



**TIWI ISLANDS REGIONAL COUNCIL
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2017**

TIWI ISLANDS REGIONAL COUNCIL

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Independent auditor's report to the members of Tiwi Islands Regional Council

Disclaimer of Opinion

We were engaged to audit the accompanying financial report of Tiwi Islands Regional Council ("the Council"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's certification.

We do not express an opinion on the accompanying financial report of the Council. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Basis for Disclaimer of Opinion

1. We were unable to obtain sufficient and appropriate documentary evidence to support the following balances in the statement of financial position as at 30 June 2017 as the Council was unable to provide information concerning these balances in the financial report:

- Inventories of \$405,886 under Other Assets in the statement of financial position as at 30 June 2017;
- Unexpended grants of \$1,481,339 in the statement of financial position as at 30 June 2017.

We were also unable to perform alternative procedures concerning the inventory balance and unexpended grants as at 30 June 2017.

2. We were unable to obtain sufficient and appropriate evidence over Property Plant and Equipment which includes prescribed buildings of \$16,558,525 and prescribed infrastructure of \$2,717,489, both of which are carried 'at revaluation' within Note 8 to the financial statements. As no independent valuations have been obtained on these assets, we were unable to determine if their carrying values reflect current market conditions.

3. We have been unable to confirm the completeness of information provided regarding the related party transactions. As such, our audit testing for the amounts disclosed within Note 17 were limited to the amounts recorded in the financial records.

As a result of these matters, we were unable to determine whether any adjustments might have found necessary in respect of inventory and unexpended grant balances, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Emphasis of Matter Regarding Going Concern

Without further modifying our opinion, we draw attention to Note 1 Economic Dependency and Going Concern in the financial report which indicates that the Council incurred an operational deficit after depreciation of \$2,371,795 for the year ended 30 June 2017 (2016: Deficit of \$308,149). At the date of this report, the Council has and is undertaking reforms in relation to its operations and governance to improve its cash requirements and financial position. The future operations of the Council depend upon the continued funding from government, the outcome and the successful implementation of the reforms, and its ability to source other funds to address its net current liabilities position and negative cash flow position. As the outcome of the reforms is not yet determinable and along with the other matters set forth in Note 1 Economic Dependency and Going Concern, there exists a material uncertainty that may cast significant doubt on the Council's ability to continue as a going concern and therefore the Council may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 2008, and have determined the accounting policies used as described in Note 1 are appropriate to meet the needs of the Council. The Chief Executive Officer is also responsible for controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the Council's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Council in accordance with the independence requirements of the Australian professional accounting bodies. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

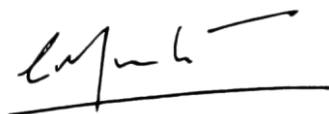
Report on Legal and Regulatory Requirements

We report the following instances of non-compliance with the Local Government Act and the Local Government (Accounting) Regulations:

- The financial statements do not include information as required under
 - Part 7 Section 15(2)(a) of the Local Government (Accounting) Regulations which requires details of rates levied for the financial year;
- The audit for the year ended 30 June 2017 was not completed and the audited financial statements were not submitted to the Northern Territory Grants Commission, on or before 15 November 2017 as required by Part 7 Section 17(1)(a) of the Local Government (Accounting) Regulations;
- The Council has not developed nor maintained a long-term financial plan, as required by Section 126 of the Local Government Act;
- The Council has not established and maintained a fraud protection plan, as required by Section 10 of the Local Government Act (Accounting) Regulations.

Merit Partners

Merit Partners



MunLi Chee
Director

Darwin

24 November 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

I, Marion Scrymgour, the Chief Executive Officer of the Tiwi Islands Regional Council, certify that the Annual Financial Statements:

- a) Have been, to the best of my knowledge, information and belief, properly drawn up in accordance with all applicable Australian Accounting Standards, the Local Government Act and the Local Government (Accounting) Regulations (with the exception of those matters described in the modified audit report) so as to present fairly the financial position of the Council for the year ended 30 June 2017 and its results for the year then ended; and
- b) Are in accordance with the accounting and other records of the Council.

