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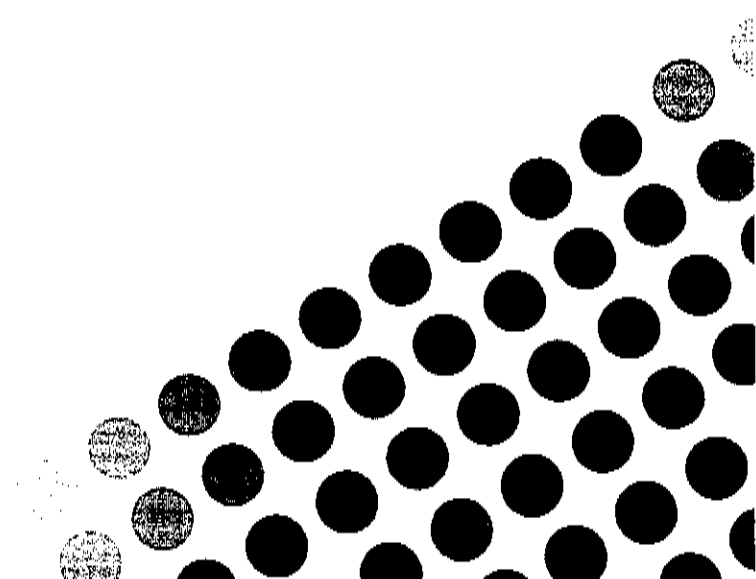


WAGAIT SHIRE COUNCIL
ABN 65 843 778 569

General Purpose Financial Report

for

the Year Ended 30 June 2012



WAGAIT SHIRE COUNCIL

Independent audit report to members of Wagait Shire Council

Scope

The financial report and Council's responsibility

The financial report comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Working Capital, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements for Wagait Shire Council ("the Council") for the year ended 30 June 2012.

The Council is responsible for preparing a financial report that presents fairly the financial position and performance of the Council and that complies with Accounting Standards and other mandatory financial reporting requirements in Australia and relevant provisions of the Local Government Act and Local Government (Accounting) Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Council. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia and relevant provisions of the Local Government Act and Local Government (Accounting) Regulations, a view which is consistent with our understanding of the Council and its financial position, and of its performance as represented by the results of its operations and cash flows.

WAGAIT SHIRE COUNCIL

Independent audit report to the members of Wagait Shire Council (contd)

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial reports, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the Committee and management of the Council.

Independence

We are independent of the Council, and have met the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion:

- (a) the prescribed accounting records, other records and registers required to be kept by the Council has been properly kept throughout the year;
- (b) the receipt, expenditure and investment of moncy and the acquisition and disposal of assets by the Council during the year have been in accordance with the prescribed requirements;
- (c) the financial statements have been properly drawn up in accordance with the prescribed requirements and are in agreement with the accounts and records;
- (d) the financial statements present fairly the financial position of the Council as at 30 June 2012 and the results of its operations and its cash flows for the year then ended;
- (e) the Council has complied with the provisions of the Local Government Act in respect of the conduct of its financial affairs;
- (f) the financial statements are in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the applicable sections of the Local Government Act, Accounting Code and Regulations.


WAGAIT SHIRE COUNCIL

Independent audit report to the members of Wagait Shire Council (contd)

Emphasis of Matter – Inherent uncertainty regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

The Council is dependent on operating grants from Government funding agencies. The financial statements have been prepared on a going concern basis in the expectation that such funding will continue.



