

**WAGAIT SHIRE COUNCIL**

**AGENDA  
AUDIT COMMITTEE MEETING**

**COUNCIL CHAMBERS  
LOT 62, WAGAIT TOWER ROAD  
3.30PM**

**Tuesday 17 October 2017**



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**1.0 Present:**

**Members Present**

Chairperson	Russell Anderson
Councillor	President Peter Clee
Councillor	Vice President Trish McIntyre
Community Representative	Barry Bamford

**Staff and Others Present**

Chief Executive Officer	Mark Sidey
Office Manager	Pamela Wanroy
Auditor	Colin James

**2.0 Opening of the Audit Committee Meeting Chaired by:**

The Chairperson Russell Anderson declared the meeting open at pm and welcomed all in attendance.

**3.0 Apologies:**

**Resolution No. 2017/.....**

**That the apology of be accepted and approved.**

**Moved:**

**Seconded:**

**Vote:**

**4.0 Confirmation of previous Minutes for the Audit Committee meeting of N/A:**

WAGAIT SHIRE COUNCIL

UNAPPROVED DRAFT MINUTES of  
AUDIT COMMITTEE MEETING

COUNCIL CHAMBERS  
LOT 62, WAGAIT TOWER ROAD

Wednesday 29 March 2017



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**1.0 Present:**

Mr Russell Anderson  
Mr Barry Bamford  
President Peter Clee  
Vice-President Brad Irvine  
CEO Deborah Allen

**2.0 Opening of the meeting:**

2.1 Mr Russell Anderson opened the meeting of the Wagait Shire Council Audit Committee meeting at 2.01pm on Wednesday 29 March 2017.

**3.0 Apologies and Leave of Absence**

3.1 Nil

**4.0 Confirmation of previous Minutes for the Audit Committee meeting:**

**Resolution: That the Minutes of the Audit Committee Meeting held 18 October 2016 are a true and correct record.**

**Moved: Barry Bamford**

**Seconded: Vice President Brad Irvine**

**5.0 Matters Arising from the previous Minutes**

5.1 Nil

**6.0 General Business**

6.1 The 2017/2018 budget which is based on last financial years figures does not have a Cash Reserve, nor does Council have a Cash Reserve Policy in place. The Draft Cash Reserve Policy was presented at the last council meeting and councillors have asked how they can determine the minimum amount of money to be held. Councillors suggested that a contingency reserve should be added to the policy. CEO Deborah Allen has asked the Audit Committee if there is anything else they would like to add to the Policy so that this can be slotted into the budget.

Currently all of Council's funds are held in one account. President Peter Clee has suggested that Council should start looking at moving some of the money into a dedicated Cash Reserve account.

CEO Deborah Allen to identify the reserves for the current financial year. These figures can then be slotted into next years budget

The Shire Plan with staffing structure and budget for the year will have to go out to public comment and has to be at the Department by 31 July 2017.

**7.0 Declaration of Interests of committee members or staff:**

6.1 Nil

**8.0 Agenda Items**

**8.1 2013/14 to 2017/18 Strategic Plan**

This Strategic Plan is still current and is due to expire in 2018. President Peter Clee informed Committee Members that a public meeting was held last August to discuss this with the community. This is noted.

**8.2 2017-2018 Shire Plan**

With the council election to be held later this year, it was recommended by CEO Deborah Allen that the next Shire Plan should be written up by the new councillors and the new CEO. The Shire Plan is due to expire in 2018. Barry Bamford noted that the current plan is very generic and is lacking important information. Russell Anderson has suggested that the completed plan should include the organisational structure, the staffing family tree and the budget. Workplace Health and Safety will also need to be addressed.

The paragraph on Page 24 under the heading “Current Approach – There are no elections scheduled until 2017” needs to be either re-worded to “elections are scheduled for August 2017 and then again in three year’s time” or deleted. The document must also include the organisational structure, staffing family tree and budget.