Signed by:



Date:

24/11/17

Marion Scrymgour
Chief Executive Officer



TIWI ISLANDS REGIONAL COUNCIL

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
REVENUE			
Grants and contributions provided for operating purposes	3e	7,961,781	8,903,934
Other Operating Revenue	3d	2,358,188	1,286,122
User Charges and Fees	3b	1,239,233	1,435,857
Rates and Annual Charges	3a	1,390,902	1,170,976
Interest Revenue	3c	32,966	28,565
Contributions and Donations	3f	3,100	1,000
TOTAL REVENUE		12,986,170	12,826,454
 EXPENSES			
Employee Costs	4a	7,848,755	7,159,782
Materials and Contracts	4e	5,201,894	3,489,236
Interest Charges	4b	6,105	5,620
(Profit)/Loss from Disposal of assets	4f	(27,214)	(23,865)
Other Operating Expenses	4d	584,804	632,711
TOTAL EXPENSES		13,614,344	11,263,484
 SURPLUS/(DEFICIT) BEFORE DEPRECIATION AND CAPITAL GRANTS		(628,174)	1,562,970
 Grants & Contributions provided for: Acquisition of assets (Capital Grants Revenue)	 3e	 324,542	 275,638
 OPERATIONAL SURPLUS/(DEFICIT) BEFORE DEPRECIATION AND ASSET CLASSIFICATION		 (303,632)	 1,838,608
 Depreciation	 4c	 2,068,163	 2,146,757
 DEFICIT BEFORE INCOME TAX EXPENSE		 (2,371,795)	 (308,149)
 Income Tax Expense		 -	 -
 TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		 (2,371,795)	 (308,149)

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 2017

	Notes	2017	2016
CURRENT ASSETS		\$	\$
Current Operating Accounts & Cash on Hand	5, 10a	3,495,555	3,101,257
Trade and Other Receivables	6	588,019	297,160
Other Assets	7	434,495	345,658
TOTAL CURRENT ASSETS		4,518,069	3,744,075
NON CURRENT ASSETS			
Buildings Prescribed	8a&b	16,558,525	17,864,878
Infrastructure Prescribed	8a&b	2,717,489	2,904,948
Plant	8a&b	1,083,310	1,252,443
Equipment	8a&b	193,096	183,695
Motor Vehicles	8a&b	373,288	351,073
Work in Progress	8a&b	125,322	107,920
TOTAL NON CURRENT ASSETS		21,051,030	22,664,957
TOTAL ASSETS		25,569,099	26,409,032
CURRENT LIABILITIES			
Trade and Other Payables	9a	929,940	1,465,655
Current Provisions	9c	852,771	899,926
Other Current Liabilities	9b	1,739,687	22,729
Unexpended Grant Liability	9b	1,481,339	1,118,635
TOTAL CURRENT LIABILITIES		5,003,737	3,506,945
NON CURRENT LIABILITIES			
Non Current Provisions	9d	257,426	222,356
Non Current Borrowings	9e	666,667	666,667
TOTAL NON CURRENT LIABILITIES		924,093	889,023
TOTAL LIABILITIES		5,927,830	4,395,968
NET ASSETS		19,641,269	22,013,064
EQUITY			
Total Equity		19,641,269	22,013,064
TOTAL EQUITY		19,641,269	22,013,064

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 2017

	Note	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2015		(9,679,577)	31,965,790	35,000	22,321,213
Deficit for the year		(308,149)	-		(308,149)
Transfers between equity		(126,571)	-	126,571	-
Balance at 30 June 2016		(10,114,297)	31,965,790	161,571	22,013,064
Deficit for the year		(2,371,795)	-	-	(2,371,795)
Transfers between equity	16	(11,292)	-	11,292	-
Balance at 30 June 2017		(12,497,384)	31,965,790	172,863	19,641,269

