

WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

**Financial Report For The Year Ended
30 June 2019**

WAGAIT SHIRE COUNCIL

ABN: 65 843 778 569

Financial Report For The Year Ended 30 June 2019

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WAGAIT SHIRE COUNCIL

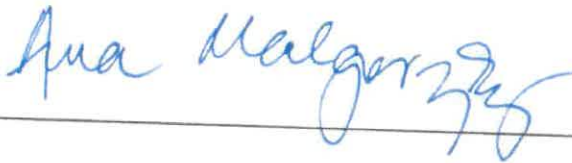
ABN: 65 843 778 569

Chief Executive Officer's Certificate

I, Anna Malgorzewicz, the Chief Executive Officer of the Wagait Shire Council, do hereby certify that the annual financial statements:

a. comply with Australian Accounting Standards - the local government act and local government (Accounting) regulations, so as to present fairly the financial position of the Council as at 30 June 2019; and

b. are in accordance with the accounting and other records of the Council.



Dated 18/10/2019

**AUDITOR'S INDEPENDENCE DECLARATION UNDER THE LOCAL GOVERNMENT ACT AND LOCAL GOVERNMENT ACCOUNTING REGULATIONS
TO THE COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (a) the auditor independence requirements of the *Local Government Act and Local Government (Accounting) Regulations*; and
- (b) any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner

Darwin
Northern Territory

Date: 24 October 2019



WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue and Other Income			
Rates and annual charges	3A	348,092	336,248
User charges and fees	3B	120,601	162,387
Grants and contributions	3C	349,430	394,740
Interest	3D	18,467	16,975
Gain on sale of property, plant and equipment	3E	9,633	13,251
Total operating revenues		<u>846,223</u>	<u>923,601</u>
Operating Expenses			
Employee Cost	4A	393,496	321,838
Materials and Contracts	4B	272,652	374,047
Depreciation	4C	152,788	95,525
Other operating expenses	4D	11,625	11,625
Total operating expenses		<u>830,561</u>	<u>803,035</u>
Profit for the year		<u><u>15,662</u></u>	<u><u>120,566</u></u>
Other comprehensive income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>15,662</u>	<u>120,566</u>
TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME		<u><u>15,662</u></u>	<u><u>120,566</u></u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	5	1,287,229	1,138,812
Trade and Other Receivables	6	22,700	69,775
Prepayments		7,397	-
TOTAL CURRENT ASSETS		1,317,326	1,208,587
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	2,913,281	2,940,423
TOTAL NON-CURRENT ASSETS		2,913,281	2,940,423
TOTAL ASSETS		4,230,607	4,149,010
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	8	48,426	20,583
Grant liabilities and Deferred Income	9	112,148	93,618
Employee Provisions	10	50,191	30,949
TOTAL CURRENT LIABILITIES		210,765	145,150
NON-CURRENT LIABILITIES			
Employee Provisions	10	320	-
TOTAL NON-CURRENT LIABILITIES		320	-
TOTAL LIABILITIES		211,085	145,150
NET ASSETS		4,019,522	4,003,860
EQUITY			
Retained Earnings		1,649,498	1,633,836
Reserves	11	2,370,024	2,370,024
TOTAL EQUITY		4,019,522	4,003,860

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 2019

	Retained Earnings	Asset Revaluation Reserve	Asset Replacement and Maintenance Reserve	Total Equity
	\$		\$	\$
Balance at 1 July 2017	1,513,270	1,870,024	500,000	3,883,294
Comprehensive income:				
Surplus for the year	120,566	-	-	120,566
Other comprehensive income for the year	-	-	-	-
Total comprehensive income attributable to Members of the entity for the year	<u>120,566</u>	<u>-</u>	<u>-</u>	<u>120,566</u>
Balance at 30 June 2018	<u>1,633,836</u>	<u>1,870,024</u>	<u>500,000</u>	<u>4,003,860</u>
Balance at 1 July 2018	<u>1,633,836</u>	<u>1,870,024</u>	<u>500,000</u>	<u>4,003,860</u>
Comprehensive income:				
Surplus for the year	15,662	-	-	15,662
Other comprehensive income for the year	-	-	-	-
Total comprehensive income attributable to Members of the entity for the year	<u>15,662</u>	<u>-</u>	<u>-</u>	<u>15,662</u>
Balance at 30 June 2019	<u>1,649,498</u>	<u>1,870,024</u>	<u>500,000</u>	<u>4,019,522</u>