**Resolution: Recommend to Council that these minor alterations be made.**

**Moved: President Peter Clee**

**Seconded: Vice President Brad Irvine**

**8.3 Long Term Financial Plan 2015-2020**

The Long Term Financial Plans shows a 10% rise in rates. A question raised by Councillors was why is there a 10% rise in rates? As this is too great.

The long Term Financial Plan and the Annual Budget needs to be updated and it is suggested that 2% with a reason should go before council for consideration.

**Resolution: Recommending that the Long Term Financial Plan projections need to be updated and have this included in the Shire Plan.**

**Recommend to Council the 2% increase for rates be reflected in the 2017/2018 Budget.**

**Moved: Barry Bamford**

**Seconded: President Peter Clee**

In the Cash Reserve Policy the statement “Minimum Balance of Reserves” is to be removed. President Peter Clee has asked that this be part of a separate statement, and not part of this policy and that the Audit Committee recommends to Council that these amounts be transferred out of the general reserves and into reserves or provisions.

It was decided that the Cash Reserve Policy have only one Reserve. This Reserve should cover all of the following elements “Asset Reserve, Infrastructure Reserve, Plant and Vehicle Reserve, Election Reserve and Provision of Staff Reserve”.

**Resolution: That this Audit Committee recommends to Council that the Council establish a Reserve Fund of \$500,000.00 for unforeseen situations.**

**Moved: President Peter Clee**

**Seconded: Vice-President Brad Irvine**

All expenditures of reserves must be put on the Council Meeting Agenda for their recommendation for a resolution.

**9.0 Other Business**

9.1 Nil

**10.0 Confidential Items**

10.1 Nil

**11.0 Closure of Meeting:**

10.1 The next meeting of the Wagait Shire Council Audit Committee is planned for 14 June 2017 depending of availability of members.

The Chair declared the meeting closed at 3.35pm.

**Resolution No. 2017/.....**  
**That the minutes of the Audit Committee Meeting of 29 March 2017, be confirmed by council as a true and correct record.**  
**Moved:**  
**Seconded:**  
**Vote:**



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

**5.1 2017/2018 Shire Plan**

The Shire Plan is due to expire in 2018.

**5.2 2013/14 to 2017/18 Strategic Plan**

The 2013/14 to 2017/18 Strategic Plan is due to expire in 2018.

**6.0 General Business**

**7.0 Declaration of Interests of Committee Members of staff**

**8.0 Agenda Items**

**8.1 Interim audit feedback**

Lowreys Accountant undertook an interim audit in June 2017. Items to be addressed prior to the final udit were outlined in an email dated 5 June 2017.



Pam Wanrooy <council@wagait.nt.gov.au>

**WSC\_FY 2017 audit**

1 message

Hazel Joven <hazel.j@lowrys.com.au>

Mon, Jun 5, 2017 at 2:35 PM

To: "Pam Wanrooy" (council@wagait.nt.gov.au)" <council@wagait.nt.gov.au>, "Deborah Allen (ceo@wagait.nt.gov.au)" <ceo@wagait.nt.gov.au>

Hi Pam and Mark,

As discussed earlier, result of the interim audit and reminder/s for final audit as follows:

-

**Interim Audit**

- There was no movement in Allowance for Doubtful account, we recommend WSC review and re-assess the recoverability of accounts and adjust the balance, if necessary
- We noted instances where expenses incurred in FY 2016 were recorded in FY 2017 book of accounts. We recommend WSC ensure that late invoices for FY 2017 are accrued as at FY 2017 balances
- Payment Authority – we noted that payments of invoices has no sign-off showing that payments are reviewed and authorised. We recommend WSC to affix sign-off or other form of evidence showing that invoices were reviewed prior to payment/s

**For final audit - reminder:**

- We will forward the depreciation expense that needs to be recorded in MYOB before the scheduled final audit fieldwork
- WSC must re-assess the FMV of the revalued assets on or before the scheduled final audit fieldwork
- WSC to accrue late invoices, see above
- WSC to adjust the provision for long service leave and annual leave provision before the scheduled final audit fieldwork
- WSC to review the non-moving balance sheet accounts (balances are immaterial), and adjust the balances, if necessary

Thank you for the hospitality and assistance during my visit.