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 2017

	Notes	2017	2016
Cash Flows from Operating Activities		\$	\$
<i>Receipts</i>			
Receipts from rates & annual charges		1,355,496	1,190,195
Receipts from user charges & fees		1,239,233	1,435,857
Interest received		32,966	28,565
Grants & contributions		8,289,424	9,180,572
Other operating receipts		2,102,734	1,215,666
		13,019,853	13,050,855
<i>Payments</i>			
Payments to employees		7,860,839	7,418,395
Payments for materials & contracts		3,655,691	2,560,418
Payments of interest		6,105	5,621
Other operating payments		675,898	686,876
		12,198,533	10,671,310
Net Cash Flows generated from/(used in) Operating Activities	10b	821,320	2,379,545
 Cash Flows from Investing Activities			
<i>Receipts</i>			
Proceeds from sale of assets		73,923	116,571
		73,923	116,571
<i>Payments</i>			
Purchase of assets		500,945	467,409
		500,945	467,409
Net Cash Flows (used in)/generated from Investing Activities		(427,022)	(350,838)
 Cash Flows from Financing Activities			
<i>Payments</i>			
Repayment of Borrowings		-	-
		-	-
Net Cash Flows used in Financing Activities		-	-
 NET INCREASE/(DECREASE) IN CASH HELD		394,298	2,028,707
Cash at Beginning of Reporting Period		3,101,257	1,072,550
Cash at End of Reporting Period	10a	3,495,555	3,101,257

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 2017

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 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 financial report has been prepared on the going concern basis, which assumes that the Council will be able to realise its assets and discharge its liabilities in the normal course of business.

The Council has an operational deficit before depreciation of \$303,632 for the year ended 30 June 2017 (2016: operational surplus before depreciation of \$1,838,608). After depreciation, the Council recorded a deficit for the year of \$2,371,795 (2016: Deficit of \$308,149).

The ability of the Council to continue as a going concern is dependent on its ability to implement the following:

- Appropriately cost contracts and agreements taking indirect costs into consideration;
- Establish robust budgets and manage financial performance in line with those budgets;
- Enhance internal financial processes to enable effective debt recovery;
- Ensure that corporate cost structures are financially efficient and funded from current year operations; and
- Investigate other opportunities for self-generated income.

The Council is dependent on Government funding for the majority of its revenue used to operate the business. The future operations of the Council depend upon the continued funding from the Government, the outcome and the successful implementation of the above reforms. As the outcome of the reforms is not yet determinable and due to the other matters set forth above, there exists material uncertainty that may cast significant doubt on the Council's ability to continue as a going concern and therefore the Council may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the date of this report, the Council members have no reason to believe the Government will not continue to support the Council and, acknowledging the uncertainly disclosed above, are of the opinion that the Council will be able to continue as a going concern for the ensuing 12 months from the date of this report.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

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.

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.

Future Australian Accounting Standard Requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ended 30 June 2017. 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.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

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 Council 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 Council 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.

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 instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less impairment.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

(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.

(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 Council'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.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

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.

Land under Roads

As the Council does not own any land, the 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 - 25 Years
Plant and Equipment	1 - 25 Years
Motor Vehicles	3 - 5 Years

Valuation

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

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

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 the 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 Council in respect of services provided by the employees up to reporting date.

(iv) Superannuation

The Council pays fixed contributions into independent entities in relation to the nominated accounts by individual employees. The Council has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

(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.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1. Summary of Accounting Policies (Cont.)

Budget Information

Note 2(a) provides budget information of revenues and expenditure of each of the major activities of the Council.

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

As required by Section 15 (d) of *the Local Government (Accounting) Regulations*, the income derived from each function, the expenditure that can be reliably attributed to each function and the comparison between the budgeted and actual result for the financial year for each Council function are as follows:

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

2a Functions (Cont.)	01 General Public Services		02 Public Order & Safety		03 Economic Affairs		04 Environmental Protection		05 Housing	
	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual
OPERATING REVENUES										
Income Rates General	872,417	887,405	-	-	-	-	-	-	-	-
Income Rates Waste	-	-	-	-	-	-	506,196	503,497	-	-
Income Council Fees and Charges	225,750	265,657	-	-	822,051	746,088	11,404	14,327	299,033	206,038
Income Operating Grants Subsidies	2,044,795	1,707,190	1,297,046	1,028,256	3,704,957	3,466,763	-	-	413,474	27,934
Income Investments	24,000	27,266	-	3,839	-	-	-	-	-	-
Income Contributions Donations	-	-	-	-	-	-	-	-	-	-
Income Reimbursements	121,744	128,108	-	9,461	-	-	-	-	-	273
Income Agency & Commercial Serv	796,568	698,122	-	136	2,277,839	1,164,207	2,805	2,805	162,256	196,467
Income Capital Grants	-	114,146	-	-	-	210,396	-	-	246,000	-
Inc Sale of Assets	-	66,724	-	7,199	-	-	-	-	-	-
TOTAL REVENUES	4,085,274	3,894,618	1,297,046	1,048,891	6,804,847	5,587,454	520,405	520,629	1,120,763	430,712
OPERATING EXPENSES										
Employee Expenses	5,103,473	4,611,993	855,163	671,398	498,345	797,546	-	-	646,140	715,952
Contract and Material Expenses	1,961,786	893,055	60,943	16,627	3,855,115	1,888,312	1,000	2,856	899,190	436,866
Utility expenses	128,823	94,820	33,005	25,487	50,092	87,222	-	-	70,760	66,595
Fuel Expenses	401,700	400,971	10,000	-	-	16,433	-	-	50,000	39,338
Finance Expenses	5,296	6,105	-	-	-	-	-	-	-	-
Communication Expenses	320,152	353,374	6,300	238	29,336	67,254	1,700	860	18,890	35,965
Depreciation	2,103,724	2,068,163	-	-	-	-	-	-	-	-
Asset Expense	3,000	46,709	-	-	-	-	-	-	-	-
Training	96,490	20,157	71,000	59,671	2,000	2,196	-	-	1,500	1,849
Travel and Accommodation	123,623	104,960	25,789	6,471	4,750	53,239	-	-	900	5,193
Councillor/ Local Authority exp	334,145	314,901	-	-	-	-	-	-	-	-
Miscellaneous Expenses	555,135	416,418	15,107	1,942	111,145	31,529	3,206	3,945	31,000	857
TOTAL EXPENSES	11,137,347	9,331,626	1,077,307	781,834	4,550,783	2,943,731	5,906	7,661	1,718,380	1,302,615
NET SURPLUS / (DEFICIT)	(7,052,073)	(5,437,008)	219,739	267,057	2,254,064	2,643,723	514,499	512,968	(597,617)	(871,903)
NET CARRYING VALUE OF ASSETS	-	6,961,560	-	134,034	-	1,413,214	-	131,628	-	6,107,249

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

2a Functions (Cont.)	06 Health		07 Recreation, Culture and Religion		08 Education		09 Social Protection		Total	
	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual
OPERATING REVENUES										
Income Rates General	-	-	-	-	-	-	-	-	872,417	887,405
Income Rates Waste	-	-	-	-	-	-	-	-	506,196	503,497
Income Council Fees and Charges	-	-	1,563	6,473	-	650	-	-	1,359,801	1,239,233
Income Operating Grants Subsidies	-	-	852,840	603,603	403,258	244,506	1,376,744	883,529	10,093,114	7,961,781
Income Investments	-	-	-	1,598	-	254	-	9	24,000	32,966
Income Contributions Donations	-	-	-	3,100	-	-	-	-	-	3,100
Income Reimbursements	-	-	-	45	-	-	-	2,000	121,744	139,887
Income Agency & Commercial Serv	-	-	-	389	139,000	153,308	-	2,867	3,378,468	2,218,301
Income Capital Grants	-	-	-	-	-	-	-	-	246,000	324,542
Inc Sale of Assets	-	-	-	-	-	-	-	-	-	73,923
TOTAL REVENUES	-	-	854,403	615,208	542,258	398,718	1,376,744	888,405	16,601,740	13,384,635
OPERATING EXPENSES										
Employee Expenses	-	-	441,609	300,079	277,675	159,743	686,497	592,044	8,508,902	7,848,755
Contract and Material Expenses	-	36,235	137,107	54,522	59,492	24,150	121,369	65,895	7,096,002	3,418,518
Utility expenses	-	-	47,503	73,001	6,691	3,793	49,700	35,044	386,574	385,962
Fuel Expenses	-	-	-	-	-	-	-	-	461,700	456,742
Finance Expenses	-	-	-	-	-	-	-	-	5,296	6,105
Communication Expenses	-	372	3,361	3,558	4,000	1,641	4,352	2,990	388,091	466,252
Depreciation	-	-	-	-	-	-	-	-	2,103,724	2,068,163
Asset Expense	-	-	-	-	-	-	-	-	3,000	46,709
Training	-	-	11,705	13,630	3,000	-	19,000	3,865	204,695	101,368
Travel and accommodation	-	-	6,900	11,226	8,111	5,961	33,582	435	203,655	187,485
Councillor/ Local Authority exp	-	-	-	-	-	-	-	-	334,145	314,901
Miscellaneous Expenses	-	-	115,576	342	567	380	8,960	57	840,696	455,470
TOTAL EXPENSES	-	36,607	763,761	456,358	359,536	195,668	923,460	700,330	20,536,480	15,756,430
NET SURPLUS / (DEFICIT)	-	(36,607)	90,642	158,850	182,722	203,050	453,284	188,075	(3,934,740)	(2,371,795)
NET CARRYING VALUE OF ASSETS	-	-	-	4,593,138	-	1,355,595	-	229,290	-	20,925,708

