,176,531
Less: accumulated depreciation	<u>(17,485,418)</u>	<u>(16,366,913)</u>
	<u>100,316,788</u>	<u>98,809,618</u>
Infrastructure - Recreation Assets		
- Management valuation 2015 - level 3	412,993	412,993
Less: accumulated depreciation	<u>(299,603)</u>	<u>(297,239)</u>
	<u>113,390</u>	<u>115,754</u>
	 <u><u>100,430,178</u></u>	 <u><u>98,925,372</u></u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads & Footpaths	98,809,618	2,625,675	0	0	0	0	(1,118,505)	0	100,316,788
Infrastructure - Recreation Assets	115,754	0	0	0	0	0	(2,364)	0	113,390
Total infrastructure	<u>98,925,372</u>	<u>2,625,675</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,120,869)</u>	<u>0</u>	<u>100,430,178</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads & Footpaths	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2015	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.
Infrastructure - Recreation Assets	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2015	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	265,301	123,594
ATO liabilities	113,141	46,976
Other payables	63,534	6,654
	441,976	177,224

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Isolation Leave \$	Total \$
Opening balance at 1 July 2016				
Current provisions	164,571	94,726	34,609	293,906
Non-current provisions	0	38,277	0	38,277
	164,571	133,003	34,609	332,183
Additional provision	39,427	38,485	76,306	154,218
Amounts used	(47,085)	0	(53,138)	(100,223)
Balance at 30 June 2017	156,913	171,488	57,777	386,178
Comprises				
Current	156,913	144,239	57,777	358,929
Non-current	0	27,249	0	27,249
	156,913	171,488	57,777	386,178

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Asset Replacement, Acquisition and Development	809,637	20,434	0	830,071	809,622	25,819	0	835,441	786,303	23,334	0	809,637
Reserves cash backed - Cultural Centre	68,374	1,726	(63,500)	6,600	68,390	2,181	0	70,571	66,420	1,954	0	68,374
	<u>878,011</u>	<u>22,160</u>	<u>(63,500)</u>	<u>836,671</u>	<u>878,011</u>	<u>28,000</u>	<u>0</u>	<u>906,012</u>	<u>852,723</u>	<u>25,288</u>	<u>0</u>	<u>878,011</u>

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

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Asset Replacement, Acquisition and Development	Ongoing	To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves.
Cultural Centre	Ongoing	To provide for the successful operation of the Cultural Centre as provided for in clause 8.2 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarra Council (Aboriginal Corporation), transfers to the reserve represent surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. REVALUATION SURPLUS

	2016/17	2016/17	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16	2015/16	2015/16
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	4,052,570	0	0	0	4,052,570	4,052,570	0	0	0	4,052,570
Plant and equipment	190,407	0	0	0	190,407	190,407	0	0	0	190,407
Infrastructure - Roads & Footpaths	53,493,440	0	0	0	53,493,440	53,493,440	0	0	0	53,493,440
	<u>57,736,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,736,417</u>	<u>57,736,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,736,417</u>

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>5,000,613</u>	<u>2,702,327</u>	<u>4,254,106</u>

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

Net result	2,717,746	3,973,776	(251,557)
Non-cash flows in Net result:			
Depreciation	1,536,555	706,378	1,467,218
(Profit)/Loss on sale of asset	(8,889)	(40,724)	(27,674)
Fair value adjustments to financial assets at fair value through profit or loss	(30,934)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(728,608)	0	735,149
(Increase)/Decrease in inventories	3,128	0	(11,367)
Increase/(Decrease) in payables	264,752	0	(44,427)
Increase/(Decrease) in accrued income	0	0	0
Increase/(Decrease) in provisions	53,995	0	98,203
Grants contributions for the development of assets	<u>(2,218,295)</u>	<u>(4,959,858)</u>	<u>(2,274,330)</u>
Net cash from operating activities	<u>1,589,450</u>	<u>(320,428)</u>	<u>(308,785)</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2017	2017	2016
	\$	Budget	\$
		\$	
Credit card limit	8,000	7,000	8,000
Credit card balance at balance date	<u>(5,415)</u>	<u>0</u>	<u>(3,654)</u>
Total amount of credit unused	<u>2,585</u>	<u>7,000</u>	<u>4,346</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. 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.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