For queries and clarification, please let us now. Any other matters will be advise as they arise.

Regards,

Hazel Joven

Chartered Accountant

Lowrys Accountants

Ph: 08 8947 2200 Fax: 08 8947 1146

Email: [hazel.j@lowrys.com.au](mailto:hazel.j@lowrys.com.au)

**Resolution No. 2017/.....**  
**That the Audit Committee receive and note the auditors email of 5 June 2017.**  
**Moved:**  
**Seconded:**  
**Vote:**

## 8.2 General Purpose Financial Report for the year ended 30 June 2017

The financial statements for the year ended 30 June 2017 have been audited by Lowrys Accountants.



### INDEPENDENT AUDITOR'S REPORT

To the elected Council members, rate payers and residents of Wagait Shire Council

SWJR Nominees Pty Ltd  
ABN 49 078 887 171  
Cnr Coonawarra & Hook Roads  
PO Box 36394, Winnellie NT 0821  
Tel: 08 8947 2200  
Fax: 08 8947 1146  
lowrys.accountants@lowrys.com.au

We have audited the accompanying financial report of Wagait Shire Council (the Council) which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Working Capital, the Statement of Cash Flows, a summary of significant accounting policies along with other explanatory notes and the Chief Executive Officer's Certificate.

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

The Chief Executive Officer of the Council is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and relevant provisions of the Northern Territory 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 and fair presentation of the financial report to be free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Council's preparation and fair presentation of the report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer as well as evaluation of the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Northern Territory Local Government Act, the Local Government (Accounting) Regulations and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Council's financial position and of its performance.

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

#### *Independence*

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and Local Government regulations.

#### *Auditor's Opinion*

In our opinion the financial report of Wagait Shire Council is in accordance with the Northern Territory 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 2017 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards.

LOWRYS ACCOUNTANTS

A handwritten signature in black ink, appearing to be 'Colin James', written over a horizontal line.

Colin James, FCA  
Registered Company Auditor

Darwin, 29 September 2017

29 September 2017

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

SWJR Nominees Pty Ltd  
ABN 49 078 887 171  
Cnr Coonawarra & Hook Roads  
PO Box 36394, Winnellie NT 0821  
Tel: 08 8947 2200  
Fax: 08 8947 1146  
lowrys.accountants@lowrys.com.au

Dear Council Members

**AUDIT OF THE GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED  
30 JUNE 2017**

We have completed our audit of Wagait Shire Council (the Council) for the financial year ended 30 June 2017 and, subject to the Chief Executive Officer approving and signing the report, we are in a position to issue an unqualified audit opinion.


The report to the Council, including the 2017 management letter, includes all matters and issues arising from our audit which we consider appropriate for consideration by the Council.

**Enclosures**

1. We have enclosed three copies of the 2017 General Purpose Financial Report for distribution as follows:
  - One bound copy is for your records;
  - One unbound copy is for your records; and
  - One unbound copy is to be forwarded to the Northern Territory Grants Commission.
2. We have also enclosed a signed copy of the 2017 management letter.

Please contact this office should you require any further assistance.

Yours faithfully  
**Lowrys Accountants**



Colin James, FCA  
**Registered Company Auditor**

29 September 2017

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

Dear Council Members

**Management Letter 2017**

We have completed our audit of the Wagait Shire Council (the Council) for the year ended 30 June 2017 and we have issued an unqualified audit report.

As part of our examination, we made a study and evaluation of the Council's system of internal control to establish the level of our reliance on the system in determining the nature, timing and extent of other procedures necessary to enable us to express our audit opinion. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities and should not, therefore, be taken as an assurance that no other weaknesses exist. Accordingly, the comments in this letter refer only to those matters that have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements that a special review might develop.