Barry Hansen
Registered Company Auditor

Dated 31 December 2012

WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

Financial Report For The Year Ended 30-Jun-12

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WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		\$	\$
OPERATING REVENUE			
Rates & Annual Charges	3(a)	165,570	166,445
User Charges & Fees	3(b)	88,584	106,709
Interest	3(c)	32,444	13,641
Grants & Contributions provided for operating purposes	3(d)	186,488	833,270
TOTAL OPERATING REVENUES		<u>473,086</u>	<u>1,120,065</u>
OPERATING EXPENSES			
Employee benefits expense	4(a)	243,837	271,631
Depreciation and amortisation expense	4(c)	170,734	183,029
Materials & Contracts	4(b)	185,754	429,507
Other Operating Expenses	4(d)	23,542	36,798
TOTAL OPERATING EXPENSES		<u>623,867</u>	<u>920,965</u>
OPERATING RESULT		<u>(150,781)</u>	<u>199,100</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(150,781)</u>	<u>199,100</u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	811,790	632,517
Trade and other receivables	6	<u>34,718</u>	<u>50,560</u>
TOTAL CURRENT ASSETS		<u>846,508</u>	<u>683,077</u>
NON CURRENT ASSETS			
Property, plant and equipment	7	<u>1,805,200</u>	<u>2,014,115</u>
TOTAL NON-CURRENT ASSETS		<u>1,805,200</u>	<u>2,014,115</u>
TOTAL ASSETS		<u><u>2,651,708</u></u>	<u><u>2,697,192</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	7,383	30,659
Provisions		13,489	9,074
Tied Grants Unexpended		<u>88,671</u>	<u>15,679</u>
TOTAL CURRENT LIABILITIES		<u>109,543</u>	<u>55,412</u>
TOTAL LIABILITIES		<u>109,543</u>	<u>55,412</u>
NET ASSETS		<u><u>2,542,165</u></u>	<u><u>2,641,780</u></u>
EQUITY			
Accumulated surplus		2,008,942	2,108,557
Road Reserve		180,000	180,000
Motor Vehicle Reserve		10,000	10,000
Asset Revaluation Reserve		<u>343,223</u>	<u>343,223</u>
TOTAL EQUITY		<u><u>2,542,165</u></u>	<u><u>2,641,780</u></u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF WORKING CAPITAL FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	811,790	632,517
Trade and other receivables	6	<u>34,718</u>	<u>50,560</u>
TOTAL CURRENT ASSETS		<u>846,508</u>	<u>683,077</u>
LESS			
CURRENT LIABILITIES			
Trade and other payables	8	7,383	30,659
Provisions	9	13,489	9,074
Tied Grants Unexpended	13	<u>88,671</u>	<u>15,679</u>
		<u>109,543</u>	<u>55,412</u>
Reserves			
Road Reserve		180,000	180,000
Motor Vehicle Reserve		<u>10,000</u>	<u>10,000</u>
TOTAL CURRENT LIABILITIES		<u>299,543</u>	<u>245,412</u>
NET CURRENT ASSETS (Working Capital)		<u>546,965</u>	<u>437,665</u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Surplus	Assets Revaluation Reserve	Roads Reserve	Motor Vehicle Reserve	Total
	\$	\$		\$	\$
Balance at 1 July 2010	1,937,540	343,223	180,000	10,000	2,470,763
Comprehensive income					
Profit for the year	199,100				199,100
Unexpended grants correction	(28,083)				(28,083)
Total comprehensive income	171,017	-	-	-	171,017
Balance at 30 June 2011	2,108,557	343,223	180,000	10,000	2,641,780
Comprehensive income					
Profit/(Loss) for the year	(150,781)				(150,781)
Prior years equity corrections	51,165				51,165
Total comprehensive income	(99,615)	-	-	-	(99,615)
Balance at 30 June 2011	2,008,942	343,223	180,000	10,000	2,542,165

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		269,996	266,857
Operating grants receipts		259,480	618,949
Payments to suppliers and employees		(382,647)	(675,400)
Interest received		<u>32,444</u>	<u>13,641</u>
Net cash provided by/(used in) operating activities	9	<u>179,273</u>	<u>224,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and road construction		<u>-</u>	<u>(509,827)</u>
Net cash provided by/(used in) investing activities		<u>-</u>	<u>(509,827)</u>
Net increase/(decrease) in cash held		179,273	(285,780)
Cash and cash equivalents at beginning of financial year		<u>632,517</u>	<u>918,297</u>
Cash and cash equivalents at end of financial year	5	<u>811,790</u>	<u>632,517</u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) equivalent to International Reporting Standards, the Local Government Act 2008 and Local Government (Accounting) Regulations.

Except where stated below, these financial statements have been prepared in accordance with the historical cost accounting and does not take into account changing money values or current valuations of non-current assets except where stated. Cost is based on fair values of consideration given in exchange for assets.

The financial statements has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. All amounts in the financial statements have been rounded to the nearest dollar and are in Australian dollars.

1.2 Accounting Policies

(a) Income Tax

Income of local authorities and public authorities is exempt from income tax due to the provisions of Section 50-25 of the Income Tax Assessment Act 1997.

The Council's activities are exempt from all forms of Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). These taxes are payable to and receivable from the Australian Taxation Office are recognised and accrued in the financial statements.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(c) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of Impairment).