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 579
STATEMENT OF WORKING CAPITAL
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Bank	5	1,287,229	1,138,812
Trade and Other Receivables	6	22,700	69,775
Prepayments		7,397	-
TOTAL CURRENT ASSETS		<u>1,317,326</u>	<u>1,208,587</u>
Less:			
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	8	48,426	20,583
Grant liabilities and Deferred Income	9	112,148	93,618
Employee Provisions	10	50,191	30,949
TOTAL CURRENT LIABILITIES		<u>210,765</u>	<u>145,150</u>
NET ASSETS		<u>1,106,561</u>	<u>1,063,437</u>
CURRENT RATIO		<u>6</u>	<u>8.33:1</u>

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 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of customers		511,077	479,207
Grants and contributions receipts		367,960	456,409
Interest received		18,467	16,975
Payments to suppliers and employees		(633,074)	(712,482)
Net cash provided by operating activities	13	264,430	240,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		13,584	16,364
Payment for property, plant and equipment		(129,597)	(129,244)
Net cash (used in) investing activities		(116,013)	(112,880)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by (used in) financing activities		-	-
Net increase in cash held		148,417	127,229
Cash and cash equivalents at beginning of the financial year		1,138,812	1,011,583
Cash and cash equivalents at end of the financial year	5	1,287,229	1,138,812

The accompanying notes form part of these financial statements.

WAGAIT SHIRE COUNCIL
ABN: 65843778569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

This notes sets out the principal accounting policies adopted in the preparation of the financial statements by Council as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the requirements of the Local Government Act, Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standard Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have 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 amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

Rates are recognised as revenue when the Council obtains control over the asset comprising the receipt.

Rates are an enforceable debt linked to rateable property that will be recovered when the property is sold, and therefore control normally passes at the time of levying, or where earlier upon receipt of rates paid in advance. The rating period and reporting period for the Council coincide and accordingly, all rates levied for the year are recognised as revenue.

Uncollected rates are recognised as receivables.

Non-reciprocal grant revenue is recognised in profit or loss when the Council obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Council and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Council incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

WAGAIT SHIRE COUNCIL
ABN: 65843778569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 1 **Summary of Significant Accounting Policies (Cont'd)**

(a) Revenue (cont'd)

Wagait Shire Council receives non-reciprocal contributions of assets from the government and other parties for a zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the sales of goods and the rendering of a service is recognised upon the delivery of the goods and services to the customers.

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

(b) Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of Buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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

Buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Note 1 Summary of Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment (Cont'd)

Plant and Equipment

Plant and equipment are measured on the cost basis and are 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 and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Council commencing 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 lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate Life (years)
Buildings and improvements	20-40
Plant and equipment	3--10
Infrastructure	10
Office Equipment and furniture	3
Motor Vehicles	5

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 or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

WAGAIT SHIRE COUNCIL
ABN: 65843778569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 1 **Summary of Significant Accounting Policies (Cont'd)**

(c) Leases

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

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Council will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

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

(d) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at: amortised cost; or fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is: a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies; held for trading; or initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is: incurred for the purpose of repurchasing or repaying in the near term; part of a portfolio where there is an actual pattern of short-term profit taking; or a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Note 1 Summary of Significant Accounting Policies (Cont'd)

(d) Financial Instruments (Cont'd)

Financial assets

Financial assets are subsequently measured at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss

Measurement is on the basis of two primary criteria: the contractual cash flow characteristics of the financial asset; and the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost: the financial asset is managed solely to collect contractual cash flows; and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income: the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Council initially designates a financial instrument as measured at fair value through profit or loss if: it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset: the right to receive cash flows from the asset has expired or been transferred; all risk and rewards of ownership of the asset have been substantially transferred; and the Council no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Council elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Note 1 **Summary of Significant Accounting Policies (Cont'd)**

(e) Impairment of Assets

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(f) Employee Benefits

Short-term employee benefits

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

The Council'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.

Other long-term employee benefits

The Council classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are 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. Provision is made for the Council's obligation for other long-term employee benefits, which 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 high quality corporate 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 Council's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Council 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 liabilities.

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

The Council, based on past experience regarding levels of service reached by employees, records long service leave entitlements once an employee commence service with the Council.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Council receive defined contribution superannuation entitlements, for which the Council pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's ordinary average salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Council's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Council's statement of financial position.

