



Tiwi Islands Regional Council
Annual Financial Statements
Year Ended 30 June 2014

TIWI ISLANDS REGIONAL COUNCIL

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TIWI ISLANDS REGIONAL COUNCIL

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014	2013
REVENUE		\$	\$
Grants and contributions provided for operating purposes	3e	8,279,322	12,237,342
Other Operating Revenue	3d	3,664,902	4,512,466
User Charges and Fees	3b	899,225	587,168
Rates and Annual Charges	3a	1,099,130	943,102
Interest Revenue	3c	87,724	160,552
Contributions and Donations	3f	49,217	33,729
Other Income		14,024	0
TOTAL REVENUE		14,093,544	18,474,359
EXPENSES			
Employee Costs	4a	9,281,021	12,041,505
Materials and Contracts	4e	5,235,438	5,689,105
Interest Charges	4b	393	4,154
(Profit)/Loss from Disposal of assets	4f	(84,133)	46,031
Other Operating Expenses	4d	668,281	645,551
TOTAL EXPENSES		15,101,000	18,426,347
(DEFICIT)/SURPLUS BEFORE DEPRECIATION AND CAPITAL GRANTS		(1,007,456)	48,013
Grants & Contributions provided for: Acquisition of assets			
Capital Grants Revenue	3e	46,101	367,613
OPERATIONAL (DEFICIT)/SURPLUS BEFORE DEPRECIATION AND ASSET CLASSIFICATION		(961,355)	415,625
Depreciation	4c	2,637,031	2,599,049
(DEFICIT)/SURPLUS BEFORE INCOME TAX EXPENSE		(3,598,386)	(2,183,423)
Income Tax Expense		-	-
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		(3,598,386)	(2,183,423)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

TIWI ISLANDS REGIONAL COUNCIL

Statement of Financial Position as at 30 June 2014

	Notes	2014 \$	2013 \$
CURRENT ASSETS			
Current Operating Accounts & Cash on Hand	9a	2,650,676	5,230,423
Trade and Other Receivables	5	620,495	1,213,117
Other Assets	6	882,578	1,218,736
TOTAL CURRENT ASSETS		4,153,749	7,662,276
NON CURRENT ASSETS			
Buildings Prescribed	7a&b	25,051,160	25,720,855
Infrastructure Prescribed	7a&b	4,652,192	4,958,939
Plant	7a&b	1,702,337	1,964,877
Equipment	7a&b	404,438	302,914
Motor Vehicles	7a&b	785,350	929,024
Motor Vehicles Prescribed	7a&b	-	126,015
Work in Progress	7a&b	45,010	392,535
TOTAL NON CURRENT ASSETS		32,640,487	34,395,160
TOTAL ASSETS		36,794,236	42,057,436
CURRENT LIABILITIES			
Trade and Other Payables	8a	798,392	1,283,540
Current Provisions	8c	1,207,671	1,290,663
Current Borrowings	8e	666,667	333,333
Other Current Liabilities	8b	13,687	22,074
Unexpended Grant Liability	8b	188,180	1,021,013
TOTAL CURRENT LIABILITIES		2,874,597	3,950,623
NON CURRENT LIABILITIES			
Non Current Provisions	8d	151,033	73,154
Non Current Borrowings	8e	-	666,667
TOTAL NON CURRENT LIABILITIES		151,033	739,821
TOTAL LIABILITIES		3,025,630	4,690,444
NET ASSETS		33,768,606	37,366,992
EQUITY			
Accumulated Funds		33,768,606	37,366,992
TOTAL EQUITY		33,768,606	37,366,992

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

TIWI ISLANDS REGIONAL COUNCIL

Statement of Changes in Equity for the year ended 30 June 2014

	Asset Revaluation Reserve-Prescribed Assets	Retained Earnings	Total Equity
Balance at 1 July 2012	31,965,790	7,584,625	39,550,415
(Deficit)/Surplus for the year	-	(2,183,423)	(2,183,423)
Revaluation increment - Infrastructure	-	-	-
Revaluation increment - Buildings	-	-	-
Balance at 30 June 2013	31,965,790	5,401,202	37,366,992
(Deficit)/Surplus for the year	-	(3,598,386)	(3,598,386)
Revaluation increment - Infrastructure	-	-	-
Revaluation increment - Buildings	-	-	-
Balance at 30 June 2014	31,965,790	1,802,816	33,768,606

