

**WAGAIT SHIRE COUNCIL**

**AGENDA  
AUDIT COMMITTEE MEETING**

**COUNCIL CHAMBERS  
LOT 62, WAGAIT TOWER ROAD  
Time 9:30AM**

**Tuesday 11 September 2018**



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**1.0 Present:**

Committee members:

Chair Russell Anderson  
President Peter Clee  
Vice President Neil White  
Barry Bamford

Council staff:

CEO Mark Sidey  
Office Manager Pam Wanrooy

**2.0 Opening of Meeting:**

The Chair Russell Anderson declared the meeting open at ..... and welcomes all to the meeting.

The Chair advises that the meeting will be audio taped for minute taking purposes as authorised by the Chief Executive Officer.

**3.0 Apologies:**

Resolution No. 2018/ That the apology of ..... be accepted. Moved: Seconded:
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**4.0 Confirmation of previous Minutes for the Audit Committee held Tuesday 8 June 2018**

**WAGAIT SHIRE COUNCIL**

**MINUTES  
AUDIT COMMITTEE MEETING**

**COUNCIL CHAMBERS  
LOT 62, WAGAIT TOWER ROAD  
Time 10:00AM**

**Friday 8 June 2018**





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**1.0 Present:**

Committee members:

Chair Russell Anderson  
President Peter Clee  
Barry Bamford

Council staff:

CEO Mark Sidey  
Office Manager Pam Wanrooy

**2.0 Opening of Meeting:**

The Chair Russell Anderson declared the meeting open at 10.00am and welcomed all to the meeting.

The Chair advises that the meeting will be audio taped for minute taking purposes as authorised by the Chief Executive Officer.

**3.0 Apologies:**

Resolution No. 2018/015  
That the apology of Cr Neil White be accepted.  
Moved: President Peter Clee  
Seconded: Barry Bamford  
Vote: AIF

**4.0 Confirmation of previous Minutes for the Audit Committee held Tuesday 8 March 2018**

Resolution No. 2018/016  
That the minutes of the Audit Committee Meeting of 8 March 2018, be confirmed by committee members as a true and correct record.  
Moved: Barry Bamford  
Seconded: President Peter Clee

**5.0 Matters arising from the previous minutes:**

Nil

**6.0 Declaration of interests of committee members or staff:**

Nil

## 7.0 Agenda Items:

### 7.1 2018/2019 Shire Plan and Annual Budget

#### Annual Budget

- The 2018/2019 Annual Budget is to undergo two reviews during the financial year to allow for major adjustments. CEO Mark Sidey to note that there should be another column in the Annual Budget to identify the previous years budget.
- Chairperson Russell Anderson suggested that the budget with the actuals showing the May figures be reported to Council in the June meeting.
- It is also suggested that the budget highlight the fact the grants are not cash on hand until that grant has been approved.
- Recommend to council is that a resolution adopting the budget, the Shire Plan and the declaration of rates.
- Recommend to Council that they review the budget regarding payments to councillors along with fees and charges.

Resolution No. 2018/017

That the Audit Committee recommend to council that the 2018/19 draft Shire Plan, estimates and budget with amendments be endorsed and released for public comment.

Moved: President Peter Clee

Seconded: Barry Bamford

#### Shire Plan

- Amendment to the Shire Plan, Page 33 "What is the result?" the open bracket in front of the word standards is to be removed.

Resolution No. 2018/018

That the Audit Committee recommend to council that they review the KPI's prior to publicly advertising.

Moved: Barry Bamford

Seconded: President Peter Clee

### 7.2 Long Term Financial Plan 2015-2020

The 2015-2020 long term financial plan is included in the draft 2018/2019 Shire Plan. This is to be further reviewed and updated in conjunction with the Strategic Plan Development.

Resolution No. 2018/019

That the Audit Committee notes the Long Term Financial Plan 2015-2020.

Moved: Barry Bamford

Seconded: President Peter Clee

### 7.3 2013/14 to 2017/18 Strategic Plan

The current Strategic Plan expires at the end of 2017/2018 Financial Year. Development of the 2018/19 to 2022/23 Strategic Plan has commenced. This is to be brought to the next Audit Committee Meeting.

### 7.4 Audit Committee Terms of Reference

The Audit Committee Terms of Reference has been updated and circulated to Committee Members for review.

Resolution No. 2018/020  
That the Audit Committee recommend the updated draft Audit Committee Terms of Reference, as amended, be adopted by council.  
Moved: President Peter Clee  
Seconded: Barry Bamford

### 7.5 Policy Review

Wagait Shire Council presently has 25 adopted Council Policies. These policies are publicly available on Council's website [www.wagait.nt.gov.au](http://www.wagait.nt.gov.au). Policy review and development is an ongoing project, led by the Chief Executive Officer.

A summary of Wagait Shire Council Policies has been circulated to committee members.

#### 7.5.1 P 01 Policy Framework Policy

P01 Policy Framework Policy have been reviewed and updated.

Resolution No. 2018/021  
That the Audit Committee recommend the updated P01 draft Policy Framework Policy, as amended, be adopted by council.  
Moved: Barry Bamford  
Seconded: President Peter Clee

#### 7.5.2 P 34 Elected Member Allowances Policy

An Elected Member Allowances policy (P34) has been developed. This draft policy is consistent with the Local Government Act and Ministerial Guideline No. 2 – Allowances for Council Members. A copy of the draft policy and supporting documentation has been circulated to committee members.