Note 1 Summary of Significant Accounting Policies (Cont'd)

(p) Fair Value of Assets and Liabilities

The Council measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value' is the price the Council would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transactions 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 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.

To the extent possible, market information is extracted from 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). In the absence of such a market, market information is extracted from the most advantageous market available to the Council at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, 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.

The fair value of liabilities and the Council's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(q) Economic Dependence

The Council is dependent upon the ongoing receipt of grants from the Northern Territory Government to ensure the continuance of its activities. At this date of this report management has no reason to believe that Council will not continue to receive funding support from the Government

WAGAIT SHIRE COUNCIL
 ABN: 65843778569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(r) Adoption of New and Revised Accounting Standards

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

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

Standards and Interpretations in issue not yet adopted

The following new and revised Standards and Interpretations have recently been issued or amended but are not yet effective. The Council will apply these standards if there's any relevance to its financial statements for the annual reporting periods beginning on or after the effective dates.

Title	Nature of Change or Impact	Effective Date
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 replaces AASB 118 Revenue and other standards related to income recognition not relevant to the Council. It:</p> <ul style="list-style-type: none"> - establishes a new revenue recognition model; - changes the basis for deciding whether revenue is to be recognised over time or at a point in time; - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing); and - expands and improves disclosures about revenue. <p>The Council has undertaken a detailed assessment of the impact of AASB 15 and based on this assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>	1 January 2019
AASB 16 Lease	<p>AASB 16:</p> <ul style="list-style-type: none"> - replaces AASB 117 Leases and some lease-related Interpretations; - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases; - provides new guidance on the application of the definition of lease and on sale and lease back accounting; - largely retains the existing lessor accounting requirements in AASB 117; and - requires new and different disclosures about leases. <p>The Council has undertaken a detailed assessment of the impact of AASB 16 and the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>	1 January 2019

Note 2 Functions/ Core Services

Functions/core services are common municipal services that many councils deliver to their ratepayers and residents. After a community consultation on the Wagait Shire Council Strategic Plan covering the period 2013 - 2018, it was decided that some of the listed services (marked **) will not be provided by the Council. These decisions will be reassessed in the event of a change in Council's circumstances or on request from the community.

Functions/core services are common municipal services that many councils deliver to their ratepayers and residents. After a community consultation on the Wagait Shire Council Strategic Plan covering the period 2013 - 2018, it was decided that some of the listed services (marked **) will not be provided by the Council. These decisions will be reassessed in the event of a change in Council's circumstances or on request from the community.

The activities relating to the Council functions/core services are as follows:

Local infrastructure

- a) Maintenance and upgrade of parks, reserves and open spaces Maintenance and upgrade of buildings, facilities and fixed assets
- b) Management of cemeteries* *
- c) Lighting for public safety including street lighting* *
- d) Local road upgrading and construction
- e) Local road maintenance
- f) Traffic management on local roads
- g) Fleet, plant and equipment management

Local environment health

- a) Waste management including litter reduction
- b) Weeds control and fire hazard reduction
- c) Companion animal welfare and control

Local civic services

- a) Library, cultural and heritage
- b) Civic events
- c) Local emergency services

Community engagement in local government

- a) Training and employment of local people in council operations
- b) Administration of local laws* *
- c) Customer relationship management, including complaints and responses
- d) Governance including administration of council meetings, elections and elected member support
- e) Administration of local board advisory bodies and management committees* *
- f) Advocacy and representation on local and regional issues

WAGAIT SHIRE COUNCIL
 ABN: 65 843 778 569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 3