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 2017

	2017	2016
	\$	\$
3. Operating Revenue		
a RATES AND CHARGES		
<u>Ordinary Rates</u>		
General Rates	887,405	754,598
Total Ordinary Rates	887,405	754,598
<u>Annual Charges</u>		
Domestic Waste Charges	503,497	416,378
Total Annual Charges	503,497	416,378
Total Rates & Annual Charges	1,390,902	1,170,976
b USER CHARGES & FEES		
User Charge Fee Income	811,386	750,992
Property Lease Rental Fee Income	329,103	331,711
Equipment Hire Income	78,364	337,094
Other Charges & Fees	20,380	16,060
Total User Charges & Fees	1,239,233	1,435,857
c INTEREST		
Interest on Investments	32,966	28,565
Total Interest Revenue	32,966	28,565
d OTHER OPERATING REVENUE		
Reimbursements	135,976	107,327
Service Fee Income	2,434	3,528
Sales Income	748,198	705,976
Contract Fees	1,422,249	384,419
Employment Related Outcome Payments	3,250	-
Other Operating Revenue	46,081	84,872
Total Other Operating Revenues	2,358,188	1,286,122
e GRANTS		
<u>Commonwealth Special Purpose Funding</u>		
Jirnanani Day Care Centre	310,667	775,868
Child Services Pirlangimpi	126,014	277,552
Pirlangimpi School Meals Program	104,911	104,911
Creche Milikapiti	200,000	200,000
After School Care Wurrumiyanga	111,571	391,390
After School Care Pirlangimpi	68,846	217,718
After School Care Milikapiti	57,580	191,785
Community Safety Regional	1,053,626	1,053,626
ISRP - Indigenous Sport & Recreation Program Regional	345,000	345,000
ISRP - Jobs Creation Package Regional	-	-
NT Jobs Packages (Broadcasting) Regional	89,849	89,849
Roads (R2R)	1,567,384	963,570
NAIDOC Activities	8,000	12,790
Remote Aviation Programmes	-	53,905
Total Commonwealth Special Purpose Funding	4,043,448	4,677,964