Resolution No. 2018/022  
That the Audit Committee recommends that P34, the draft Elected Member Allowances Policy, as amended be adopted with amounts to be set by council.  
Moved: President Peter Clee  
Seconded: Barry Bamford

### **7.5.3 P25 Elected Members Expenses and Allowances Policy**

P25 Elected Members Expenses and Allowances Policy should be rescinded and replaced by P34 Elected Members Allowances and a Corporate Credit Card Usage policy.

Resolution No. 2018/023  
That the Audit Committee recommend that P25, the Elected Member Expenses and Allowances Policy be rescinded by council.  
Moved: Barry Bamford  
Seconded: Peter Clee

Resolution No. 2018/024  
That the Audit Committee recommend the CEO draft a Corporate Credit Card Usage Policy.  
Moved: President Peter Clee  
Seconded: Barry Bamford

### **7.5.4 P33 Work Health and Safety Policy**

P33 Work Health and Safety Policy has been developed. A copy of the draft policy has been circulated to committee members.

Resolution No. 2018/025  
That the Audit Committee recommend that P33, the draft Work, Health and Safety Policy, be adopted by council.  
Moved: President Peter Clee  
Seconded: Barry Bamford

Resolution No. 2018/026  
That the Audit Committee recommends that a Drug and Alcohol Policy be developed.  
Moved: President Peter Clee  
Seconded: Barry Bamford

### **7.5.5 P32 Bullying Policy**

P32 Bullying Policy has been developed. A copy of the draft policy has been circulated to committee members.

The draft Bullying Policy was discussed and it was determined that a wider review of Council's complaints procedure and relevant policies should be undertaken.

Resolution No. 2018/027

That this Audit Committee review the complaints procedure.

Moved: Barry Bamford

Seconded: President Peter Clee

#### **7.5.6 P07 Internal Audit Committee Policy**

P07 Internal Audit Committee was last reviewed in 2009. The policy states its members were to be “the whole of council”. With the establishment of the present Audit Committee (first meeting 18 October 2016) and Council’s adoption of its Terms of Reference on 19<sup>th</sup> May 2015, the policy is redundant.

Resolution No. 2018/028

That the Audit Committee recommend P07 Internal Audit Committee Policy be rescinded by council.

Moved: Peter Clee

Seconded: Barry Bamford

#### **7.5.7 Additional Policies for Development**

Having reviewed the summary of Wagait Shire Council’s existing adopted and draft policies, the committee shall give consideration as to whether development of additional policies should be recommended.

#### **7.6 Risk Management Framework and System.**

Development of an over-arching Risk Management Framework and System will continue.

As part of this, a draft Work Health and Safety (WHS) Management Plan has been developed.

A copy of the draft plan has been circulated to committee members.

Resolution No. 2018/029

That the Audit Committee recommend the draft Work Health & Safety (WHS) Management Plan, be adopted by council.

Moved: Barry Bamford

Seconded: President Peter Clee

The CEO provided an undertaking to include a Work, Health & Safety section in his monthly report.

**8.0 Other Business**

**8.1 Council Investments**

Resolution No. 2018/031

That the Audit Committee recommends to council that a formal investment policy be developed to achieve the greatest returns in line with Government guidelines.

Moved: President Peter Clee

Seconded: Barry Bamford

**9.0 Confidential Items:**

Nil

**10.0 Closure of Meeting:**

The next meeting of the Wagait Shire Council Audit Committee will be held in the Wagait Shire Council Office and is planned tentatively for Thursday 6 September at 10.00am depending on availability of members.

The Chair declared the meeting closed at 11.55am.

Resolution No. 2018/

That the minutes of the Audit Committee Meeting of Friday 8 June 2018 be confirmed by committee members as a true and correct record.

Moved:

Seconded:

**5.0 Matters arising from the previous minutes:**

**6.0 Declaration of interests of committee members or staff:**

**7.0 Agenda Items:**

**7.1 2018/19 to 2022/23 Strategic Plan**

Development of the strategic plan has been placed on hold until after the Council by-election, which is scheduled for September 22.

**7.2 P32 – Bullying Policy**

The draft bullying policy will remain in draft until a wider review of associated policies is completed.



### **7.3 Policies for development**


The CEO is to developed an Corporate Credit Card Usage policy. The Audit Committee to consider whether additional policies require development.

### **7.4 Budget Review**

The Audit Committee suggested in its 8 June 2018 meeting that two budget reviews be undertaken each financial year. The first such review will occur at the next Audit Committee meeting.



## 7.5 P34 Authorisation of Payments Policy

	<b>POLICY TITLE:</b>	<b>POLICY FRAMEWORK</b>
	<b>POLICY NUMBER:</b>	<b>P35 AUTHORISATION OF PAYMENTS POLICY</b>
	<b>CATEGORY:</b>	<b>COUNCIL POLICY</b>
	<b>RESPONSIBLE OFFICER:</b>	<b>CHIEF EXECUTIVE OFFICER</b>

### 1. PURPOSE:

To provide clear guidelines for the payment of creditors, employees and councillors.

### 2. SCOPE:

The Policy applies to all Wagait Shire Council payment transactions.

### 3. DEFINITIONS:

**The Act:** Means the Local Government Act.

**Business day:** Means any day except a Saturday, Sunday or public holiday.

**Exceptional Circumstances:** Means the Principal Member or Chief Executive Officer are not in a position to authorise payment/s when required or are not contactable when authorisation is required.