Revenue and Other Income

		2019	2018
3A	Rates and annual charges	\$	\$
	<i>Ordinary rates</i>		
	Residential, business and rural flat rate	231,992	228,998
	Waste management levy	116,100	107,250
	Total rates and annual charges	348,092	336,248
3B	User charges and fees	2019	2018
	Jetty and boat ramp maintenance	\$	\$
	Power and water contract income	61,394	60,457
	Weed management income	36,150	40,651
	Other fees and charges	-	-
	Other income	21,075	61,279
		1,982	-
	Total rates and annual charges	120,601	162,387
3C	Grants and Contributions	2019	2018
	<i>General purpose grants (untied)</i>	\$	\$
	FAA - General purpose component	11,969	8,908
	FAA - Roads to recovery component	55,755	54,235
	<i>Northern Territory Government operating grants</i>		
	General purpose component	189,860	157,513
	Department of Sport, Recreation and Racing	21,000	19,091
	Department of Infrastructure and Regional	-	60,091
	<i>Northern Territory Government non- recurring grants</i>		
	Specific purpose	60,964	152,886
	Other	8,382	1,000
	Less: unexpended grants	-	(60,964)
	<i>Non Government grants and contributions</i>		
	Australia Day Council	1,500	2,000
	Total grants and contributions	349,430	394,760
3D	Interest	2019	2018
	Financial Institutions	\$	\$
		18,467	16,975
	Total Interest	18,467	16,975
3E	Gains/ (loss) on disposal property, plant and equipment	2019	2018
	Gains and Losses	\$	\$
		9,633	13,251
	Total Gains/ (loss) on disposal property, plant and equipment	9,633	13,251

Note 4

Expenses

		2019	2018
4A	Employee Cost	\$	\$
	Salaries and Wages	355,649	289,375
	Superannuation	29,710	25,966
	Recruitment	-	-
	Training and development	8,137	6,497
	Total employee cost	393,496	321,838

WAGAIT SHIRE COUNCIL
 ABN: 65 843 778 569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 4

Expenses (Cont.)

4B Materials and contracts	2019	2018
	\$	\$
Rate Recovery cost	900	3,113
Accounting	7,880	419
Community Activities	2,332	484
Donations	100	105
Sports & Rec Activities	173	1,951
Advertising	5,360	3,397
Cleaning	1,973	-
Safety Supplies & Equipment	-	161
Travel & Accommodation	2,661	6,005
Consultant fees	11,794	9,989
Miscellaneous	452	(4,141)
Valuation Costs	2,401	2,391
Bank Fees	307	388
Merchant Fees	1,185	1,037
Fees, Licences & Charges	1,462	1,813
Computer Support & Maint	2,147	1,200
Insurance	25,230	23,936
LGANT/Membership	1,495	1,934
Subscriptions & Publications	2,537	2,598
Postage	617	158
Printing & Stationery	5,314	5,943
Office phone/fax/internet	1,397	1,398
Mobiles	3,985	2,590
Satellite	434	628
Meeting expenses	2,032	1,239
Councillor Allowances	2,700	3,950
HR Service Fee	500	-
Staff Relocation	2,647	-
FAA Roads	4,140	-
Roads to Recovery Acquittal	-	70,278
Road Repair & Maintenance	-	2,775
Jetty Maintenance	248	263
Water Management/Maintenance	31	907
Animal Management	-	45
Other Contract expense	413	27,203
Cleaning Contract	2,392	31,091
Replace Bollards	428	-
Repairs & Maintenance	39,438	33,403
Cyclone Marcus March 2018	-	903
Fuel Works Ute	2,479	2,758
Fuel Plant and Machinery	2,282	2,289
Fuel CEO	9,845	8,252
Fuel Works Truck	865	567
Vehicle Registration	1,419	2,614
Rego - Plant & Machinery	1,276	692
Senior Week Function	1,418	1,179
Australia Day Expenses	1,516	2,012
Other Grant Expenses	2,636	-
Armistice Grant Project	3,121	-
Youth Vibe Holiday Grant	1,933	-
BBQ Shelter	250	-
Dog Pound Grant Expenses	1,150	-
Green Waste Compound	4,351	92,228
Regular Bin Collection	59,255	-
Qtly hard waste collection	18,300	-
Green waste chipping	4,739	-
Dwn Dutchess disposal	7,800	-
Removal of Communications Towe	3,300	-
Electricity	3,993	7,677
Gas Supplies	69	408
Pest Control	-	327
Water & Sewerage	3,550	6,339
Community Recreation Activity	-	1,087
Community Recreation Activity	-	382
Sports & Rec Equipment	-	3,787
Prior Period Adjustments	-	1,895
	-	-
Total materials and contracts	272,652	374,047

WAGAIT SHIRE COUNCIL
 ABN: 65 843 778 569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

4C	Depreciation	2019	2018
		\$	\$
	Buildings	56,158	-
	Plant and equipment	37,224	24,434
	Office equipment	113	75
	Infrastructure	43,183	53,113
	Motor vehicles	16,110	17,903
	Total employee cost	152,788	95,525
4D	Other operating expenses	2019	2018
		\$	\$
	Audit services	6,750	6,750
	Other services	4,875	4,875
	Total Other operating expenses	11,625	11,625