The cost of fixed assets constructed by the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Asset	Range of estimated
Buildings	20 years
Vehicles	5 years
Earth Moving Equipment	3 years
Road Structure	10 years
Office equipment	3 years

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1051.

(d) Capital Works in Progress

The cost of property, plant and equipment being constructed by the Council includes the cost of materials and direct labour and an appropriate proportion of labour overheads.

(e) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for any goodwill and any intangible assets with indefinite lives.

(f) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 669
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

(j) **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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other 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 and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(l) **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) **Provisions**

Provisions are recognised when the association has a 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) **Economic Dependence**

During the year the Council received grants from government departments and the future operation of the Council is dependent upon continued funding from government departments.

(o) **New Accounting Standards for Application in Future Periods**

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the association has decided not to early adopt. A discussion of those future requirements and their impact on the association is as follows:

AASB 9: Financial Instruments [December 2010] (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Council has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

- *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1062 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and

- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the Council is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

- clarifying the application of AASB 106 prior to an entity's first Australian Accounting Standard financial statements;

- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

- amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

- adding sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Council.

- *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).*

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the association has not yet determined any potential impact on the financial statements from adopting AASB 9.

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Council.

- *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).*

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 2 a. Functions

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS/ACTIVITIES. DETAILS OF THOSE FUNCTIONS/ACTIVITIES ARE PROVIDED

	GENERAL PUBLIC SERVICES			PUBLIC ORDER & SAFETY			ECONOMIC AFFAIRS			ENVIRONMENTAL PROTECTION		
	Budget 2012	Actual 2012	Actual 2011	Budget 2012	Actual 2012	Actual 2011	Budget 2012	Actual 2012	Actual 2011	Budget 2012	Actual 2012	Actual 2011
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
OPERATING REVENUES												
Rates	173,160	165,570	166,445									
User charges & Fees	2,500	2,500	11,434				-	14,361	23,399			
Interest	3,700	32,444	13,641									
Other operating revenues												
Grants - NT recurrent	130,908	119,126	115,229				45,300	56,459	30,057	-	-	-
Grants - NT capital			106,752						401,225			
Grants - C'wealth recurrent	9,500	10,803	17,665									
TOTAL REVENUES	319,768	330,543	431,166	-	-	-	45,300	70,820	454,681	-	-	-
OPERATING EXPENSES												
Employee Costs	124,815	136,144	193,008			10,288			7,868	5,500	5,500	12,067
Material and Contracts	76,720	90,470	98,993			94	28,100	25,187	251,020	2,000	2,000	14,120
Depreciation & Amortisation		85,367	92,650					51,220	54,639			
Other Operating Expenses	14,000	23,542	36,799									
TOTAL EXPENSES	215,535	335,523	421,450	-	-	10,382	28,100	76,407	313,547	7,500	7,500	26,187
TOTAL	104,233	- 4,980	9,716	-	-	(10,382)	17,200	- 5,587	141,134	(7,500)	(7,500)	(26,187)

	HOUSING & COMMUNITY AMENITIES			RECREATION, CULTURE & RELIGION			TOTAL		
	Budget 2012	Actual 2012	Actual 2011	Budget 2012	Actual 2012	Actual 2011	Budget 2012	Actual 2012	Actual 2011
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
OPERATING REVENUES									
Rates							173,160	165,570	166,445
User charges & Fees	36,914	71,723	67,520			4,356	39,414	88,584	106,709
Interest							3,700	32,444	13,641
Grants - NT recurrent				35,000		120,341	211,208	176,586	265,626
Grants - NT capital	48,000		42,000				48,000	-	148,752
Grants - C'wealth recurrent							9,500	10,903	17,667
Grants - C'wealth capital									401,225
TOTAL REVENUES	84,914	71,723	109,520	35,000	-	124,697	484,982	473,086	1,120,065
OPERATING EXPENSES									
Employee Costs	77,281	86,425	18,302	41,420	35,768	30,078	249,016	243,837	271,631
Material and Contracts	67,910	58,769	18,839	11,200	9,328	46,442	185,930	185,754	429,507
Depreciation					34,147	35,745		170,734	183,029
Other Operating Expenses							14,000	23,542	36,798
TOTAL EXPENSES	145,191	126,194	37,141	52,620	79,243	112,265	448,946	623,867	920,965
TOTAL	(60,277)	- 53,471	72,379	(17,620)	(79,243)	12,432	36,036	(150,781)	199,100

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

b. Components of Functions

The activities relating to the Council functions reported on in Note 2(a) are as follows:

GENERAL PUBLIC SERVICES

Administration, legislative and executive affairs, financial and fiscal affairs, general research and general services. (Also includes Natural Disaster relief)

PUBLIC ORDER & SAFETY

This division includes outlays on administration and operating services connected with public order and safety within the scope of local government. Such services include fire protection, local emergency services, animal control and impounding, control of public places, control of signage, hoardings and advertising, community policing and probationary matters.