### 4. POLICY:

Pursuant to S119(2) of the Act all money received by a council must be paid into an authorised deposit account, and all expenditure made by a council must be made from an authorised deposit account.

Section 20 of the Local Government (Accounting) Regulations provides:

- (1) A cheque issued on behalf of a council must be signed by at least 2 persons authorised by resolution of the council to sign cheques on its behalf.
- (2) An electronic disbursement from an authorised account must be processed by at least 2 persons authorised by resolution of the council to process electronic disbursements on its behalf.
- (3) An authorisation under subregulation (1) or (2):
  - (a) may only be given to 1 or more of the following:
    - (i) the council's principal member;
    - (ii) the CEO;

- (iii) a member of the council's staff; and
- (b) may be given subject to limitations and conditions determined by the council and specified in its resolution.

Council does not make any payments by cheque. Payments other than those minor incidentals made from Petty Cash will be via EFT.

- 1) Payments to creditors will generally occur on the 1<sup>st</sup> day of each month and the 15<sup>th</sup> day of each month.
- 2) Payments to staff will generally occur every second Friday for the fortnight prior.
- 3) Payment to Councillors will generally occur on the first day of each month for the month prior.

Authorisation of payments will generally be required on the day prior to the payment date.

Should any of the nominated authorisation days not fall on a business day, payments will generally be authorised on the last business day prior to said day.

The Office Manager shall ensure all payments requiring authorisation have been entered ready for authorisation by the day before the relevant payment date.

Should any payments be required outside of the scheduled days, the date of payment will be authorised by the Chief Executive Officer or Office Manager.

All payments are required to be authorised by a member of Council and a member of staff.

Unless exceptional circumstances apply, all payments are required to be approved by the Principal Member and Chief Executive Officer.

Should either the Principal Member or Chief Executive Officer not be in a position to authorise the relevant payment/s on the authorisation date, the Office Manager shall authorise the payments in conjunction with either the Principal Member or Chief Executive Officer.

Should both the Chief Executive Officer and Principal Member not be in a position to authorise payment/s, the payment/s will not be authorised.

**5. ASSOCIATED DOCUMENTS**

Councillor Code of Conduct  
 P05 Council Staff Code of Conduct  
 P26 Delegations manual

**6. REFERENCES AND LEGISLATION**

Local Government Act.  
 Local Government (Accounting) Regulations.

**7. REVIEW HISTORY**

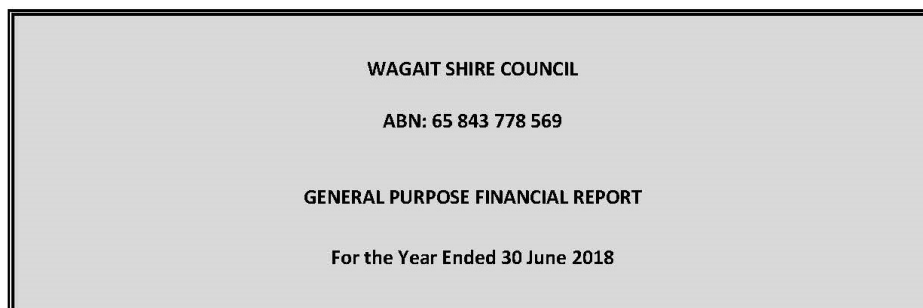
Date Approved:		Approved By:	Councillors – resolution no.	Date for review:	3 years from approval
Date Approved:		Approved By:		Date for review:	
Date Approved:		Approved By:		Date for review:	
Date Approved:		Approved By:		Date for review:	

Resolution No. 2018/.....  
That the Audit Committee recommends to Council that the draft “P35 Authorisation of Payments Policy” be approved.  
Moved:  
Seconded:

**7.6 Policy for Meeting Procedures** – as per council meeting held Tuesday 21 August 2018, the Policy for Meeting for Meeting Procedures is to be presented to the Audit Committee Meeting.

Resolution No. 2018/.....  
That the Audit Committee recommends to Council that the draft Policy for Meeting Procedures be approved.  
Moved:  
Seconded:

## 7.7 General Purpose Financial Report for Year Ended 30 June 2018



Prepared by:  
**LOWRYS Accountants**  
PO Box 36394  
Winnellie NT 0821

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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The Council Members  
Wagait Shire Council  
PMB 10  
Wagait Beach NT 0801

**Auditor's Independence Declaration**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the requirements of the *Local Government Act* and the *Local Government (Accounting) Regulations* made under that Act, in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**LOWRYS ACCOUNTANTS**

Colin James, FCA  
**Registered Company Auditor**

Darwin, 12 September 2018

**Wagait Shire Council**

ABN: 65 843 778 569

**Chief Executive Officer's Certificate**

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

- (a) have been properly drawn up in accordance with the applicable 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 2018 and the results for the year then ended; and
- (b) are in accordance with the accounting and other records of the Council.