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

TIWI ISLANDS REGIONAL COUNCIL

Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash Flows from Operating Activities			
<i>Receipts</i>			
Receipts from rates & annual charges		1,099,130	935,539
Receipts from user charges & fees		899,225	587,169
Interest received		79,168	160,552
Grants & contributions		7,492,950	12,638,684
Other operating receipts		4,114,365	5,404,673
		13,684,838	19,726,616
<i>Payments</i>			
Payments to employees		9,286,135	12,085,632
Payments for materials & contracts		5,182,760	8,210,358
Payments of interest		393	4,154
Other operating payments		579,608	517,231
		15,048,896	20,817,375
Net Cash Flows used in Operating Activities	9b	(1,364,058)	(1,090,759)
 Cash Flows from Investing Activities			
<i>Receipts</i>			
Proceeds from sale of assets		-	14,074
		-	14,074
<i>Payments</i>			
Purchase of assets		(882,358)	(1,032,410)
		(882,358)	(1,032,410)
Net Cash Flows used in Investing Activities		(882,358)	(1,018,336)
 Cash Flows from Financing Activities			
<i>Receipts</i>			
Cash transferred from constituent councils on restructure			
Borrowings		-	-
		-	-
<i>Payments</i>			
Repayment of Borrowings		(333,333)	-
		(333,333)	-
Net Cash Flows used in Investing Activities		(333,333)	-
 NET (DECREASE)/INCREASE IN CASH HELD		(2,579,749)	(2,109,096)
Cash at Beginning of Reporting Period		5,230,423	7,339,519
Cash at End of Reporting Period	9a	2,650,676	5,230,423

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

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

1 Summary of Accounting Policies

General Information

This note sets out the principal accounting policies adopted in the preparation of the financial statements by Tiwi Islands Regional Council.

The Local Government Reporting Entity Tiwi Islands Regional Council is established under the Northern Territory Local Government Act and has its principal place of business at Puti Drive, Wurrumiyanga Community, Bathurst Island.

The purpose of this financial report is to provide information about the cash flows, financial performance and position of the Regional, and accountability of the resources entrusted to it.

Economic Dependency and Going Concern

The Council is funded predominantly by funding provided from both the Australian and Northern Territory Governments to meet operational and capital expenditure needs.

The Council has incurred an operational loss before depreciation of \$961,355 for the year ended 30 June 2014 (2013: operational profit before depreciation of \$415,625). After depreciation, the Council recorded a loss for the year of \$3,598,386 (2013: Loss of \$2,183,423). The Council also incurred net cashflows used in operating activities of \$1,364,058 (2013: net cashflows used in operating activities of \$1,090,759).

The ability of the Council to continue its operations at its current level is dependent upon continued funding and support from the Australian and Northern Territory Governments.

At the date of this report, the Council is currently under the management of an official manager appointed by the Minister for Local Government. The official manager is currently examining the affairs and financial position of the Council and preparing a report to the Minister on the operations of the Council.

The outcome of the official manager's report is not yet determinable at this stage, along with the other matters as set forth above, indicate the existence of a material uncertainty that may cast significant doubt on the Council's ability to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business.

Basis of Accounting

Statement of Compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the requirements of the Local Government Act, the Local Government (Accounting) Regulations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The Council is a not-for-profit entity for financial reporting purposes.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS') as applicable to not-for-profit entities.

Adoption of new and revised accounting standards

In the current year the Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

Future Australian Accounting Standard Requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Council for the annual reporting period ended 30 June 2014. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other events is reported. Material accounting policies adopted in the preparation of financial statements are presented below and have been consistently applied unless otherwise stated.

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

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Revenue is measured on major income categories as follows:

(i) Rates

Rates are 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 revenues.

Uncollected rates are recognised as receivables. A provision is recognised when collection in full is no longer probable.

(ii) Grants, donations and other contributions

Grants, donations and other contributions are recognised in the statement of comprehensive income when the entity obtains control over or the right to receive the grant, donation or other contribution, it is probable that the economic benefits gained from the grant, donation or other contributions will flow to the entity and the amount can be measured reliably. Control over granted and contributed assets is normally obtained upon their receipt (or acquittal), and is valued at their fair value at the date of transfer.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

1. Summary of Accounting Policies continued

Where grants, contributions and donations recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

(iii) Disposal of property, plant and equipment

The gain or loss on disposal of an asset is determined when control of the asset has passed from the Council and can be measured reliably.

(iv) Interest revenue

Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to the Council and it can be measured reliably.

(v) Commercial and contract revenue

The Council undertakes activities of a commercial, or quasi commercial nature such as maintenance contracts, building construction, and operation of cash businesses. Commercial income is recognised as it accrues, when it is probable that the future economic benefits will flow to the Council and it can be measured reliably.

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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

Financial Assets

(i) Loans and Receivables

The Council recognises financial assets as loans and other receivables. The classification depends on the purpose for which the financial instrument was acquired and is determined at initial recognition and re-evaluated at reporting date. Financial assets are measured at fair value, net of transaction costs except for financial assets classified as at fair value through profit and loss which are initially measured at fair value.

(ii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments.

(iii) Impairment of financial assets

Financial assets are evaluated at each balance sheet date to determine any evidence of impairment. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

1. Summary of Accounting Policies continued

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

(iv) De-recognition of financial assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset the Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Inventory

Inventory is stated at the lower of cost and net realisable value.

Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to the qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Plant and Equipment

Acquisition of Plant and Equipment is recognised at cost when control of the asset passes to the Council. Cost includes expenditure that is directly attributable to the acquisition. Cost related to plant, equipment and infrastructure gifted, donated or granted to the Council is the fair value of the asset, plus costs directly attributable to the acquisition.