Note 5 **Cash on Hand and at Bank**

CURRENT		Note	2019	2018
			\$	\$
	Cash at Bank		1,287,101	1,137,499
	Cash on hand		128	1,313
	Total Cash on Hand and at Bank		1,287,229	1,138,812
	Restricted cash and cash equivalents summary			
	<i>Purpose</i>			
	External restrictions			
	Included in liabilities			
	- Unexpended grant liability		76,075	60,964
	Included in revenue			
	Total external restrictions		76,075	60,964
	Internal restrictions			
	Included in liabilities			
	Employee leave entitlements		50,509	30,949
	Included in revenue			
	Total external restrictions		50,509	30,949
	Total unrestricted		1,160,645	1,046,899
	Total Cash on hand and at bank	13(a), 17	1,287,229	1,138,812

Note 6 **Trade and Other Receivables**

CURRENT		Note	2019	2018
			\$	\$
	Receivables :			
	Rates and annual charges		22,700	65,084
	Less :Provision for impairment of receivables		-	-
	Total Unrestricted accounts receivable and other debtors		22,700	65,084
	Other Receivables :			
	GST		-	4,691
	Total Other receivables		-	4,691
	Total current trade and other receivables	17	22,700	69,775

The Council normal credit term is 30 days. No interest is charged for the first 30 days from the date of invoice. Thereafter, interest is charged at 17% per annum, which is calculated on a daily basis, on the outstanding balance.

Movement (recoveries) in allowance for impairment of receivables		2019	2018
		\$	\$
	Balance at beginning of the year	-	-
	Reduction in allowance	-	-
	Balance at the end of the year	-	-

WAGAIT SHIRE COUNCIL
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 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 7

Property, Plant and Equipment

	2019 \$	2018 \$
Land		
At cost	400,000	400,000
Total Land	400,000	400,000
Buildings		
At fair value	2,222,727	2,222,727
At cost	14,741	14,741
Less Accumulated depreciation	(56,158)	-
Total Buildings	2,181,310	2,237,468
Total Land and Buildings	2,581,310	2,637,468
18		
Plant and equipment:		
Plant and equipment:		
At cost	488,050	477,770
Less Accumulated depreciation	(313,490)	(356,412)
	174,560	121,358
Infrastructure at cost:		
At cost	864,460	864,460
Less Accumulated depreciation	(764,222)	(721,040)
	100,238	143,420
Office equipment:		
At Cost	175,930	175,930
Less Accumulated depreciation	(174,917)	(174,804)
	1,013	1,126
Motor vehicles:		
At Cost	118,733	116,087
Less Accumulated depreciation	(62,573)	(79,036)
	56,160	37,051
Total Plant and Equipment	331,971	302,955
Total property, plant and equipment	2,913,281	2,940,423

Movements in Carrying Amounts

Movement in the 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 Equipment \$	Infrastructur e \$	Office equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 July 2018	400,000	2,237,468	121,358	143,420	1,126	37,051	2,940,423
Additions at cost	-	-	94,379	-	-	35,218	129,597
Disposals Adjustments	-	-	(3,951)	-	-	-	(3,951)
Depreciation expense	-	(56,158)	(37,224)	(43,183)	(113)	(16,110)	(152,788)
Carrying amount at 30 June 2019	400,000	2,181,310	174,562	100,237	1,013	56,159	2,913,281

Valuation of Building and Improvements

An independent valuation of buildings, improvements and infrastructure was undertaken by Integrated Valuation Services as at 6 July 2015. These assets have been valued at "Fair Value" and adopted in the 2015-16 financial statements. The Council members believe that the fair value of buildings, improvements and infrastructure is \$2,281,547 as at 30 June 2019 (2018: \$2,380,888).