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
3. Operating Revenue (Cont.)		
<u>Operational Funding</u>		
NT FAA Operating Grant	1,333,387	1,263,612
FAA Roads	938,781	942,281
General Purpose	429,598	413,470
Total Operational Funding	2,701,766	2,619,363
<u>NT Special Purpose Funding</u>		
Youth Diversion Scheme	225,000	225,000
Active Remote Communities Sport & Recreation Regional	127,000	107,000
Library	63,165	63,165
Outstations Essential Services	64,619	337,661
Outstations Converted Jobs Program	-	60,728
Matching Funds Salary Income	531,000	531,000
Outstations Housing Maintenance	27,934	149,577
NTDRP – Milikapiti Rec Hall Community Shelter	-	-
Homelands Extra Allowance	-	67,600
Family as First Teachers DET	271,227	263,636
Road Reseal Project Wurrumiyanga - Consultancy (Phase 1)	-	27,126
Imparja Cup	-	-
Foreshore Drain Wurrumiyanga	-	200,000
Australia Day	1,363	1,091
Family Nutrition Project- Wurrumiyanga	-	25,000
Early Intervention Youth Boot Camp	18,422	-
BNT Women's Basketball	-	-
Local Authorities Wurrumiyanga	219,206	219,206
Local Authorities Pirlangimpi	55,334	55,334
Local Authorities Milikapiti	69,004	69,004
Regional & Remote Communities	24,000	-
HSTAC	10,640	-
NDRRA – Paru Road	-	-
NDRRA – 17 Mile Bend	-	-
Seniors Month	-	-
Talent Quest & Karaoke Night Pirlangimpi	-	-
Imparja Substance Abuse Video	-	-
Keep Australia Beautiful – Recycling	-	-
Refurbish Aerodrome Ablution Blocks	-	82,036
MESSPG – Paru Pontoon	-	31,393
MESSPG – Paru Water Tank	-	43,636
MESSPG – Telecommunications Repeaters	-	45,000
MESSPG – Tank Stand Takaprimili	-	32,506
Total NT Special Purpose Funding	1,707,914	2,636,699
Current Operating Funding Total	8,453,128	9,934,026

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
3. Operating Revenue (Cont.)		
<u>Prior Year Grants Brought Forward Operating</u>		
Outstations Converted Jobs Program	-	59,269
CTG - Wurrumiyanga Pool	-	7,546
Community Safety Training Regional	-	67,000
Pirlangimpi OSHC	27,457	-
Community Safety – Operational	149,824	-
ISARP – Sport for Life	38,414	-
Milikapiti Creche	8,851	-
Active Remote Communities Sport & Recreation Regional	20,000	-
Total Prior Year Operating Grants	244,546	133,815
<u>Operating Grant Liability</u>		
Creche Milikapiti	-	(8,851)
Child Services Pirlangimpi	-	(29,119)
After School Care Wurrumiyanga	-	(157,032)
After School Care Pirlangimpi	-	(94,125)
After School Care Milikapiti	-	(101,738)
Pirlangimpi School Meals Program	(55,224)	(27,457)
ISARP - Sport for Life	(34,655)	(38,414)
Jirnani Day Care Centre	-	(97,009)
Community Safety Regional	(379,547)	(149,824)
Active Remote Communities Sport & Recreation Program	(35,570)	(40,660)
Outstations Municipal & Essential Services	-	(132,394)
Outstations Housing Maintenance	-	(85,520)
NAIDOC Week	(2,320)	(3,643)
Youth Diversion	(32,959)	(21,308)
NT Jobs Package Culture & Support	(38,121)	(30,394)
Outstations Converted Jobs Program	-	(85,133)
Road Reseal Consultancy Wurrumiyanga	-	(296)
Roads (R2R)	-	(60,990)
Families as First Teachers	(103,864)	-
Regional & Remote Communities	(2,523)	-
MESSPG – Telecommunications Repeaters	(45,000)	-
Early Intervention Youth Boot Camp	(6,110)	-
Total Operating Grant Liability	(735,893)	(1,163,907)
TOTAL OPERATIONAL FUNDING	7,961,781	8,903,934
NT Capital Funding		
SPG - 10 cubic metre tipper truck	-	166,600
SPG - 12 cubic metre garbage truck	216,559	-
SPG – 2 x tractors with slashers & 4 x ride on mowers	114,146	-
NT Capital Funding Total	330,705	166,600