Land

The Aboriginal Land Rights Act establishes native title over land in the Tiwi Islands. In the absence of clear title no land assets are recognised in the Council's Statement of Financial Position.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

1. Summary of Accounting Policies continued

Land under Roads

Council has elected not to value or recognise as an asset land under roads acquired prior to 1 July 2008 in accordance with the election available under AASB 1051 Land under Roads.

Property

In 2006 the Land Rights Act was amended to enable township leasing. Leasing arrangements currently exist for Wurrumiyanga, Milikapiti and Wurankuwu. It is envisaged Pirlangimpi community will adopt township leasing in due course. It is proposed that in future periods the Council will lease its major operating buildings from the Office of Township Leasing. Buildings and infrastructure assets are recognised in the financial statements as prescribed assets. This is due to the status Tiwi Islands Regional Council has under 'Right of Occupation' from section 6.2 of the Head Lease agreement and the fact that under general property law it is the Executive Director of Township leasing who has the leasehold ownership interest in the land.

Building and Infrastructure assets were recognised in the 2010 financial statements as prescribed assets at their 30 June 2010 re-valued amount. Revised valuations were provided in the fixed asset register where net values are recognised at 30 June 2010. Building and Infrastructure assets commenced depreciating, at their re-valued amounts, on 1 July 2010. The Council does not believe that there is any significant increment or decrement to the valuation carried out in 2010. Hence the property has been valued at 2010 valuation amounts and depreciated accordingly. Revaluations are performed with sufficient regularity such that carrying amounts do not differ materially from those that would be determined using fair value at the end of each reporting period.

Revaluation increments arising from recognising assets at valuation are offset against one another within the class of assets. Net revaluation increments in the carrying amounts of these assets are recognised directly in accumulated equity under the heading of prescribed asset reserve to the extent that the increment reverses a decrement that was previously recognised as an expense in the net profit or loss in respect of the same class of assets. No amounts were recognised in the accounts arising from previous revaluations so all increments are recognised in revaluation reserve.

Depreciation

All property, plant and equipment, with the exception of land, is systematically depreciated over its useful life in a manner which reflects the consumption of the service potential embodied in those assets from the time that the item of property plant and equipment is available for use.

Depreciation is provided for on a straight line method using useful lives which are reviewed each reporting period.

The estimated useful lives used for each class of depreciable assets are:

Buildings/ Other Structures	10 - 20 Years
Plant and Equipment	1 - 10 Years
Motor Vehicles	3 - 5 Years

1. Summary of Accounting Policies continued

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

Valuation

The Council recognises assets over the value of \$5,000.

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 to sell 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

Financial Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to Council prior to the end of the financial year which remain unpaid. The amounts are unsecured and usually paid within thirty days of recognition.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within 12 months:

Provisions in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Employee benefits not expected to be settled within 12 months:

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash flows to be made by the entity in respect of services provided by the employees up to reporting date.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

1. Summary of Accounting Policies continued

(iv) Superannuation

The Council contributes for its employees to a defined contribution superannuation plan (Local Government Superannuation Scheme).

(v) Unexpended Grant Funds

Grant funding has been treated in the accounts according to the provisions of AASB 1004 Contributions. Where funds are provided on the condition that the Council is to make a reciprocal transfer of economic benefits, and that transfer has not occurred prior to the reporting date, a liability is recognised as at the reporting date in respect of such amounts

Taxation

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

Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Goods and Services Tax (GST)

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

i) 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

ii) for receivables and payables which are recognised inclusive of GST, the net amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross 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.

Rounding

Unless otherwise stated, amounts in the financial reports have been rounded to the nearest dollar and are presented in full dollars. All amounts are expressed in Australian dollars.

Comparatives

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

2a Functions

Information showing the carrying value of assets that can be reliably attributed to each function of Council and information showing the income derived from each function and the expenditure that can be reliably attributed to each function has not been disclosed in these financial statements. Information showing a comparison between the budgeted and actual result for the financial year for each Council function has also not been disclosed. This is not in compliance with Sections 15 (d) and (e) of the *Local Government (Accounting) Regulations*.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

2b Component Functions

The activities relating to the Regional functions are as follows:

GENERAL PUBLIC SERVICES

Executive and Legislative Functions

Administration, operation and support of executive and legislative functions and all elements associated with Corporate governance.

Financial and Fiscal Affairs

Administration of Council's finances and compliance with legislative provisions of Local Government (Accounting) Regulations.

General Public Services - including General Administration, Corporate Services/Community Services/ Works & Infrastructure, Other and Office Personnel Maintenance

Administration, support, regulation, research, operation of general public services including insurance and Natural Disaster relief where applicable.

PUBLIC ORDER & SAFETY

Fire protection, local emergency services, control of animals and impounding, control of public places, control of signs, hoarding and advertising, community policing and probationary matters.

ECONOMIC AFFAIRS

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

ENVIRONMENTAL PROTECTION

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, groundwater and surface water.

HOUSING AND COMMUNITY AMENITIES

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

HEALTH

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

RECREATION, CULTURE AND RELIGION

Facilities and venues, recreation parks and reserves, cultural and religious services museums and libraries.