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Mark Sidey  
Chief Executive Officer

Darwin, 12 September 2018

Wagait Shire Council

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Revenue and Other Income</b>			
Rates and annual charges	3A	336,248	351,368
User charges and fees	3B	162,387	157,632
Grants and contributions	3C	394,740	279,276
Interest	3D	16,975	8,778
Gain on sale of property, plant and equipment	3E	13,251	-
<b>Total operating revenues</b>		<u>923,601</u>	<u>797,054</u>
<b>Operating Expenses</b>			
Employee costs	4A	321,838	341,520
Materials and contracts	4B	374,047	238,012
Depreciation	4C	95,525	96,509
Other operating expenses	4D	11,625	13,468
<b>Total operating expenses</b>		<u>803,035</u>	<u>689,509</u>
<b>Surplus for the year</b>		<u>120,566</u>	<u>107,545</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total surplus and other comprehensive income for the year</b>		<u>120,566</u>	<u>107,545</u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,138,812	1,011,583
Accounts receivable and other debtors	6	69,775	62,147
<b>Total current assets</b>		<u>1,208,587</u>	<u>1,073,730</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	2,940,423	2,909,817
<b>Total non-current assets</b>		<u>2,940,423</u>	<u>2,909,817</u>
<b>Total Assets</b>		<u>4,149,010</u>	<u>3,983,547</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other payables	8	20,583	40,377
Grant liabilities	9	93,618	31,949
Employee provisions	10	30,949	27,927
<b>Total current liabilities</b>		<u>145,150</u>	<u>100,253</u>
<b>Total Liabilities</b>		<u>145,150</u>	<u>100,253</u>
<b>Net Assets</b>		<u>4,003,860</u>	<u>3,883,294</u>
<b>EQUITY</b>			
Retained surplus		1,633,836	1,513,270
Reserves	11	2,370,024	2,370,024
<b>Total Equity</b>		<u>4,003,860</u>	<u>3,883,294</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

ACCUMULATED FUNDS	Accumulated	Asset	Roads	Motor	Asset	Total
	Surplus	Revaluation	Reserve	Vehicle	Replacement	Equity
	\$	\$	\$	\$	Reserve	\$
<b>Balance at 1 July 2016</b>	1,715,725	1,870,024	180,000	10,000	-	3,775,749
Surplus for the year	107,545	-	-	-	-	107,545
Other comprehensive income	-	-	-	-	-	-
Transfer to/(from) reserve	(310,000)	-	(180,000)	(10,000)	500,000	-
<b>Closing Balance at 30 June 2017</b>	<b>1,513,270</b>	<b>1,870,024</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>3,883,294</b>
<b>Balance at 1 July 2017</b>	1,513,270	1,870,024	-	-	500,000	3,883,294
Surplus for the year	120,566	-	-	-	-	120,566
Other comprehensive income	-	-	-	-	-	-
<b>Closing Balance at 30 June 2018</b>	<b>1,633,836</b>	<b>1,870,024</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>4,003,860</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**STATEMENT OF WORKING CAPITAL  
FOR THE YEAR ENDED 30 JUNE 2018**

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		2018	2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,138,812	1,011,583
Accounts receivable and other debtors	6	69,775	62,147
<b>Total current assets</b>		<u>1,208,587</u>	<u>1,073,730</u>
<b>Less:</b>			
<b>Current liabilities</b>			
Accounts payable and other payables	8	20,583	40,377
Grant liabilities	9	93,618	31,949
Employee provisions	10	30,949	27,927
<b>Total current liabilities</b>		<u>145,150</u>	<u>100,253</u>
<b>Net current assets</b>		1,063,437	973,477
<b>Current ratio</b>		8.33 : 1	10.71 : 1

The Statement of Working Capital should be read in conjunction with the accompanying notes.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		479,207	479,623
Grants and contribution receipts		456,409	311,225
Interest received		16,975	8,778
Payments to suppliers and employees		(712,482)	(594,991)
<b>Net cash flows from operating activities</b>	13	<u>240,109</u>	<u>204,635</u>
<b>Cash flows used in investing activities</b>			
Proceeds from disposals of property, plant and equipment		16,364	-
Acquisition of property, plant and equipment		(129,244)	(55,559)
<b>Net cash flows used in investing activities</b>		<u>(112,880)</u>	<u>(55,559)</u>
<b>Net increase in cash and cash equivalents</b>		<u>127,229</u>	<u>149,076</u>
Cash and cash equivalents at the beginning of the year		<u>1,011,583</u>	<u>862,507</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u><u>1,138,812</u></u>	<u><u>1,011,583</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 1: Summary of Significant Accounting Policies**

This note 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.

**Statement of Compliance**

The financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the requirements of the Local Government Act, the Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements were authorised for issue on 12 September 2018.

**Basis of Preparation**

The financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets. Historical cost is based on the fair value of the consideration given in exchange for assets.

All amounts are presented in Australian Dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

**(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 the statement of profit or loss when the entity 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 attached to the grant received are not satisfied, the recognition of the grant as revenue is deferred until these conditions are satisfied.

When grant revenue is received whereby the entity 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.

Revenue from the rendering of service is recognised upon the delivery of the service to the customer.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(a) Revenue (continued)**

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

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

**(b) 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 (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market value 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.

**(c) 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.

Increases in the carrying amount arising on revaluation of land and 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.

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

*Buildings and improvements, plant and equipment, infrastructure, office equipment and furniture and motor vehicles*

Buildings and improvements, plant and equipment, infrastructure, office equipment and furniture and motor vehicles 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 property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the 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.

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

*Depreciation*

The depreciable amount of all fixed assets, including buildings and improvements, plant and equipment, infrastructure, office equipment and furniture and motor vehicles, but excluding freehold land and work in progress, is depreciated on a straight-line basis over the asset's useful life to the Council commencing from the time the asset is available for use.