ECONOMIC AFFAIRS

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs and transport and other industries, saleyards and tourism.

ENVIRONMENTAL PROTECTION

General environment services.

HOUSING & COMMUNITY AMENITIES

Housing, housing and community development, water supply and street lighting.

HEALTH

Well baby clinics, dental health services and home nursing services, nursing and convalescent home services, immunisation, infant nutrition and child health, Family planning services.

RECREATION, CULTURE & RELIGION

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

EDUCATION

Administration, inspection, support, operation etc. of education programs and services.

SOCIAL PROTECTION

Council did not provide services under this function for the year.

Note 3 Operating Revenues

	2012	2011
	\$	\$
a. RATES AND CHARGES		
Ordinary Rates		
— Residential/Business/Rural Flat Rate	165,570	166,445
TOTAL RATES & ANNUAL CHARGES	<u>165,570</u>	<u>166,445</u>
b. USER CHARGES & FEES		
— Jetty & Boat Ramp Maintenance Contract Income	14,361	24,119
— Power & Water Contract Income	51,858	63,620
— Workshop Fees and Charges Income	9,118	9,091
— Rental Fees	-	3,900
— Community Centre Income	2,500	5,536
— Other Fees & Charges	10,747	443
TOTAL USER CHARGES & FEES	<u>88,584</u>	<u>106,709</u>
c. INTEREST		
— Interest on investments	32,444	13,641
TOTAL INTEREST REVENUE	<u>32,444</u>	<u>13,641</u>

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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

d. GRANTS

	2012	2011
	\$	\$
Operating Grants		
<u>General Purpose (Untied)</u>		
— general purpose component	11,200	17,665
— road component	<u>56,459</u>	<u>30,057</u>
Total General Purpose (Untied)	<u>67,659</u>	<u>47,722</u>
<u>NT Current Grants</u>		
— general purpose component	107,926	235,570
Total NT Current Grants	<u>107,926</u>	<u>235,570</u>
Total Operating Grants	<u>175,585</u>	<u>283,292</u>
Capital Grants		
— Utilities Grant	-	401,225
— Other	<u>10,903</u>	<u>148,753</u>
Total Capital Grants	<u>10,903</u>	<u>549,978</u>
Total Grants	<u>186,488</u>	<u>833,270</u>

Note 4 Operating Expenses

a. EMPLOYEE COSTS

Salaries and Wages	216,564	241,056
Superannuation	19,617	18,993
Workers Compensation Insurance	3,804	3,190
Recruitment & relocation		2,563
Travelling & Accommodation	1,553	2,632
Training & Development	<u>2,299</u>	<u>3,197</u>
Total Operating Employee Costs	<u>243,837</u>	<u>271,631</u>

b. MATERIALS AND CONTRACTS

Accounting Services	7,296	12,544
Advertising	-	825
Bank Fees	1,195	865
Equipment Purchases	2,991	640
Cleaning	1,182	3,529
Consultants and Council Election Fees	9,091	14,864
Contractors, maintenance and purchases of materials	95,284	325,125
Council Refreshments	347	270
Electricity	8,692	8,394
Information Technology expenses	10,544	9,551
Printing & Stationery	2,488	1,878
Repairs & Maintenance - Vehicles	2,451	5,857
Subscriptions	5,363	2,543
Telephone	6,566	6,672
Vehicle Registration	516	503
Vehicle, Plant & Equipment expenses	16,653	21,634
Other	<u>15,095</u>	<u>14,013</u>
Total Materials & Contracts	<u>185,754</u>	<u>429,507</u>

c. DEPRECIATION & AMORTISATION

Plant and equipment	18,362	18,251
Office Equipment & Furniture	20,531	24,638
Motor Vehicles	18,593	26,229
Buildings	72,553	73,215
Infrastructure	<u>40,695</u>	<u>40,696</u>
Total Depreciation & Amortisation	<u>170,734</u>	<u>183,029</u>

d. OTHER OPERATING EXPENSES

Auditor's Remuneration - Audit Services	5,850	5,850
Preparation of financial statements	5,550	5,550
Insurance	12,142	11,832
Other	-	13,566
Total Other Operating Expenses	<u>23,542</u>	<u>36,798</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 5 Cash and Cash Equivalents