Subject to the weaknesses noted and reported in this letter we can report that the Council does not have significant issues relating to internal control and accounting procedures of which we became aware during the course of the audit.

We would also like to bring to your attention the following:

**1. Property, Plant and Equipment**

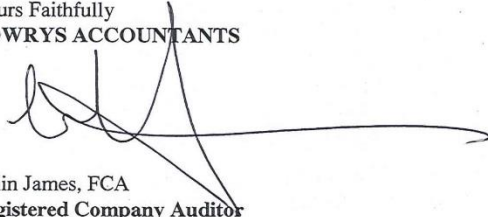
**Physical inventory of Fixed Assets**

For the year ended 30 June 2017, a full physical inventory review of fixed assets was not carried out by the Council.

We strongly recommend that the Corporation conducts a full physical inventory review of all the Council's fixed assets periodically to safeguard the assets and ensure the accuracy of the reported figures of fixed assets. This procedure will also enable management to assess whether there are items appearing in the fixed asset register which are not physically present.

We received complete co-operation from the Council during the conduct of the audit procedures and we wish to extend our appreciation for the assistance provided to us.

Yours Faithfully  
**LOWRYS ACCOUNTANTS**

A handwritten signature in black ink, appearing to read "Colin James", with a long horizontal flourish extending to the right.

Colin James, FCA  
**Registered Company Auditor**

**WAGAIT SHIRE COUNCIL**

**ABN: 65 843 778 569**

**GENERAL PURPOSE FINANCIAL REPORT**

**For the Year Ended 30 June 2017**

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

**WAGAIT SHIRE COUNCIL**  
ABN: 65 843 778 569

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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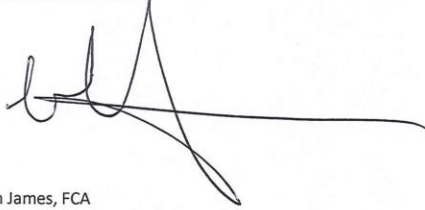
The Council Members  
Wagait Shire Council  
PMB 10  
Wagait Beach NT 0801

**Auditor's Independence Declaration**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 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, 29 September 2017

**Wagait Shire Council**

ABN: 65 843 778 569

**Chief Executive Officer's Certificate**

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

- (a) have been properly drawn up in accordance with the applicable Australian Accounting Standards, the *Northern Territory Local Government Act* and *Local Government (Accounting) Regulations*, so as to present fairly the financial position of the Council as at 30 June 2017 and the results for the year then ended; and
- (b) are in accordance with the accounting and other records of the Council.

---

Mark Sidey  
Chief Executive Officer

Dated: 29 September 2017

Wagait Shire Council

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Revenue and Other Income</b>			
Rates and annual charges	3A	351,368	205,474
User charges and fees	3B	157,632	176,470
Grants and contributions	3C	311,225	360,504
Interest	3D	8,778	11,310
<b>Total operating revenues</b>		<u>829,003</u>	<u>753,758</u>
<b>Operating Expenses</b>			
Employee costs	4A	341,520	334,473
Materials and contracts	4B	238,012	337,816
Depreciation	4C	96,509	154,915
Other operating expenses	4D	13,468	16,880
<b>Total operating expenses</b>		<u>689,509</u>	<u>844,084</u>
<b>Surplus/(Deficit) for the year</b>		<u>139,494</u>	<u>(90,326)</u>
<b>Other Comprehensive Income</b>			
Revaluation increment	7	-	1,526,801
<b>Total other comprehensive income</b>		<u>-</u>	<u>1,526,801</u>
<b>Total surplus and other comprehensive income for the year</b>		<u>139,494</u>	<u>1,436,475</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 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,011,583	862,507
Accounts receivable and other debtors	6	62,147	20,970
<b>Total current assets</b>		<u>1,073,730</u>	<u>883,477</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	2,909,817	2,950,767
<b>Total non-current assets</b>		<u>2,909,817</u>	<u>2,950,767</u>
<b>Total Assets</b>		<u>3,983,547</u>	<u>3,834,244</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other payables	8	40,377	25,960
Employee provisions	9	27,927	31,178
<b>Total current liabilities</b>		<u>68,304</u>	<u>57,138</u>
<b>Non-current liabilities</b>			
Employee provisions	9	-	1,357
<b>Total non-current liabilities</b>		<u>-</u>	<u>1,357</u>
<b>Total Liabilities</b>		<u>68,304</u>	<u>58,495</u>
<b>Net Assets</b>		<u>3,915,243</u>	<u>3,775,749</u>
<b>EQUITY</b>			
Retained surplus		1,855,219	1,715,725
Reserves		2,060,024	2,060,024
<b>Total Council Equity</b>		<u>3,915,243</u>	<u>3,775,749</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 2017**