16. JOINT VENTURE ARRANGEMENTS

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

	2017	2016
	\$	\$
Non-current assets		
Land and buildings (FV 2017)	72,500	75,500
Less: accumulated depreciation	0	(3,775)
	<u>72,500</u>	<u>71,725</u>
Furniture & Equipment	8,204	8,204
Less: accumulated depreciation	(902)	0
	<u>7,302</u>	<u>8,204</u>
Plant and equipment	4,182	4,182
Less: accumulated depreciation	(504)	0
	<u>3,678</u>	<u>4,182</u>
Light vehicles	3,200	3,200
Less: accumulated depreciation	(480)	0
	<u>2,720</u>	<u>3,200</u>
Total Assets	<u>86,200</u>	<u>87,311</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	117,221	120,408
General purpose funding	0	43,512
Law, order, public safety	10,404	13,202
Health	188,181	247,117
Education and welfare	1,463,249	1,090,641
Housing	4,822,366	4,923,726
Community amenities	246,606	336,064
Recreation and culture	1,593,459	2,468,579
Transport	100,468,840	99,054,575
Economic services	23,399	43,931
Other property and services	60,108	44,990
Unallocated	5,962,071	3,532,666
	<u>114,955,904</u>	<u>111,919,411</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
18. FINANCIAL RATIOS			
Current ratio	5.65	6.32	11.28
Asset sustainability ratio	1.07	1.96	1.70
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	0.81	(3.92)	2.83
Own source revenue coverage ratio	0.09	0.10	0.11
Asset consumption ratio	0.84	0.85	0.73
Asset renewal funding ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

18. FINANCIAL RATIOS (Continued)

Notes:

Two of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$2,022,842.

Two of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

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

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	3.13	6.32	6.57
Operating surplus ratio	(2.46)	(0.89)	0.01

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

19. TRUST FUNDS

Funds over which the Shire has no control:

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Licensing	0	35,084	(35,084)	0
	<u>0</u>			<u>0</u>

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed off during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Health								
2012 Toyota Prado GXL	11,211	12,591	1,380	0	0	0	0	0
Recreation and culture								
Toyota Hilux Ute Dual Cab	9,425	12,273	2,848	0	0	0	0	0
Toyota LC70 Personal Carrier	19,503	22,038	2,535	0	0	0	0	0
Transport								
2012 Toyota Landcruiser	34,123	35,273	1,150	0	0	0	0	0
Nissan Patrol ST Wagon	12,677	12,273	0	(404)	0	40,724	40,724	0
Economic services								
2012 Toyota Prado GXL	11,211	12,591	1,380	0	0	0	0	0
	<u>98,150</u>	<u>107,038</u>	<u>9,293</u>	<u>(404)</u>	<u>0</u>	<u>40,724</u>	<u>40,724</u>	<u>0</u>

**SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Council had no borrowings at 30 June 2017.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Unimproved value valuations											
General Rate UV	0.1900	25	718,474	136,510	14,802	(91)	151,221	130,425	0	0	130,425
Sub-Total		25	718,474	136,510	14,802	(91)	151,221	130,425	0	0	130,425
Minimum payment	Minimum \$										
Unimproved value valuations											
General Rate UV	235	5	4,249	1,175	0	0	1,175	0	0	0	0
Sub-Total		5	4,249	1,175	0	0	1,175	0	0	0	0
		30	722,723	137,685	14,802	(91)	152,396	130,425	0	0	130,425
Total amount raised from general rate							152,396				130,425
Ex-gratia rates							64,882				0
Totals							<u>217,278</u>				<u>130,425</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit)	<u>4,293,559</u>	<u>3,110,007</u>	<u>3,110,007</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,564,486	2,774,419	2,774,419
Restricted	1,436,127	1,479,687	1,479,687
Investments			
Financial assets at fair value through profit and loss	30,934	0	0
Receivables			
Rates outstanding	238,664	229,074	229,074
Sundry debtors	720,516	45,703	45,703
GST receivable	140,198	42,379	42,379
Prepayments	527	527	527
Accrued Income	0	520	520
Provision for Doubtful Debts	(211,245)	(158,151)	(158,151)
Inventories			
Fuel and Materials	41,862	44,990	44,990
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(265,301)	(123,594)	(123,594)
ATO liabilities	(113,141)	(46,976)	(46,976)
Other payables	(63,534)	(6,654)	(6,654)
Provisions			
Provision for annual leave	(156,913)	(164,571)	(164,571)
Provision fo isolation leave	(57,777)	(34,609)	(34,609)
Provision for long service leave	(144,239)	(94,726)	(94,726)
Unadjusted net current assets	<u>5,161,164</u>	<u>3,988,018</u>	<u>3,988,018</u>
Adjustments			
Less: Reserves - restricted cash	(836,671)	(878,011)	(878,011)
Less: Financial assets at fair value through profit and loss	(30,934)	0	0
Adjusted net current assets - surplus/(deficit)	<u>4,293,559</u>	<u>3,110,007</u>	<u>3,110,007</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