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

	<u>2018</u>	<u>2017</u>
	Life (years)	Life (years)
Buildings and improvements	20	20
Plant and equipment	3	3
Infrastructure	10	10
Office equipment and furniture	3	3
Motor vehicles	5	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 the proceeds with the carrying amount. These gains and 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 surplus.

(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 equivalent to the date that the Council commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit and loss' in which case transaction costs are recognised as expenses in profit or loss immediately.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

*Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

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

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

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Council's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

*Impairment*

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(d) Financial Instruments (continued)**

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

When the terms of financial assets that would otherwise have been past due or impaired have been re-negotiated, the Council recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been re-negotiated so that the loss events that have occurred are duly considered.

*Derecognition*

Financial assets are derecognised where the rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(e) Impairment of Non Financial 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 future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued 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 Provisions**

*Short-term employee provisions*

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 before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the nominal amounts expected to be paid when the obligation is settled.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(f) Employee Provisions (continued)**

*Other long-term employee provisions*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the nominal amounts expected to be paid when the obligation is settled.

The Council's obligations for long-term employee benefits are presented as non-current employee provisions 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 provisions.

**(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 short-term borrowings in current liabilities on the statement of financial position. The Council did not have an overdraft during the year.

**(h) Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from ratepayers as well as amounts receivable from clients for fees and services provided. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are recognised at fair value less any provision for impairment.

**(i) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(j) Income Tax**

The Council is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(k) Provisions**

Provisions are recognised when the Council 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.

**(l) Comparative Figures**

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

When the Council retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding comparative period, in addition to the minimum comparative financial statements, must be disclosed.

**(m) Accounts Payable and Other Payables**

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

**(n) Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Key estimates**

*Impairment*

*Impairment of property, plant and equipment*

The Council assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Council and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for impairment of property, plant and equipment at 30 June 2018 (2017: \$Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(n) Critical Accounting Estimates and Judgements (continued)**

*Impairment of accounts receivable*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. Provision for impairment of receivables at 30 June 2018 amounted to \$Nil (2017: \$Nil).

*Useful lives of property, plant and equipment*

The Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period, based on the expected utility of the assets.

**Key judgements**

*Employee benefits*

For the purpose of measurement, AASB 119: Employee benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Council expects most employees will take their annual leave entitlements within 12 months of the reporting period in which they were earned.

**(o) Economic Dependency**

The Council is dependent upon the ongoing receipt of grants from the Northern Territory Government to ensure the continuance of its activities.

At the date of this report the management has no reason to believe that the Council will not continue to receive funding support from the Government.

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

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Council. The Council has decided not to early adopt any of the new and amended pronouncements. The Council's assessment of the new and amended pronouncements that are relevant to the Council but applicable in future reporting periods are set out below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments and revised recognition and derecognition requirements for financial instruments.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

The Council does not expect any impact from the new classification, measurement and derecognition rules on the Council's financial assets and financial liabilities. There will also be no impact on the Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Council does not have any such liabilities. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Council has not yet assessed how its own impairment provisions would be affected by the new rules.

- AASB16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Council's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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Note 1: Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards for Application in Future Periods (continued)

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective applications to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions*.

Although the Council members anticipate that the adoption of AASB 1058 will impact the Council's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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.

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

**Local infrastructure**

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

**Local environment health**

- Waste management including litter reduction
- Weeds control and fire hazard reduction
- Companion animal welfare and control