	Note	2012 \$	2011 \$
Cash on Hand		450	400
Cash at Bank		811,340	632,117
TOTAL CASH ASSETS		811,790	632,517

RESTRICTED CASH SUMMARY

Purpose		2012	2011
EXTERNAL RESTRICTIONS			
- Included in liabilities		88,671	15,679
TOTAL EXTERNAL RESTRICTIONS		88,671	15,679
TOTAL UNRESTRICTED		723,119	632,517
TOTAL CASH & INVESTMENTS		811,790	648,196

RESTRICTED CASH DETAIL

Purpose		2012	2011
EXTERNAL RESTRICTIONS			
Included in liabilities			
Specific Purpose Unexpended Grants (*)		88,671	15,679
TOTAL EXTERNAL RESTRICTIONS		88,671	15,679
INTERNAL RESTRICTIONS			
Included in liabilities			
Employee Leave Entitlements		13,489	22,605
Creditors		1,946	30,389
TOTAL INTERNAL RESTRICTIONS		15,435	52,994

(*) Grants that are not yet expended for the purposes for which the grants were obtained.

Note 6 Trade and Other Receivables

	Note	2012 \$	2011 \$
CURRENT			
Rates and Annual Charges		11,576	21,874
Other		23,142	28,686
Total		34,718	50,560
Less: Provision for Doubtful Debts		(4,339)	-
Total Unrestricted Receivables		30,379	50,560

Note 7 Property, Plant and Equipment

Office equipment:			
At cost		164,250	164,250
Accumulated depreciation		(145,996)	(125,465)
		18,254	38,785
Buildings			
At cost		1,413,815	1,413,815
Accumulated depreciation		(628,683)	(556,130)
		785,132	857,685
Plant and equipment:			
At cost		229,519	229,519
Accumulated depreciation		(109,741)	(91,380)
		119,778	138,139
Motor Vehicles			
At Cost		92,964	131,146
Accumulated depreciation		(51,221)	(32,628)
		41,743	98,518
Roads, bridges, footpaths			
At Cost		813,910	813,910
Accumulated depreciation		(373,618)	(332,922)
		440,292	480,988
Land			
At cost		400,000	400,000
		400,000	400,000
Total property, plant and equipment		1,805,200	2,014,115

Movements in carrying amounts

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

	Land	Buildings	Plant and Equipme nt	Roads, bridges, footpaths	Office Equipment & Furniture	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	400,000	930,900	61,740	149,049	59,063	86,565	1,687,317
Additions		47,000	47,650	372,635	4,360	38,182	509,827
Depreciation expense		(73,215)	(18,251)	(40,696)	(24,636)	(26,229)	(183,029)
Balance at 30 June 2011	400,000	904,685	91,139	480,988	38,785	98,518	2,014,115
Prior year adjustments						(38,182)	(38,182)
Depreciation expense		(72,553)	(18,362)	(40,695)	(20,531)	(18,593)	(170,734)
Carrying amount at 30 June 2012	400,000	832,132	72,777	440,293	18,254	41,743	1,805,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 8 Trade and Other Payables

	Note	2012 \$	2011 \$
CURRENT			
Creditors			
Goods and Services Tax		791	8,709
PAYG Held		3,312	19,603
Payments received in advance		408	408
Sundry Creditors		2,872	1,939
Total Creditors		7,383	30,659
Provisions			
Annual leave		13,489	9,074
Total Provisions		13,489	9,074

Note 9 Statement of Cash Flows

a. Reconciliation of Cash

For the purposes of statement of cash flows, cash includes cash on hand and "at call" deposits with other financial institutions. Term deposits are also included. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand and at Bank	811,790	632,517
Balances as per Statement of Cash Flow	811,790	632,517

	2012 \$	2011 \$
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b. Reconciliation of cash flow from operations with profit after income tax

Profit/(Loss) for the year	(150,781)	199,100
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit/(loss)		
— Depreciation	170,734	183,029
— Net (gain)/loss on disposal of property, plant and equipment	38,182	-
Changes in assets and liabilities		
— (Increase)/decrease in receivables	15,842	(6,297)
— Increase/(decrease) in creditors	(23,276)	(110,640)
— Increase/(decrease) in provisions and unexpended grants	128,572	(41,145)
Net cash provided by (or used in)	179,273	224,047