<b>ACCUMULATED FUNDS</b>	<b>Accumulated Surplus</b>	<b>Asset Revaluation Reserve</b>	<b>Roads Reserve</b>	<b>Motor Vehicle Reserve</b>	<b>Total Council Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2015</b>	1,806,051	343,223	180,000	10,000	2,339,274
Deficit for the year	(90,326)	-	-	-	(90,326)
Other comprehensive income	-	1,526,801	-	-	1,526,801
<b>Closing Balance at 30 June 2016</b>	<b>1,715,725</b>	<b>1,870,024</b>	<b>180,000</b>	<b>10,000</b>	<b>3,775,749</b>
<b>Balance at 1 July 2016</b>	1,715,725	1,870,024	180,000	10,000	3,775,749
Surplus for the year	139,494	-	-	-	139,494
Other comprehensive income	-	-	-	-	-
<b>Closing Balance at 30 June 2017</b>	<b>1,855,219</b>	<b>1,870,024</b>	<b>180,000</b>	<b>10,000</b>	<b>3,915,243</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 2017**

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		<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,011,583	862,507
Accounts receivable and other debtors	6	<u>62,147</u>	<u>20,970</u>
<b>Total current assets</b>		<u>1,073,730</u>	<u>883,477</u>
<b>Less:</b>			
<b>Current liabilities</b>			
Accounts payable and other payables	8	40,377	25,960
Employee provisions	9	<u>27,927</u>	<u>31,178</u>
<b>Total current liabilities</b>		<u>68,304</u>	<u>57,138</u>
<b>Net current assets</b>		1,005,426	826,339
<b>Current ratio</b>		15.72 : 1	15.46 : 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 2017**

	Note	2017 \$	2016 \$
<b>Cash flows (used in)/from operating activities</b>			
Receipts from customers		479,623	384,832
Grants and contribution receipts		311,225	379,354
Interest received		8,778	11,310
Payments to suppliers and employees		(594,991)	(702,573)
<b>Net cash flows from operating activities</b>	10	<u>204,635</u>	<u>72,923</u>
<b>Cash flows from/(used in) investing activities</b>			
Acquisition of property, plant and equipment		(55,559)	(47,551)
<b>Net cash flows used in investing activities</b>		<u>(55,559)</u>	<u>(47,551)</u>
<b>Net increase in cash and cash equivalents</b>		<u>149,076</u>	<u>25,372</u>
Cash and cash equivalents at the beginning of the year		<u>862,507</u>	<u>837,135</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u><u>1,011,583</u></u>	<u><u>862,507</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 2017**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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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 the 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 29 September 2017.

**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.

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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 2017**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>2017</u>	<u>2016</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.

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).

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 contractual 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 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 2017**

**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 2017**

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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 2017 (2016: \$Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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 2017 amounted to \$Nil (2016: \$8,512).

*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 2017

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 council members 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.

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.

- AASB 2016-4: *Amendments to Australian Accounting Standards - Recoverable amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136: *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: *Intangible Assets*, but applies to such assets accounted for under the cost model in those Standards.