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

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	31 December 16	0	0.00%	11.00%
Option Two				
First Instalment	31 December 16	0	0.00%	
Second Instalment	28 February 2017	0	0.00%	
Option Three				
First Instalment	31 December 16	0	0.00%	
Second Instalment	28 February 17	0	0.00%	
Third Instalment	30 April 17	0	0.00%	
Fourth Instalment	30 June 17	0	0.00%	
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			20,547	0
Interest on instalment plan			0	0
Charges on instalment plan			0	0
			<u>20,547</u>	<u>0</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. FEES & CHARGES	2017	2016
	\$	\$
Governance	137	30
Education and welfare	5,916	6,286
Housing	52,144	9,100
Community amenities	83,336	69,192
Recreation and culture	201,570	254,944
Economic services	1,615	6,160
	<u>344,718</u>	<u>345,712</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	2,858	3,172
General purpose funding	5,898,235	2,459,403
Health	106,335	54,229
Education and welfare	137,722	124,961
Community amenities	17,097	331,737
Transport	712,011	486,234
Other property and services	12,702	12,928
	<u>6,886,960</u>	<u>3,472,664</u>
Non-operating grants, subsidies and contributions		
Transport	2,218,295	2,274,330
	<u>2,218,295</u>	<u>2,274,330</u>
	<u>9,105,255</u>	<u>5,746,994</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>22</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	16,190	24,000	14,805
President's allowance	4,000	4,000	4,000
Deputy President's allowance	1,000	1,000	1,000
Travelling expenses	9,932	20,000	18,099
	<u>31,122</u>	<u>49,000</u>	<u>37,904</u>

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	211,915
Post-employment benefits	30,767
Other long-term benefits	2,487
Termination benefits	0
	245,169

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Shire has one-tenth joint venture arrangement with regards to the provision of a Regional Records Services. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 16.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

For the year ended 30 June 2017 there were no transactions with related parties noted.

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,000,613	4,254,106	5,000,613	4,254,106
Investments	30,934	0	30,934	0
Receivables	888,660	160,052	888,660	160,052
	<u>5,920,207</u>	<u>4,414,158</u>	<u>5,920,207</u>	<u>4,414,158</u>
Financial liabilities				
Payables	441,976	177,224	441,976	177,224
	<u>441,976</u>	<u>177,224</u>	<u>441,976</u>	<u>177,224</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Financial assets at fair value through profit and loss - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

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 area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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 of their issuers or factors affecting similar instruments traded in a market.

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

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	3,093	0
- Statement of Comprehensive Income	3,093	0
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	50,006	42,541
- Statement of Comprehensive Income	50,006	42,541

Notes:

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

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	16%	80%
- Overdue	84%	20%

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. 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 if required.

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 \$
<u>2017</u>					
Payables	441,976	0	0	441,976	441,976
	<u>441,976</u>	<u>0</u>	<u>0</u>	<u>441,976</u>	<u>441,976</u>
<u>2016</u>					
Payables	177,224	0	0	177,224	177,224
	<u>177,224</u>	<u>0</u>	<u>0</u>	<u>177,224</u>	<u>177,224</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF NGAANYATJARRAKU**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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Opinion

We have audited the accompanying financial report of the Shire of Ngaanyatjarraku (the Shire), which comprises the Statement of Financial Position as at 30 June 2017, 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 Acting Chief Executive Officer.

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

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2017 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Acting Chief Executive Officer and Council for the Financial Report

The Acting Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The Acting CEO is also responsible for such internal control as the Acting CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Acting CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting CEO.
- Conclude on the appropriateness of the Acting CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the Acting CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of our audit:
 - i. Creditor and payroll payments only require one authorised signatory for approval and payment. This lack of segregation of duties can pose a major fraud risk to Council. Lack of dual signatory control severely compromises payment security.
 - ii. A number of employees do not have employment contracts. Employment contracts are an important aspect of payroll control as they provide documented evidence of employee pay rates and leave entitlements.
 - iii. The former CEO had not been completing/submitted leave forms. Leave forms are an important aspect of payroll control as they provide documented evidence leave (annual, long service and isolation) has been approved.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.
- e) The asset renewal funding ratio was not calculated and consequently, no review was able to be carried out.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Ngaanyatjarraku for the year ended 30 June 2017 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. 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.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 17 December 2018
Perth, WA