EDUCATION

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

SOCIAL PROTECTION

Outlays on day care services, family day care, occasional care and outside schools hour care, aged services, shelter protection, drug and alcohol treatment programs. Also includes relief from man-made disasters.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

3 Operating Revenue	2014 \$	2013 \$
a RATES AND CHARGES		
<u>Ordinary Rates</u>		
General Rates	651,564	567,275
Total Ordinary Rates	641,564	567,275
<u>Annual Charges</u>		
Domestic Waste Charges	447,566	375,827
Total Annual Charges	447,566	375,827
Total Rates & Annual Charges	1,099,130	943,102
b USER CHARGES & FEES		
User Charge Fee Income	567,772	237,588
Property Lease Rental Fee Income	256,443	251,451
Equipment Hire Income	72,070	97,752
Other Charges & Fees	2,940	377
Total User Charges & Fees	899,225	587,169
c INTEREST		
Interest on Investments	87,724	160,552
Total Interest Revenue	87,724	160,552
d OTHER OPERATING REVENUE		
Reimbursements	33,105	163,053
Service Fee Income	153,974	272,906
Sales Income	2,159,738	2,426,060
Contract Fees	1,212,304	1,471,298
Employment Related Outcome Payments	18,483	84,545
Other Operating Revenue	87,298	94,603
Total Other Operating Revenues	3,664,902	4,512,466
e GRANTS		
<u>Commonwealth Special Purpose Funding</u>		
Jirrani Day Care Centre	582,785	574,738
Child Services Pirlangimpi	206,206	203,358
Creche Milikapiti	210,241	207,338
After School Care Wurrumiyanga	360,027	179,133
After School Care Pirlangimpi	184,202	90,829
After School Care Milikapiti	176,939	90,829
Vacation Care Wurrumiyanga	-	175,923
Vacation Care Pirlangimpi	-	90,829
Vacation Care Milikapiti	-	83,667
Night Patrol Regional	1,168,789	1,084,774
ISRP - Indigenous Sport & Recreation Program Regional	150,880	147,200
ISRP - Jobs Creation Package Regional	190,077	187,268
CDEP Participant Wages Regional	-	926,371
CDEP Community Development Stream Regional	-	111,087
CDEP Work Readiness Stream Regional	-	731,161

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
3. Operating Revenue continued		
CDEP Service Fees Regional	-	760,000
CDEP Community Development and Support Regional	-	354,000
CDEP Activity Generated Income	27,700	206,368
CDEP Prior Period Carried Forward	-	28,150
ICS - Cultural Mentoring	-	40,000
NT Jobs Packages (Broadcasting) Regional	85,267	94,551
Portable Stage (Bathurst Oval Upgrade Facilities)	201,310	-
Financial Management Service	2,700	-
Bush Camps - Combat Petrol Sniffing Strategy	-	-
Roads (R2R)	268,993	365,906
NAIDOC Activities 13/14	10,499	-
Outstations Essential Services	76,001	-
Total Commonwealth Special Purpose Funding	3,902,616	6,733,480
<u>Operational Funding</u>		
FAA Operating Grant (NTG)	674,315	460,667
FAA Operating Pre Payment	-	551,388
FAA Roads	341,734	390,762
FAA Roads Pre Payment	-	435,633
General Purpose	202,547	229,620
General Purpose Pre Payment	-	193,076
	1,218,596	2,261,146
<u>NT Special Purpose Funding</u>		
Territory Housing Regional		
Jirnani Day Care Centre	-	3,918
Youth Diversion Scheme	220,000	142,057
Active Remote Communities Sport & Recreation Regional	102,000	102,000
Library	60,802	60,802
Outstations Essential Services	341,597	267,347
Outstations Converted Jobs Program	60,729	60,729
NTG Sport & Recreation ARCP (Softball)	-	7,000
Outstations Housing Management	-	40,000
Matching Funds Salary Income	555,944	503,478
Outstations Housing Maintenance	160,862	110,013
CTG - Strengthen Governance Capacity	-	11,307
NTDRP – Milikapiti Rec Hall Community Shelter	8,000	-
SPG Re-Branding Regional Council	100,720	-
Family as First Teachers DET	338,750	232,000
FaFT - Children Week Micro Grant	-	1,000
Workforce Mentoring	188,750	122,000
SPG Establishment Local Authorities	30,000	-
CGT – Wurrumiyanga Swimming Pool Upgrade 2014	42,082	-
Homelands Extra Allowance – Regional	10,920	-
TEABBA Capital	10,000	-