AASB 2016-4 is not expected to have a significant impact on the Council's financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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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 the 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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<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	225,941	205,474
Waste management levy	125,427	-
<b>Total rates and annual charges</b>	<u>351,368</u>	<u>205,474</u>
<b>Note 3B User charges and fees</b>		
Jetty and boat ramp maintenance	59,390	66,791
Power and water contract income	49,946	46,479
Weed management income	16,512	16,458
Other fees and charges	31,784	46,742
<b>Total user charges and fees</b>	<u>157,632</u>	<u>176,470</u>
<b>Note 3C Grants and Contributions</b>		
<i>General purpose grants (untied)</i>		
FAA - General purpose component	13,168	7,959
FAA - Roads to recovery component	80,590	53,817
	<u>93,758</u>	<u>61,776</u>
<i>Northern Territory Government operating grants</i>		
General purpose component	149,582	143,499
Department of Sport, Recreation and Racing	21,000	21,000
Department of Infrastructure and Regional	11,795	101,734
Department of Local Government	-	31,000
	<u>182,377</u>	<u>297,233</u>
<i>Northern Territory Government non-recurring grants</i>		
Specific purpose	28,490	-
Other	5,100	-
	<u>33,590</u>	<u>-</u>
<i>Non Government grants and contributions</i>		
Australia Day Council	1,500	1,100
Other	-	395
	<u>1,500</u>	<u>1,495</u>
<b>Total grants and contributions</b>	<u>311,225</u>	<u>360,504</u>
<b>Note 3D Interest</b>		
Financial institutions	8,778	11,310
<b>Note 4: Expenses</b>		
<b>Note 4A Employee costs</b>		
Salaries and wages	295,938	303,503
Superannuation	27,153	29,233
Recruitment and relocation	7,434	-
Training and development	10,995	1,737
<b>Total employee costs</b>	<u>341,520</u>	<u>334,473</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>Note 4: Expenses (continued)</b>		
<b>Note 4B Materials and contracts</b>		
Advertising	2,807	4,290
Bank fees	1,342	1,555
Consultants, rates valuation fees and council election fee	10,926	8,123
Contractors, maintenance and materials	2,566	13,328
Councillor and meeting expenses	6,027	810
Debt collection	2,400	-
Donations	160	750
Doubtful debts	(8,512)	-
Electricity	5,028	12,037
Information technology expenses	1,375	8,896
Insurance	23,735	24,613
Printing and stationery	3,819	2,405
Repairs and maintenance	31,878	29,458
Roads to Recovery	18,045	104,527
Subscriptions	3,009	2,609
Telephone	6,804	7,678
Travelling and accommodation	2,250	1,999
Vehicle, plant and equipment expenses	17,892	14,675
Waste management	90,176	74,604
Water and sewerage	4,189	5,653
Other	12,096	19,806
<b>Total materials and contracts</b>	<u>238,012</u>	<u>337,816</u>
<b>Note 4C Depreciation</b>		
Plant and equipment	17,066	46,982
Infrastructure	57,957	86,446
Motor vehicles	21,486	21,487
<b>Total depreciation</b>	<u>96,509</u>	<u>154,915</u>
<b>Note 4D Other operating expenses</b>		
Audit services	6,718	15,542
Other services	6,750	1,338
<b>Total other operating expenses</b>	<u>13,468</u>	<u>16,880</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>Note 5: Cash and Cash Equivalents</b>		
Cash at bank	1,011,183	861,046
Cash on hand	400	1,461
<b>Total cash and cash equivalents</b>	<u>1,011,583</u>	<u>862,507</u>
<b>Restricted cash and cash equivalents summary</b>		
<i>Purpose</i>		
<b>External restrictions</b>		
- Included in liabilities	-	-
- Included in revenue	-	-
<b>Total external restrictions</b>	<u>-</u>	<u>-</u>
<b>Internal restrictions</b>		
Included in liabilities:	-	-
Employee leave entitlements	27,927	32,535
<b>Total internal restrictions</b>	<u>27,927</u>	<u>32,535</u>
Total unrestricted	983,656	829,972
<b>Total cash and cash equivalents available</b>	<u>1,011,583</u>	<u>862,507</u>

Management believe that there were no grants which were not expended as at 30 June 2017 (2016: \$Nil).