WAGAIT SHIRE COUNCIL
 ABN: 65 843 778 569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 8 Trade and Other Payables

	Note	2019 \$	2018 \$
CURRENT			
Sundry creditors and accrued expenses		42,216	11,214
Payroll liabilities		5,294	9,369
GST payable (net)		916	-
Total Trade and Other Payables		48,426	20,583
(a) Financial liabilities at amortised cost are classified as trade and other payables.			
Trade and other payables:			
— Total Current		48,426	20,583
— Less Deferred income		-	-
		48,426	20,583
— Total Non Current		-	-
Total trade and other payables		48,426	20,583
Financial liabilities as trade and other payables	17	48,426	20,583

Note 9 Grant Liabilities

	Note	2019 \$	2018 \$
CURRENT			
Current			
Deferred Income		36,073	32,654
Unexpended grants		76,075	60,964
Total Trade and Other Payables		112,148	93,618

Note 10 Employee Provisions

	Note	2019 \$	2018 \$
CURRENT			
Provision for employee benefits: annual leave		23,116	23,388
Provision for employee benefits: long service leave		27,075	7,561
		50,191	30,949
NON-CURRENT			
Provision for employee benefits: long service leave		320	-
		320	-
Total provisions for employee benefits		50,511	30,949
Analysis of total provisions:			
Opening balance at 1 July 2018		30,949	
Net change in the provision during the year		19,562	
Balance at 30 June 2019		50,511	

Provision For Employee Benefits

Employee provisions represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Corporation does not expect the full amount of annual leave balance classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Corporation does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

WAGAIT SHIRE COUNCIL
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 11

Reserves

	2019	2018
Note	\$	\$
Asset Revaluation Reserve		
Balance at end of the reporting year	1,870,024	1,870,024
The asset revaluation reserve arises on the revaluation of buildings and improvements. Where a revalued item of property, plant and equipment is sold, that portion of asset revaluation reserve which relates to that asset and is effectively realised, is transferred directly into retained earnings.		
Asset Replacement and maintenance reserve		
Balance at beginning of reporting year	500,000	500,000
Transfer to reserve		-
Balance at end of the reporting year	500,000	500,000
Total reserves	2,370,024	2,370,024

The asset replacement and maintenance reserve is maintained to replace roads and motor vehicles as the need arises

Note 12

Key Management Remuneration

	2019	2018
	\$	\$
Short- term employment benefits	95,558	86,295
Post employment benefits	9,214	8,156
Total Key Management Remuneration	104,772	94,451

Other Related Party Disclosure

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel or individual or collectively with their close family members.

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

There were no other related party transactions in 2019 (2018 :\$Nil).

WAGAIT SHIRE COUNCIL
 ABN: 65 843 778 569
 NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 13 **Cash Flow Information**

	Note	2019 \$	2018 \$
(a) Reconciliation of cash and cash equivalents to Statement of Cash Flows :			
Cash on hand and at bank	5	1,287,229	1,138,812
Total cash as stated in the Statement of cash flows		1,287,229	1,138,812
(b) Reconciliation of Cash Flow from Operating Activities with Current Year Profit			
Profit for the current year		15,662	120,566
Non-cash flows:			
Depreciation and amortisation expense		152,788	95,525
Gain/ (losses) on disposal of property, plant and equipment		(9,633)	(13,251)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		47,075	(7,628)
(Increase)/decrease in Prepayments		(7,397)	-
Increase/(decrease) in accounts payable and other payables		27,843	(19,794)
Increase/(decrease) in Grant liabilities		18,530	61,669
Increase/(decrease) in employee provisions		19,562	3,022
Net cash provided by operating activities		264,430	240,109

Note 14 **Lease and Capital Expenditure Commitments Outstanding:**

	2019	2018
(a) Lease Commitments		
<i>Leasehold rental commitments</i>	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,517	2,460
One to five years	-	1,517
More than 5 years	-	-
	1,517	3,977

The above payments relates to Rental of Photocopier Machine.

(b) Capital Expenditure Commitments

The Council has no capital expenditure commitments as at 30 June 2019 (2018:\$Nil).

Note 15 **Contingent Liabilities and Contingent Assets**

The Council has no Contingent Liabilities and Contingent Assets as at 30 June 2019 (2018:\$Nil).

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 16 **Events After the Reporting Period**

The Management is not aware of any significant events since the end of the reporting period (2018: Nil)

Note 17 **Financial Risk Management**

The Corporation's financial instruments consist mainly of deposits with banks accounts, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
Financial assets			
Cash on hand	5	1,287,229	1,138,812
Trade and other receivables	6	22,700	65,084
Total financial assets		1,309,929	1,203,896
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	8	48,426	20,583
Total financial liabilities		48,426	20,583

Financial Risk Management Policies

Management is responsible for mentoring and managing the Council's compliance with its risk management strategy. The committee's overall risk management strategy is to assist the Council in meeting its financial targets whilst minimising potential adverse effects on financial performance. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There has been no substantive change in the types of risk the Council is exposed to, how these risks arise, management's objectives, policies and procedures for managing or measuring risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Council.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

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.