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
3. Operating Revenue continued		
Driver Education Program	-	16,800
Indigenous Training for Employment Program	2,303	112,841
Festivals - Milimika Festival	-	27,623
NT Remote Pools	-	22,334
Imparja Cup	-	8,409
Grass Roots	4,800	1,200
Gym Facility Upgrade at Nguiu	-	35,000
Community Work Order	-	54,000
CIGP - Septic & Rainwater Tanks	-	27,273
Community Benefit Fund - Inflatable Projector Screen	-	3,340
Barge Landing Upgrade Wurrumiyanga	(45,856)	115,346
Community Festivals NT	-	20,000
David Guy Uganda	-	6,000
Australia Day	1,000	1,500
SPG - Milikapiti Fuel Browsers	-	171,146
Family Safety - LED Pool Lighting	-	30,791
Traffic Management	35,000	20,000
National Youth Week - Follow the Leader	-	2,000
Cricket Pitch Facility & Capital	7,500	-
FAA Roads	113,911	-
2013-2014 CIGP Rainwater & Septic Tanks	22,727	-
NTNDRP – Ranku Washout	5,255	-
	2,377,796	2,339,253
 Current Operating Funding Total	7,499,008	11,333,880
 <u>Prior Year Grants Brought Forward Operating</u>		
CDEP Participant Wages B/F	-	158,175
Night Patrol Regional	20,038	488
Tracking Database Child Care	-	-
CDEP Community Development and Support Regional	-	124,392
NTG - C Gap (Sport Hall Repair)	-	-
NRETAS Pirlangimpi Hall Upgrade	-	19,764
CTG Repairs Pirlangimpi Library	-	25,142
Toursim NT	20,000	-
Family Safety – LED Pool Lights	30,791	-

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
3. Operating Revenue continued		
Environmental Health Services	-	329,680
HMP Fencing Program	540,000	540,000
Sport Demonstration Program -AFL	-	5,333
Family as First Teachers DET	56,722	82,678
Roads (R2R)	112,765	132,489
CIGP - Wurankuwu New Generators	-	9,007
CTG Flood Lighting Wurrumiyanga	-	57,869
Environmental Health - Water Bubblers	-	5,469
Pirlangimpi Womens Centre	-	15,000
Upgrade / Repair Rec Halls	-	6,605
Driver Education Program	-	11,777
Tourism NT	-	4,545
Community Benefit Fund - Small Grant	-	5,000
Festivals Australia (DRALGAS)	-	48,530
NDRRA - Cape Fourcroy Road	-	341,524
Total Prior Year Operating Grants	780,316	1,923,469
 <u>Operating Grant Liability</u>		
Creche Milikapiti	-	(95)
Vacation Care Milikapiti	-	(15,878)
Vacation Care Wurrumiyanga	-	(1,438)
Vacation Care Pirlangimpi	-	(7,523)
CDEP Participant Wages Regional	-	(3,188)
CDEP Community Development and Support Regional	-	(97,800)
ISRP - Jobs Creation Package Regional	-	(48,102)
Night Patrol Regional	-	(25,526)
Festivals - Milimika Festival	-	(20,000)
NT Jobs Packages (Broadcasting) Regional	-	(11,077)
HMP Fencing Program	-	(540,000)
Family as First Teachers DET	-	(56,722)
Pirlangimpi Womens Centre	-	(928)
Community Benefit Fund - Small Grant	-	(244)

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
3. Operating Revenue continued		
NDRRA - Cape Forcroy Road	-	(46,240)
Family Safety - LED Pool Lighting	-	(30,791)
Roads (R2R)	-	(112,765)
ICS - Cultural Mentoring	-	(1,690)
Total Operating Grant Liability	-	(1,020,007)
TOTAL OPERATIONAL FUNDING	8,279,322	12,237,342
Prior Years Capital Funding		
Capital		
CDEP Community Development and Support Regional	46,101	367,613
	46,101	367,613
Total Capital Grant Liability	-	-
TOTAL CAPITAL FUNDING	46,101	367,613
TOTAL GRANTS	8,325,423	12,604,955
f CONTRIBUTIONS & DONATIONS		
Cash Sponsorship	-	16,418
Cash Donations	49,217	17,311
	49,217	33,729

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
4. Operating Expenses		
a EMPLOYEE COSTS		
Wages and Salaries	6,969,246	9,443,930
Annual Leave and Long Service Leave Movements	1,322,524	1,493,691
Superannuation	690,594	823,437
FBT	33,538	42,676
Workers Compensation	215,032	205,986
Relocation/Recruitment	32,625	28,737
Other Employee Related Expenses	17,462	3,049
TOTAL EMPLOYEE COSTS	9,281,021	12,041,505
b INTEREST CHARGES		
Bank Fees	393	4,154
Total Interest Charges	393	4,154
c DEPRECIATION & AMORTISATION		
Depreciation		
Buildings Depreciation	1,595,757	1,620,010
Infrastructure	327,177	322,423
Plant and Machinery Depreciation	294,203	288,071
Equipment Depreciation	88,467	55,807
Motor Vehicles Depreciation	331,426	312,737
Total Depreciation	2,637,031	2,599,048
d OTHER OPERATING EXPENSES		
Council Chairman's Allowance	84,637	85,450
Councillor Allowance Exp	212,525	203,229
Local Authority Allowances	6,258	-
Electoral Commission Expenses	1,332	9,307
Insurance	337,208	347,565
Other Operating Expenses	26,321	-
Total Other Operating Expenses	668,281	645,551