**Local civic services**

- Library, cultural and heritage
- Civic events
- Local emergency services

**Community engagement in local government**

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



**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>Note 3: Revenue and Other Income</b>		
<b>Note 3A Rates and annual charges</b>		
<i>Ordinary rates</i>		
Residential, business and rural flat rate	228,998	225,941
Waste management levy	107,250	125,427
<b>Total rates and annual charges</b>	<u>336,248</u>	<u>351,368</u>
<b>Note 3B User charges and fees</b>		
Jetty and boat ramp maintenance	60,457	59,390
Power and water contract income	40,651	49,946
Weed management income	-	16,512
Other fees and charges	61,279	31,784
<b>Total user charges and fees</b>	<u>162,387</u>	<u>157,632</u>
<b>Note 3C Grants and Contributions</b>		
<i>General purpose grants (untied)</i>		
FAA - General purpose component	8,908	8,688
FAA - Roads to recovery component	54,235	53,121
	63,143	61,809
<i>Northern Territory Government operating grants</i>		
General purpose component	157,513	149,582
Department of Sport, Recreation and Racing	19,091	21,000
Department of Infrastructure and Regional	60,091	11,795
	236,695	182,377
<i>Northern Territory Government non-recurring grants</i>		
Specific purpose	152,866	28,490
Other	1,000	5,100
Less: unexpended grants	(60,964)	-
	92,902	33,590
<i>Non Government grants and contributions</i>		
Australia Day Council	2,000	1,500
	2,000	1,500
<b>Total grants and contributions</b>	<u>394,740</u>	<u>279,276</u>
<b>Note 3D Interest</b>		
Financial institutions	16,975	8,778
<b>Note 3E Gain/(loss) on disposal of property, plant and equipment</b>		
<i>Motor vehicles</i>		
Proceeds on disposal	16,364	-
Disposals at carrying amount	3,113	-
<b>Total gain/(loss) on disposal of property, plant and equipment</b>	<u>13,251</u>	<u>-</u>
<b>Note 4: Expenses</b>		
<b>Note 4A Employee costs</b>		
Salaries and wages	289,375	295,938
Superannuation	25,966	27,153
Recruitment and relocation	-	7,434
Training and development	6,497	10,995
<b>Total employee costs</b>	<u>321,838</u>	<u>341,520</u>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>Note 4: Expenses (continued)</b>		
<b>Note 4B Materials and contracts</b>		
Advertising	3,397	2,807
Bank fees	1,425	1,342
Consultants, rates valuation fees and council election fee	12,380	10,926
Contractors, maintenance and materials	61,302	2,566
Councillor and meeting expenses	5,189	6,027
Debt collection	3,113	2,400
Donations	105	160
Doubtful debts	-	(8,512)
Electricity	7,677	5,028
Information technology expenses	1,200	1,375
Insurance	23,936	23,735
Printing and stationery	7,784	3,819
Repairs and maintenance	25,776	31,878
Roads to Recovery	73,053	18,045
Subscriptions	4,532	3,009
Telephone	4,617	6,804
Travelling and accommodation	6,005	2,250
Vehicle, plant and equipment expenses	22,227	17,892
Waste management	92,228	90,176
Water and sewerage	6,339	4,189
Other	11,762	12,096
<b>Total materials and contracts</b>	<b>374,047</b>	<b>238,012</b>
<b>Note 4C Depreciation</b>		
Plant and equipment	24,434	17,066
Office equipment	75	-
Infrastructure	53,113	57,957
Motor vehicles	17,903	21,486
<b>Total depreciation</b>	<b>95,525</b>	<b>96,509</b>
<b>Note 4D Other operating expenses</b>		
Audit services	6,750	6,718
Other services	4,875	6,750
<b>Total other operating expenses</b>	<b>11,625</b>	<b>13,468</b>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>Note 5: Cash and Cash Equivalents</b>		
Cash at bank	1,137,499	1,011,183
Cash on hand	1,313	400
<b>Total cash and cash equivalents</b>	<u>1,138,812</u>	<u>1,011,583</u>
<b>Restricted cash and cash equivalents summary</b>		
<i>Purpose</i>		
<b>External restrictions</b>		
Included in liabilities		
- Unexpended grant liability	60,964	-
Included in revenue	-	-
<b>Total external restrictions</b>	<u>60,964</u>	<u>-</u>
<b>Internal restrictions</b>		
Included in liabilities:		
- Employee leave entitlements	30,949	27,927
<b>Total internal restrictions</b>	<u>30,949</u>	<u>27,927</u>
Total unrestricted	1,046,899	983,656
<b>Total cash and cash equivalents available</b>	<u>1,138,812</u>	<u>1,011,583</u>
<b>Note 6: Accounts Receivable and Other Debtors</b>		
Rates and annual charges	65,084	58,799
Less: Provision for doubtful debts	-	-
	<u>65,084</u>	<u>58,799</u>
GST receivable	4,691	1,908
Other	-	1,440
<b>Total unrestricted accounts receivable and other debtors</b>	<u>69,775</u>	<u>62,147</u>
<b>Total receivables are aged as follows:</b>		
Current	24,797	28,839
30 to 60 days	704	-
60 to 90 days	443	-
More than 90 days	39,140	29,960
<b>Total receivables</b>	<u>65,084</u>	<u>58,799</u>
The average credit period on rates and other receivables 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.		
<b>Movement/(recoveries) in allowance for impairment of receivables</b>		
Balance at the beginning of the year	-	8,512
Reduction in allowance	-	(8,512)
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>
<b>a. Financial assets at amortised cost classified as accounts receivable and other debtors</b>		
Accounts receivable and other debtors:		
- total current	69,775	62,147
- total non current	-	-
	<u>69,775</u>	<u>62,147</u>
Less GST receivable	(4,691)	(1,908)
<b>Financial assets as accounts receivable and other debtors</b>	<u>65,084</u>	<u>60,239</u>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>Note 7: Property, Plant and Equipment</b>		
<b>Land and buildings</b>		
Land, at cost	400,000	400,000
	<u>400,000</u>	<u>400,000</u>
Buildings and improvements, at fair value	2,222,727	2,222,727
Buildings and improvements, at cost	14,741	-
	<u>2,237,468</u>	<u>2,222,727</u>
Total land and buildings	<u>2,637,468</u>	<u>2,622,727</u>
<b>Plant and equipment</b>		
Plant and equipment, at cost	477,770	409,801
Accumulated depreciation	(356,412)	(331,977)
	<u>121,358</u>	<u>77,824</u>
Infrastructure, at cost	864,460	864,460
Accumulated depreciation	(721,040)	(667,927)
	<u>143,420</u>	<u>196,533</u>
Office equipment and furniture, at cost	175,930	174,729
Accumulated depreciation	(174,804)	(174,729)
	<u>1,126</u>	<u>-</u>
Motor vehicles, at cost	116,087	107,432
Accumulated depreciation	(79,036)	(94,699)
	<u>37,051</u>	<u>12,733</u>
Total plant and equipment	<u>302,955</u>	<u>287,090</u>
<b>Total property, plant and equipment</b>	<u>2,940,423</u>	<u>2,909,817</u>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**Note 7: Property, Plant and Equipment (continued)**