Note 10 STATEMENT OF PERFORMANCE MEASUREMENT FOR THE YEAR ENDED 30 JUNE 2012

	Amounts in \$		2012 \$	2011 \$
1. CURRENT RATIO				
Factors				
Current Assets - External Restricted	846,508	Ratio	6.92	12.04
Current Liabilities	109,543			
2. RATE COVERAGE RATIO				
Factors				
Rate Revenues	165,570	Ratio	35%	15%
Total Revenue	473,086			
3. RATES & ANNUAL CHARGES				
Factors				
Rates & Annual Charges Outstanding	11,576	Ratio	7%	8%
Rates & Annual Charges Collectible	165,570			

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 11 Conditions Over Grants & Contributions

	2012		2011	
	\$ Grants	\$ Contrib	\$ Grants	\$ Contrib
Grants and contributions that were obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended in accordance with those conditions, are as follows:				
Unexpended at the close of the previous reporting period	15,679	0	15,211	0
<u>Less</u>				
Expended during the current reporting period from revenues recognised in previous reporting periods	-	0	15,211	0
<u>Plus</u>				
Amounts recognised as liabilities in the current reporting period as they had not yet been expended in accordance with the conditions	<u>88,671</u>	<u>0</u>	<u>15,679</u>	<u>0</u>
Unexpended at the close of the current reporting period and held as restricted assets	<u>88,671</u>	<u>0</u>	<u>15,679</u>	<u>0</u>
Net increase (decrease) in restricted assets in the current reporting period	<u>(104,350)</u>	<u>0</u>	<u>(30,890)</u>	<u>0</u>

Note Financial Instruments

a. Credit risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Legislative restrictions on Council's investment powers effectively limit investments to financial instruments issued or guaranteed by Australian governments, banks and authorised deposit taking institutions. Rates and other receivables are monitored on an ongoing basis with the result that the Council's exposure to bad debts is not significant.

	Not past Due or Impaired		Past Due or Impaired	
	2012	2011	2012	2011
Rates Receivables	7,237	2,939	-	-
Other Receivables	<u>23,142</u>	<u>33,874</u>	<u>-</u>	<u>13,328</u>
	<u>30,379</u>	<u>30,735</u>	<u>-</u>	<u>13,328</u>

Ageing of Receivables for 2012

	Current	31-60 Days		61-90 Days	90+ Days	TOTAL
		Days	Days			
Rates Receivables						
Other Receivables	<u>7,237</u>			1,440		8,677
I	<u>7,237</u>	-	-	1,440		8,677

Ageing of Receivables for 2011

	Current	31-60 Days	61-90 Days	90+ Days	TOTAL
Tota	<u>50,560</u>	-	-	-	50,560

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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

b. Interest Rate Risk Exposure

The Council's exposure to interest rate risk consist of:

	Average Interest Rate	Variable interest Rate Current	Fixed Interest Rate Maturity		Non- Interest Bearing	Total
2012	%	\$	< 1 year \$	> 1 - 5 years \$	\$	\$
Financial Assets						
Cash at Bank	2%	811,790			-	811,790
Receivables					30,379	30,379
Total		811,790	-	-	30,379	842,169

Financial Liabilities

Payables					7,383	7,383
Employee benefits - unexpended					13,489	13,489
Total		-	-	-	109,543	109,543

	Average Interest Rate	Variable interest Rate Current	Fixed Interest Rate Maturity		Non- interest Bearing	Total
2011	%	\$	< 1 year \$	> 1 - 5 years \$	\$	\$
Financial Assets						
Cash at Bank	2.00%	632,517			-	632,517
Receivables					30,379	30,379
Total		632,517	-	-	30,379	662,896

Financial Liabilities

Payables					30,659	30,659
Employee benefits - unexpended					13,489	13,489
Total		-	-	-	59,827	59,827

c. Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting obligations with financial liabilities.

Financial assets and financial liabilities have a range of maturity dates, and Council monitors its cash flow requirements and liquidity levels, and maintains an adequate cash buffer.

Net Fair Value

Council believes that, as the majority of financial instruments mature within 12 months, the carrying financial instruments at cost is a close approximation to their fair value and that any difference would be immaterial.