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014 \$	2013 \$
4. Operating Expenses (contd)		
e MATERIALS & CONTRACTS		
Accounting Fees	54,405	56,522
Bad Debt write-off Exp	315,893	100,977
Communication Expenses	195,134	194,244
Consultants & Legal Expenses	89,151	132,503
Contract Labour	661,814	591,567
Contract Materials	9,045	21,795
Electricity	167,993	194,019
Freight	284,283	280,861
Fuel & Oil Motor Vehicles	595,313	585,411
Gas Expenditure	6,791	8,701
Material Expenditure	2,122,070	2,021,609
Operating Lease Expenses	289,215	339,489
Software/Internet/Support	370,937	387,022
Travel/Accommodation/Training	374,734	737,427
Sea cat ferry expenses	36	-
Other Materials & Contracts	(301,376)	36,957
Total Materials & Contracts	5,235,438	5,689,105
f LOSS ON DISPOSAL OF ASSETS		
Net Expense from Disposal of assets	(84,133)	46,031
Total Expense from Disposal of assets	(84,133)	46,031

5 Current Assets - Receivables

Rates & Annual Charges	255,436	255,815
GST Receivables	884	-
Accrued Income	39,099	80,456
Other Receivables	629,832	1,096,511
Less Provision for Doubtful Debts	(304,755)	(219,665)
TOTAL RECEIVABLES	620,496	1,213,117

a Trade receivables and allowance for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 day terms
The ageing of trade receivables at 30 June 2014 is detailed below:

	2014 \$	2013 \$
Ageing Analysis		
Not past due	2,300,426	635,264
Past due 31-60 days	523,247	32,281
Past due 61-90 days	14,253	28,962
Past due 91-days	322,877	736,275
Unapplied Credits	(2,235,552)	-
Total Gross Trade Receivables 2014	925,251	1,432,782

b Impaired receivables

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

As at 30 June 2014, receivables with a nominal value of \$90,160 were impaired (2013: \$219,665). Receivables are assessed for impairment by ascertaining the recoverability of the amounts, and are provided for when there is objective evidence indicating that the debt may not be fully recoverable to the Council. The ageing of the impaired receivables are as follows:

Ageed Analysis	2014	2013
	\$	\$
Not past due	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-days	304,755	219,665
	<hr/>	<hr/>

Movement in the provision for impairment are as follows

Balance at beginning of year	(219,665)	(203,371)
Provision for impairment recognised during the year	(85,100)	100,977
Reversal of provision for impairment	-	(117,271)
Balance at end of year	(304,755)	(219,665)
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As at 30 June 2014, current receivables of the Council with a nominal value of \$555,622 (2013: \$577,853) were past due but not impaired. These relate to a number of customers for whom there is no history of default.

The ageing of these receivables are as follows:

Past due 31-60 days	523,247	32,281
Past due 61-90 days	14,253	28,962
Past due 91-days	18,122	516,610
Total Receivables	555,622	577,853
	<hr/> <hr/>	<hr/> <hr/>

6 Other Assets

Inventories:		
Fuel Stock	60,735	92,823
Stores and Material	791,047	1,123,902
Prepayments	30,796	2,011
TOTAL OTHER ASSETS	882,578	1,218,736
	<hr/> <hr/>	<hr/> <hr/>

7 Property Plant & Equipment

a Gross carrying amount and accumulated depreciation

Prescribed Buildings - at revaluation	31,489,550	30,563,488
Less: Accumulated Depreciation and Impairment	(6,438,391)	(4,842,633)
Total	25,051,160	25,720,855
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2014	2013
\$	\$

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

7 Property Plant & Equipment continued

Plant and Machinery - at cost	3,154,174	3,122,511
Less: Accumulated Depreciation and Impairment	(1,451,836)	(1,157,634)
Total	1,702,338	1,964,877
Equipment - at cost	605,410	415,421
Less: Accumulated Depreciation and Impairment	(200,973)	(112,507)
Total	404,437	302,914
Motor Vehicles - at cost	1,760,598	1,440,336
Less: Accumulated Depreciation and Impairment	(975,248)	(511,313)
Total	785,350	929,024
Prescribed Motor Vehicles - at cost	-	258,524
Less: Accumulated Depreciation and Impairment	-	(132,509)
Total	-	126,015
Prescribed Infrastructure - at revaluation	5,881,824	5,861,395
Less: Accumulated Depreciation and Impairment	(1,229,632)	(902,455)
Total	4,652,192	4,958,939
Work in Progress	45,010	392,535
Total	45,010	392,535
Total Property, Plant and Equipment	32,640,487	34,395,160

b Movements in carrying amounts

Buildings - at revaluation		
Buildings - at revaluation	25,720,855	27,178,702
Plus: Revaluation	-	-
Plus: Acquisitions	926,062	162,163
Less: Sold/Written Off	-	-
Less: Depreciation	(1,595,758)	(1,620,010)
Total	25,051,160	25,720,855
Plant and Machinery - at cost		
Plant and Machinery - at cost	1,964,877	1,931,429
Plus: Acquisitions	31,663	340,046
Less: Sold/Written Off	-	(18,527)
Less: Depreciation	(294,203)	(288,071)
Total	1,702,338	1,964,877