The Council has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

Note 17

Financial Risk Management (Cont.)

b. Liquidity risk

Liquidity risk arises from the possibility that the Council might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Council manages this risk through the following mechanisms:

; preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; maintaining a reputable credit profile; managing credit risk related to financial assets; and only investing surplus cash with major financial institutions.

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Council is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Council to interest rate risk are limited to cash and cash equivalents.

The Council also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Sensitivity analysis

The following table illustrates sensitivities to the Council's exposures to changes in interest. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019	2018
	\$	\$
Surplus \$		
(+/- 1% in interest rates)	12,123	10,743

No sensitivity analysis has been performed on foreign exchange risk as the entity has no material exposures.

Refer to Note 18 for detailed disclosures regarding the fair value measurements of the Council financial assets.

WAGAIT SHIRE COUNCIL
ABN: 65 843 778 569
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Note 18 **Fair Values Measurements**

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

	Note	2019 Carrying Amount \$	Fair Value \$	2018 Carrying Amount \$	Fair Value \$
Financial assets					
Cash on hand and at bank	5, 17	1,287,229	1,287,229	1,138,812	1,138,812
Trade and other receivables	5, 17	22,700	22,700	65,084	65,084
Total financial assets		<u>1,309,929</u>	<u>1,309,929</u>	<u>1,203,896</u>	<u>1,203,896</u>
Financial liabilities					
Trade and other payables	8, 17	48,426	48,426	20,583	20,583
Total financial liabilities		<u>48,426</u>	<u>48,426</u>	<u>20,583</u>	<u>20,583</u>

- (i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability."

	Note	2019 Carrying Amount \$	Fair Value \$	2018 Carrying Amount \$	Fair Value \$
Non-Financial assets					
Land and Buildings	7	2,181,310	2,181,310	2,237,468	2,237,468
Total non-financial assets		<u>2,181,310</u>	<u>2,181,310</u>	<u>2,237,468</u>	<u>2,237,468</u>

- (i) For freehold land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed for buildings in year 2016, which used comparable market data for similar properties.

Note 18 **Council Details**

Wagait shire council is a local government body formerly called Cox Peninsular Government Council.

The Principal place of business is:

142 Wagait Tower Road
Wagait Beach NT 0822

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL

Opinion

We have audited the financial report, being a general-purpose financial report, of Wagait Shire Council, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and comprehensive income, statement of changes in equity, the statement of working capital, statement of cash flows, the chief executive officer's statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Wagait Shire Council has been prepared in accordance with the *Northern Territory of Australia Local Government Act*; including:

- (i) give a true and fair view of the Council's financial position as at 30 June 2019 and of its performance and its cash flows for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Local Government (Accounting) Regulations*.

Basis for Opinion

We conducted our audit in accordance with the 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 Council in accordance with the ethical requirements of the *Northern Territory of Australia Local Government Act* and the 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.

Other Matter

The financial report of the Council for the year ended 30 June 2018 was audited by another auditor who expressed an unqualified opinion on the financial report on 12 September 2018.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Council are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act and Local Government (Accounting) Regulations*, and is appropriate to meet the needs of the members. The Chief Executive Officer are also responsible for such internal control as the Council determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL (CONT)

Responsibilities of the Chief Executive Officer for the Financial Report (Cont.)

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council'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 Council members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

The Chief Executive Officer and Council Members are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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, intentional omissions, misrepresentations, 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the Council members' 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 Council'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. However, future events or conditions may cause the Council to cease to continue as a going concern.

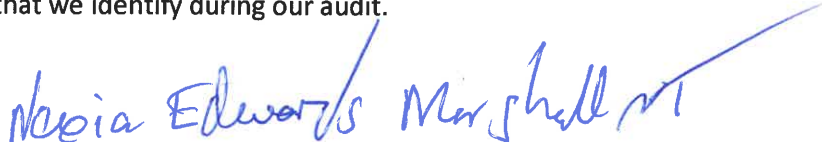


INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL (CONT)

Auditor's Responsibilities for the Audit of the Financial Report (Cont.)

- 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 those charged with governance 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.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner

Darwin
Dated: 24 October 2019