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

	Land at cost \$	Buildings and improvements at fair value \$	Plant and equipment at cost \$	Infrastructure at cost \$	Office equipment and furniture at cost \$	Motor Vehicles at cost \$	Total \$
<b>As at 1 July 2016</b>							
Gross book value	400,000	2,222,727	354,243	864,460	174,729	107,432	4,123,591
Accumulated depreciation	-	-	(314,912)	(609,970)	(174,729)	(73,213)	(1,172,824)
<b>Net book value 1 July 2016</b>	<b>400,000</b>	<b>2,222,727</b>	<b>39,331</b>	<b>254,490</b>	<b>-</b>	<b>34,219</b>	<b>2,950,767</b>
Additions	-	-	55,559	-	-	-	55,559
Depreciation	-	-	(17,066)	(57,957)	-	(21,486)	(96,509)
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Net book value 30 June 2017</b>	<b>400,000</b>	<b>2,222,727</b>	<b>77,824</b>	<b>196,533</b>	<b>-</b>	<b>12,733</b>	<b>2,909,817</b>
<b>Net book value as of 30 June 2017 represented by:</b>							
Gross book value	400,000	2,222,727	409,801	864,460	174,729	107,432	4,179,149
Accumulated depreciation	-	-	(331,977)	(667,927)	(174,729)	(94,699)	(1,269,332)
<b>Net book value 30 June 2017</b>	<b>400,000</b>	<b>2,222,727</b>	<b>77,824</b>	<b>196,533</b>	<b>-</b>	<b>12,733</b>	<b>2,909,817</b>
<b>As at 1 July 2017</b>							
Gross book value	400,000	2,222,727	409,801	864,460	174,729	107,432	4,179,149
Accumulated depreciation	-	-	(331,977)	(667,927)	(174,729)	(94,699)	(1,269,332)
<b>Net book value 1 July 2017</b>	<b>400,000</b>	<b>2,222,727</b>	<b>77,824</b>	<b>196,533</b>	<b>-</b>	<b>12,733</b>	<b>2,909,817</b>
Additions	-	14,741	67,968	-	1,201	45,334	129,244
Depreciation	-	-	(24,434)	(53,113)	(75)	(17,903)	(95,525)
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(3,113)	(3,113)
<b>Net book value 30 June 2018</b>	<b>400,000</b>	<b>2,237,468</b>	<b>121,358</b>	<b>143,420</b>	<b>1,126</b>	<b>37,051</b>	<b>2,940,423</b>
<b>Net book value as of 30 June 2018 represented by:</b>							
Gross book value	400,000	2,237,468	477,770	864,460	175,930	116,087	4,271,715
Accumulated depreciation	-	-	(356,412)	(721,040)	(174,804)	(79,036)	(1,331,292)
<b>Net book value 30 June 2018</b>	<b>400,000</b>	<b>2,237,468</b>	<b>121,358</b>	<b>143,420</b>	<b>1,126</b>	<b>37,051</b>	<b>2,940,423</b>

**Valuation of Building and Improvements**

An independent valuation of buildings and improvements 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 and improvements is \$2,237,468 as at 30 June 2018.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>Note 8: Accounts Payable and Other Payables</b>		
Current		
Sundry creditors and accrued expenses	11,214	14,634
Payroll liabilities	9,369	13,943
Deferred income	-	11,800
<b>Total accounts payable and other payables</b>	<u>20,583</u>	<u>40,377</u>
Settlement of sundry creditors is generally net 30 days.		
<b>a. Financial liabilities at amortised cost classified as accounts payable and other payables</b>		
Accounts payable and other payables:		
- total current	20,583	40,377
- total non current	-	-
Financial liabilities as accounts payable and other payables	<u>20,583</u>	<u>40,377</u>
No interest is payable on outstanding payables.		
<b>Note 9: Grant Liabilities</b>		
Current		
Deferred income	32,654	31,949
Unexpended grant liability	60,964	-
<b>Total grant liabilities</b>	<u>93,618</u>	<u>31,949</u>
<b>Note 10: Employee Provisions</b>		
Current		
Annual leave	23,388	16,594
Long service leave	7,561	11,333
<b>Total current employee provisions</b>	<u>30,949</u>	<u>27,927</u>
<b>Note 11: Reserves</b>		
<b>Movement in reserves</b>		
<i>Asset revaluation reserve</i>		
Balance at end of the reporting year	<u>1,870,024</u>	<u>1,870,024</u>
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.		
<i>Other reserves</i>		
Balance at beginning of reporting year	500,000	190,000
Transfer to reserve	-	310,000
Balance at end of the reporting year	<u>500,000</u>	<u>500,000</u>
Other reserves consisted of a roads reserve and a motor vehicle reserve. The Council have decided to amalgamate the existing reserves into the asset replacement and maintenance reserve.		

**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>Note 12: Related Party Transactions</b>		
From 1 July 2016 AASB 124 <i>Related Party Disclosures</i> will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.		
<b>a. Key Management Personnel</b>		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Council directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
Key management personnel compensation:		
- short-term employee benefits	86,295	98,602
- post-employment benefits	<u>8,156</u>	<u>9,155</u>
	<u>94,451</u>	<u>107,757</u>
<b>b. Other Related Parties</b>		
Other related parties include close family members of key management personnel.		
Transactions between related parties, and or their close family members, are on normal commercial terms and conditions no more favourable than those available to other persons.		