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

	2014	2013
	\$	\$
7 Property Plant & Equipment continued		
Equipment - at cost		
Equipment - at cost	302,914	157,218
Plus: Acquisitions	189,990	201,503
Less: Sold/Written Off	-	-
Less: Depreciation	(88,466)	(55,807)
Total	404,438	302,914
Motor Vehicles - at cost		
Motor Vehicles at cost	1,055,039	1,066,384
Plus: Acquisitions	61,738	342,972
Less: Sold/Written Off	-	(41,578)
Less: Depreciation	(331,427)	(312,737)
Total	785,350	1,055,039
Prescribed Infrastructure - at revaluation		
Infrastructure - at revaluation	4,958,939	5,156,744
Plus: Acquisitions	20,429	124,618
Less: Sold/Written Off	-	-
Less: Depreciation	(327,177)	(322,423)
Total	4,652,192	4,958,939
Work in Progress		
Opening Balance	392,535	531,427
Disposals	-	60,105
Purchased	29,950	972,305
Capitalisation	(377,475)	(1,171,301)
Total	45,010	392,535
TOTAL - All Non-Current Assets	32,640,487	34,395,160
8 Creditors, Provisions & Borrowings		
a Creditors		
Goods & Services	162,057	1,283,341
Employee Related	307,497	73
GST Payable	6,494	245
Credit Cards Payable	320,343	(119)
Other creditors	2,000	-
Total Accounts Payable	798,392	1,283,540
b Other Liabilities		
Unexpended grant liability	13,687	22,074
	188,180	1,021,013
	201,867	1,043,086
TOTAL CREDITORS	1,000,259	2,326,627

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$	2013 \$
8 Creditors, Provisions & Borrowings continued		
c <u>Provision - Current</u>		
Annual Leave	859,390	978,840
Current Long Service Leave	348,281	311,823
Total Current Provisions	1,207,671	1,290,663
d <u>Provisions - Non Current</u>		
Long Service Leave	151,033	73,154
Total Non-Current Provisions	151,033	73,154
TOTAL PROVISIONS	1,358,703	1,363,818
e <u>Borrowings (Unsecured)</u>		
Current Borrowings	666,667	333,333
Non Current Borrowings	-	666,667
TOTAL BORROWINGS	666,667	1,000,000
TOTAL CREDITORS, PROVISIONS & BORROWINGS	3,025,630	4,960,444

9 Statement of Cash Flows

a Reconciliation of Cash

Cash on hand and at Bank	407,005	1,067,062
Cash Management Account	2,243,671	4,163,361
Balances as per Statement of Cash Flow	2,650,676	5,230,423

b Reconciliation of Change in Net Assets to Cash from Operating Activities

Change in net assets after operations	(3,598,386)	(2,183,423)
Add:		
Depreciation and Amortisation	2,637,030	2,599,048
Decrease in Stock	364,943	98,964
Decrease in Trade & Other Receivables	592,622	884,644
Decrease in Prepayments	-	20,049
Loss on sale of Fixed Assets	-	46,031
	(3,791)	1,465,314
Less:		
Increase in prepayments	28,785	-
Decrease in Trade Creditors	485,148	635,087
Decrease in Other Current Liabilities	841,221	1,876,859
Decrease in Provision	5,113	44,127
	1,360,267	2,556,073
Net Cash used in operating activities	(1,364,058)	(1,090,759)

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

	2014	2013
	\$	\$
10 Operating Leases		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows		
Not later than one year	257,824	257,327
Later than one year and not later than 5 years	866,055	925,726
Later than 5 years	2,589,618	2,792,361

11 Commitments for Expenditure

No significant commitments for expenditure existed at 30 June 2014.

12 Financial Risk Management

The main risk the Council is exposed to through its financial instruments are liquidity risk, credit risk, market risk and interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the council will not be able to meet its obligations as and when they fall due. The Council manages its liquidity risk by monitoring cash flows and also through its budget management process. Due to the nature of its business, the Council is able to estimate its income and cash flows based on grant funding timeframes.

Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is monitored by management on an ongoing basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, is limited to the total carrying value of financial assets, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Council does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Council.

The majority of the Council's debtors are government owned and funded entities and credit risk for the Council is low.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Council's income or the value of its holdings of financial instruments. Exposure to market risk is closely monitored by the Council. The Council does not have any material market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Council manages its interest rate risk by maintaining floating rate cash and floating rate debt.

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2014**

Sensitivity analysis

At balance date, the Council had the following financial assets exposed to variable interest rate risk:

	2014	2013
	\$	\$
Financial Assets		
Cash at bank	2,649,776	5,229,523
Investment	-	-
	<hr/>	<hr/>
	2,649,776	5,229,523

At balance sheet date Council has not entered into any loans or other financial commitments that present exposure to interest rate risk. Credit cards are the only short term financial instrument used by Council and balances are cleared at month end. The table below details the interest rate sensitivity analysis of the Council at balance date, holding all other variables constant. A 100 basis point change is deemed to be possible change and is used when reporting interest rate risk.