<b>Note 6: Accounts Receivable and Other Debtors</b>		
Rates and annual charges	58,799	18,464
Less: Provision for doubtful debts	-	(8,512)
	<u>58,799</u>	<u>9,952</u>
GST receivable	1,908	9,578
Other	1,440	1,440
<b>Total unrestricted accounts receivable and other debtors</b>	<u>62,147</u>	<u>20,970</u>
<b>Total receivables are aged as follows:</b>		
Current	28,839	4,253
30 to 60 days	-	-
More than 90 days	29,960	14,211
<b>Total receivables</b>	<u>58,799</u>	<u>18,464</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	8,512
Reduction in allowance	(8,512)	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>8,512</u>
<b>a. Financial assets at amortised cost classified as accounts receivable and other debtors:</b>		
Accounts receivable and other debtors:		
- total current	62,147	20,970
- total non current	-	-
	<u>62,147</u>	<u>20,970</u>
Less GST receivable	(1,908)	(9,578)
<b>Financial assets as accounts receivable and other debtors</b>	<u>60,239</u>	<u>11,392</u>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<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
Accumulated depreciation	-	-
	<u>2,222,727</u>	<u>2,222,727</u>
Total land and buildings	<u>2,622,727</u>	<u>2,622,727</u>
<b>Plant and equipment</b>		
Plant and equipment, at cost	409,801	354,243
Accumulated depreciation	(331,977)	(314,912)
	<u>77,824</u>	<u>39,331</u>
Infrastructure, at cost	864,460	864,460
Accumulated depreciation	(667,927)	(609,970)
	<u>196,533</u>	<u>254,490</u>
Office equipment and furniture, at cost	174,729	174,729
Accumulated depreciation	(174,729)	(174,729)
	<u>-</u>	<u>-</u>
Motor vehicles, at cost	107,432	107,432
Accumulated depreciation	(94,699)	(73,213)
	<u>12,733</u>	<u>34,219</u>
Total plant and equipment	<u>287,090</u>	<u>328,040</u>
<b>Total property, plant and equipment</b>	<u><u>2,909,817</u></u>	<u><u>2,950,767</u></u>

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**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 2015</b>							
Gross book value	400,000	1,517,105	306,691	864,460	174,729	107,432	3,370,417
Accumulated depreciation	-	(821,179)	(267,930)	(523,524)	(174,729)	(51,725)	(1,839,087)
<b>Net book value 1 July 2015</b>	<b>400,000</b>	<b>695,926</b>	<b>38,761</b>	<b>340,936</b>	<b>-</b>	<b>55,707</b>	<b>1,531,330</b>
Additions	-	-	47,551	-	-	-	47,551
Depreciation	-	-	(46,981)	(86,446)	-	(21,488)	(154,915)
Revaluation	-	1,526,801	-	-	-	-	1,526,801
Disposals	-	-	-	-	-	-	-
<b>Net book value 30 June 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>
<b>Net book value as of 30 June 2016 represented by:</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 30 June 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>
<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>

**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 remains at \$2,222,727 as at 30 June 2017.



**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>Note 8: Accounts Payable and Other Payables</b>		
Current		
Sundry creditors and accrued expenses	14,634	20,228
Payroll liabilities	13,943	5,732
Deferred income	11,800	-
<b>Total accounts payable and other payables</b>	<u>40,377</u>	<u>25,960</u>
Settlement of sundry creditors is generally net 30 days.		

**a. Financial liabilities at amortised cost classified as accounts payable and other payables:**

Accounts payable and other payables:		
- total current	40,377	25,960
- total non current	-	-
Financial liabilities as accounts payable and other payables	<u>40,377</u>	<u>25,960</u>

No interest is payable on outstanding payables.