<b>Note 13: Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operating Activities with Current Year Surplus</b>		
Surplus for the year	120,566	107,545
Non cash transactions		
Depreciation	95,525	96,509
Gain on disposal of property, plant and equipment	(13,251)	-
<i>Changes in net assets and liabilities:</i>		
<i>(Increase) / Decrease in assets:</i>		
Accounts receivable and other debtors	(7,628)	(41,177)
<i>Increase/(decrease) in liabilities:</i>		
Accounts payable and other payables	(19,794)	14,417
Grant liabilities	61,669	31,949
Employee provisions	<u>3,022</u>	<u>(4,608)</u>
<b>Net cash flows from operating activities</b>	<u><u>240,109</u></u>	<u><u>204,635</u></u>

<b>Note 14: Events After the Reporting Period</b>		
There are no events that have occurred after balance date that have been or should have been brought to account in the 2018 financial statements.		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2018

**Note 15: Commitments for Expenditure**

**a. Capital commitments**

There were no capital commitments at 30 June 2018 or 2017.

**b. Finance lease commitments**

There were no finance lease commitments at 30 June 2018 or 2017.

**c. Operating leases**

There were no commitments under non-cancellable operating leases at 30 June 2018 or 2017.

**d. Other expenditure commitments**

There were no other expenditure commitments at 30 June 2018 or 2017.

**Note 16: Performance Indicators**

	Actual 2018		Actual 2017	
	Amounts \$	Indicators	Amounts \$	Indicators
<b>1. Current ratio</b>				
<u>Current assets- external restricted assets</u>	1,208,587	Ratio	1,073,730	Ratio
Current liabilities	145,150	8.33 : 1	100,253	10.71 : 1
<b>2. Rate coverage ratio</b>				
<u>Rate revenue</u>	336,248		351,368	
Total revenue	923,601	36%	797,054	44%
<b>3. Rates and annual charges outstanding percentages</b>				
<u>Rates and annual charges outstanding</u>	65,084		58,799	
Rates and annual charges collectible	336,248	19%	225,941	26%

**Note 17: Capital Management**

The Council manages its capital to ensure that it will be able to continue as a going concern. The Council's overall strategy remained unchanged throughout the year.

The capital structure of the Council consists of equity comprised of retained earnings and a revaluation reserve.

**Note 18: Financial Risk Management**

The Council's financial instruments consist mainly of cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$	2017 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	1,138,812	1,011,583
Accounts receivable and other debtors	6	65,084	60,239
<b>Total financial assets</b>		<u>1,203,896</u>	<u>1,071,822</u>



**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Note 18: Financial Risk Management (continued)</b>			
<b>Financial liabilities</b>			
Accounts payable and other payables	8	<u>20,583</u>	<u>40,377</u>
<b>Total financial liabilities</b>		<u><u>20,583</u></u>	<u><u>40,377</u></u>

**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.

**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.

**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 18: Financial Risk Management (continued)**

**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.

*Fair value sensitivity analysis for fixed rate instruments*

The Council does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**Fair value**

The fair value of the Council's financial assets and liabilities approximates their carrying amounts.

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**Note 19: Contingent Liabilities and Contingent Assets**

There are no contingent liabilities or contingent assets at 30 June 2018 (2017: \$Nil).

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**Note 20: Additional Council Information**

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

**Principal place of business**

142 Wagait Tower Road  
Wagait Beach NT 0822

## **INDEPENDENT AUDITOR'S REPORT**

TO THE ELECTED COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL

### ***Opinion***

We have audited the financial report of Wagait Shire Council (the Council), which comprises the statement of profit or loss and other comprehensive income for the year ended 30 June 2018, the statement of financial position as at 30 June 2018, the statement of changes in equity, the statement of working capital, the statement of cash flows, the chief executive officer's certificate and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report has been prepared in accordance with the Local Government Act and the Local Government (Accounting) Regulations, including:

- (i) giving a true and fair view of the Council's financial position as at 30 June 2018 and of its financial performance for the year then ended;
- (ii) complying with Australian Accounting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### ***Restriction on use***

The financial report has been prepared to assist the elected Council Members in complying with the financial reporting requirements of the Local Government Act, referred to above.

As result, the financial report and this Independent Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the elected Council Members and should not be used by parties other than the elected Council Members. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the elected Council Members or for any other purpose than that for which it was prepared.

### ***Chief Executive Officer's Responsibility for the Financial Report***

The Chief Executive Officer of Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and relevant provisions of the Local Government Act and Local Government (Accounting) Regulations, and for such internal controls as the Chief Executive Officer determine are 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.

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 Chief Executive Officer either intend to cease operation, or have no realistic alternative but to do so.

The elected Council Members are responsible for overseeing the Council's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE ELECTED COUNCIL MEMBERS OF WAGAIT SHIRE COUNCIL**

*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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**LOWRYS ACCOUNTANTS**

Colin James, FCA  
**Registered Company Auditor**

Darwin, 12 September 2018

Resolution No. 2018/  
That the Audit Committee recommend Council note the Audited 2017/2018 General Purpose Financial Report for the year ended 30 June 2018.  
Moved:  
Seconded:

**8.0 Other Business**

**9.0 Confidential Items:**

**Nil.**

**10.0 Closure of Meeting:**

The next meeting of the Wagait Shire Council Audit Committee will be held in the Wagait Shire Council Office and is planned tentatively for ..... depending on availability of members.

The Chair declared the meeting closed at .....