	Change in Variable	Effect on Profit or Loss 2014	Effect on Equity 2014	Effect on Profit or Loss 2013	Effect on Equity 20113
Financial Assets					
Cash at bank and Investments	1%	26,498	26,498	52,295	52,295
	-1%	- 26,498	- 26,498	- 52,295	- 52,295

12b Net fair values of financial assets and liabilities

Cash and cash Equivalents: The carrying amounts of cash and cash equivalents approximates their fair value due to its short term to maturity nature.

Loans and receivables and Trade and other payables: Their carrying amounts approximate their fair value due to its short term to maturity nature.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

12c Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for the financial instruments of a fixed period of maturity, as well as management's expectation of the settlement period for the all financial instruments.

Financial Instruments	Within 1 year		1 - 5 years maturing in 1 year or less		Over 5 years maturing in 1 to 5 years		Total Carrying amount	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets - cash flows realisable								
Cash on Hand	2,650,676	5,230,423	-	-	-	-	2,650,676	5,230,423
Trade and other receivables	620,496	1,213,117	-	-	-	-	620,496	1,213,117
Short Term Deposits	-	-	-	-	-	-	-	-
Total	3,271,172	6,443,540					3,271,172	6,443,540
Financial Liabilities due for payment								
Trade and other payables	798,392	1,283,540	-	-	-	-	798,392	1,283,540
Borrowings	666,667	333,333	-	666,667	-	-	666,667	1,000,000
Other Current Liabilities	13,687	22,074	-	-	-	-	13,687	22,074
Unexpended Grant Liability	188,180	1,021,013	-	-	-	-	188,180	1,021,013
Total	1,666,926	2,659,960	-	666,667	-	-	1,666,926	3,326,627
								-

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

13 FAIR VALUE MEASUREMENT

In accordance with AASB 13, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant standards, are categorised into 3 levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and, Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable data)

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(a) Financial Assets and Liabilities

The Council has no financial assets and liabilities measured at fair value as at 30 June 2014.

(b) Non-Financial Assets

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2014				
Buildings & Infrastructure		29,703,352		
30 June 2013				
Buildings & Infrastructure		30,679,794		

Buildings and infrastructure

The fair values of the Buildings and Infrastructure are estimated using a market approach which uses prices and other market data derived from observed transactions for the same or similar assets. Assets used by not for profit and public sector entities, which also have a commercial use, are likely to be valued based on observable market values considering the highest and best use requirements of AASB 13. The buildings and infrastructure used for a public service or as an administration building by a government agency in close proximity to other offices used for commercial purposes would be competing with commercial users for that office space within the market. As a result these properties' fair value could be determined based on sales of comparable buildings.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

14 Related party transactions

a Responsible Persons

Names of person holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Lynette De Santis Barry Puruntatameri Emmanuel Rioli Pirrawayingi Puruntatameri Peter Rioli John Naden Leslie Tungutalum Crystal Johnson Brian Tipungwuti	Wokai Bourke Gawin Tipiloura Andrew Tipungwuti
Chief Executive Officer	Alan Hudson	

At the date of this report, the Council had been stood down and the Chief Executive Officer has ceased employment with the Council.

b Remuneration of Responsible Persons

The aggregate compensation made to responsible persons and other members of key management personnel is set out below:

	2014	2013
	\$	\$
Short term employee benefits	493,615	492,044

c No retirement benefits have been made by the Council to a Responsible Person.

d No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year 2013/14.

e No transactions other than remuneration payment or reimbursement of approved expenses were entered into by the Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year 2013/14.

f Investment in Councilbiz

CouncilBiz was incorporated as a Local Government subsidiary on 10 June 2008. Members of CouncilBiz include the Local Government Association of the Northern Territory and eight Regional councils, including Tiwi Islands Regional Council. CouncilBiz provides IT services to the councils. Upon the incorporation of CouncilBiz, the Council made an initial funding contribution to CouncilBiz of \$50,000. Under the terms and conditions of CouncilBiz's constitution, the debts and liabilities of CouncilBiz are guaranteed by the members in equal shares or on the basis of the formula agreed by the members. Upon the dissolution of CouncilBiz, the amount that remains after such dissolution and the settlement of all debts and liabilities shall be transferred to another organisation with a similar purpose as agreed to by the members and which has rules prohibiting the distribution of assets and income to its members. As the Council will not realise any returns from its funding contribution to CouncilBiz, the Council expensed the \$50,000 when it was incurred.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

14 Related party transactions (contd)

g Contingent liabilities arising from interest in joint venture

Under the terms and conditions of the Constitution of CouncilBiz, the Council and other members have guaranteed the debts and liabilities of CouncilBiz. As at 30 June 2014, the amount of the obligation cannot be measured with sufficient reliability, and has not been recognised in the accounts.

	2014 \$	2013 \$
15 Auditor's Remuneration		
Amounts received or due and receivable by the auditors of Tiwi Islands Regional Council	Auditors	Auditors
- Audit or review services	54,405	54,825
- Other Services	-	-
Total Remuneration	<u>54,405</u>	<u>54,825</u>

16 Events after the reporting period

At the date of this report, the Council is currently under the management of an official manager appointed by the Minister for Local Government. The official manager is currently examining the affairs and financial position of the Council and preparing a report to the Minister on the operations of the Council. A new Chief Executive Officer has also been appointed.