<b>Note 9: Employee Provisions</b>		
Current		
Annual leave	16,594	19,752
Long service leave	11,333	11,426
<b>Total current employee provisions</b>	<u>27,927</u>	<u>31,178</u>
Non-Current		
Long service leave	-	1,357
<b>Total non-current employee provisions</b>	<u>-</u>	<u>1,357</u>
<b>Total employee provisions</b>	<u>27,927</u>	<u>32,535</u>

<b>Note 10: Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operating Activities with Current Year Surplus/(Deficit)</b>		
Surplus/(Deficit) for the year	139,494	(90,326)
Non cash transactions		
Depreciation	96,509	154,915
<i>Changes in net assets and liabilities:</i>		
<i>(Increase) / Decrease in assets:</i>		
Accounts receivable and other debtors	(41,177)	12,160
<i>Increase/(decrease) in liabilities:</i>		
Accounts payable and other payables	14,417	(8,379)
Employee provisions	(4,608)	4,553
<b>Net cash flows from operating activities</b>	<u>204,635</u>	<u>72,923</u>

**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017****Note 11: Events After the Reporting Period**

There are no events that have occurred after balance date that have been or should have been brought to account in the 2017 financial statements.

**Note 12: Performance Indicators**

	Actual 2017		Actual 2016	
	Amounts \$	Indicators	Amounts \$	Indicators
<b>1. Current ratio</b>				
<u>Current assets- external restricted assets</u>	1,073,730	Ratio	883,477	Ratio
Current liabilities	68,304	15.72 : 1	57,138	15.46 : 1
<b>2. Rate coverage ratio</b>				
<u>Rate revenue</u>	351,368		205,474	
Total revenue	829,003	42%	753,758	27%
<b>3. Rates and annual charges outstanding percentages</b>				
<u>Rates and annual charges outstanding</u>	58,799		18,464	
Rates and annual charges collectible	351,368	17%	205,474	9%

**Note 13: Commitments for Expenditure****(a) Capital commitments**

There were no capital commitments at 30 June 2017 or 2016.

**(b) Finance lease commitments**

There were no finance lease commitments at 30 June 2017 or 2016.

**(c) Operating leases**

There were no commitments under non-cancellable operating leases at 30 June 2017 or 2016.

**(d) Other expenditure commitments**

There were no other expenditure commitments at 30 June 2017 or 2016.

**Note 14: Contingent Liabilities and Contingent Assets**

There are no contingent liabilities or contingent assets at 30 June 2017 (2016: \$Nil).

**Note 15: 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 reserve funds as set out in the statement of changes in equity.

**WAGAIT SHIRE COUNCIL**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>Note 16: Financial Risk Management</b>		
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: <i>financial Instruments: Recognition and Measurement</i> as detailed in the accounting policies to these financial statements, are as follows:		
<b>Financial assets</b>		
Cash and cash equivalents	1,011,583	862,507
Accounts receivable and other debtors	60,239	11,392
<b>Total financial assets</b>	<u>1,071,822</u>	<u>873,899</u>
<b>Financial liabilities</b>		
Accounts payable and other payables	40,377	25,960
<b>Total financial liabilities</b>	<u>40,377</u>	<u>25,960</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 the 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.

**WAGAIT SHIRE COUNCIL**

ABN 65 843 778 569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**Note 16: Financial Risk Management (continued)**

**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.

*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.

**Note 17: 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



**Resolution No. 2017/.....**

**That the Audit Committee recommend Council note the audited General Purpose Financial Report for the year ended 30 June 2017 and submit to the Department of Housing and Community Development, Local Government Division and the NT Grants Commission.**

**Moved:**

**Seconded:**

**Vote:**

**9.0 Other Business**

Nil.

**10.0 Confidential Items**

Nil.

**11.0 Close of Meeting**

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

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