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
3. Operating Revenue (Cont.)		
Prior Years Capital Funding		
Community Safety Regional	-	139,232
Total Prior Years Capital Grant Funding	<u>-</u>	<u>139,232</u>
Capital Grant Liability		
Caterpillar Dozer	-	(30,194)
SPG – 10m3 Tipper	(6,163)	-
Total Capital Grant Liability	<u>(6,163)</u>	<u>(30,194)</u>
TOTAL CAPITAL FUNDING	<u>324,542</u>	<u>275,638</u>
TOTAL GRANTS	<u>8,286,323</u>	<u>9,179,572</u>
f CONTRIBUTIONS & DONATIONS		
Cash Donations	3,100	1,000
	<u>3,100</u>	<u>1,000</u>
4. Operating Expenses		
a EMPLOYEE COSTS		
Wages and Salaries	6,035,374	5,484,792
Annual Leave and Long Service Leave Movements	1,077,504	1,017,717
Superannuation	657,098	604,950
FBT	21,154	64,876
Workers Compensation	50,100	(33,393)
Relocation/Recruitment	7,525	20,839
Other Employee Related Expenses	-	1
TOTAL EMPLOYEE COSTS	<u>7,848,755</u>	<u>7,159,782</u>
b INTEREST CHARGES		
Bank Fees	6,105	5,620
Total Interest Charges	<u>6,105</u>	<u>5,620</u>
c DEPRECIATION & AMORTISATION		
Depreciation		
Buildings Depreciation	1,306,353	1,306,352
Infrastructure	241,741	246,719
Plant and Machinery Depreciation	286,875	290,406
Equipment Depreciation	66,337	76,717
Motor Vehicles Depreciation	166,857	226,563
Total Depreciation	<u>2,068,163</u>	<u>2,146,757</u>

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

	2017	2016
	\$	\$
4. Operating Expenses (Cont.)		
d OTHER OPERATING EXPENSES		
Council Chairman's Allowance	92,728	72,192
Councillor Allowance Expenses	213,133	176,400
Local Authority Allowances	9,040	12,184
Electoral Commission Expenses	-	-
Insurance	269,903	371,935
Other Operating Expenses	-	-
Total Other Operating Expenses	584,804	632,711
e MATERIALS & CONTRACTS		
Accounting Fees	77,136	72,917
Provision for Doubtful Debts	-	(393)
Communication Expenses	98,369	142,200
Consultants & Legal Expenses	99,547	177,207
Contract Labour	1,549,105	165,153
Contract Materials	5,348	30,894
Electricity	162,989	191,659
Freight	236,157	193,984
Fuel & Oil Motor Vehicles	456,742	414,179
Gas Expenditure	1,656	5,339
Material Expenditure	1,288,788	952,250
Operating Lease Expenses	233,149	246,038
Software/Internet/Support	349,544	321,840
Travel/Accommodation/Training	288,853	156,510
Other Materials & Contracts	354,511	419,459
Total Materials & Contracts	5,201,894	3,489,236
f LOSS ON DISPOSAL OF ASSETS		
Net (Profit)/ Loss from Disposal of assets	(27,214)	(23,865)
Total (Profit)/Loss from Disposal of assets	(27,214)	(23,865)
5. Cash and Investments		
CASH		
Current Operating Accounts & Cash on Hand	3,495,555	3,101,257
TOTAL CASH	3,495,555	3,101,257
Restricted Cash		
Bathurst Island Oval Upgrade ABA – Portable Stage	-	89,392
Night Patrol Regional	-	206,232
Reseal Wurrumiyanga Roads	1,117,520	748,604
Remote Aviation Programs	-	37,377
Foreshore Drain Wurrumiyanga	83,891	87,831
SPG – 10m3 Tipper	-	166,600
SPG Re-Branding Regional Council	590	3,934

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

	2017	2016
	\$	\$
5. Cash and Investments (Cont.)		
Homelands Extra Allowance	42,326	43,529
HMP Fencing Program	99,753	113,289
Local Authorities – Wurrumiyanga	431,633	382,117
Local Authorities - Pirlangimpi	88,265	60,174
Local Authorities – Milikapiti	154,333	123,408
Strengthening Local Authorities Fund	25,614	111,489
Refurbish Aerodrome Ablution Blocks	41,702	82,036
MESSPG – Paru Pontoon	31,393	31,393
MESSPG – Paru Water Tank	40,449	43,636
MESSPG – Telecommunications Repeaters	-	45,000
MESSPG – Tank Stand Takaprimil	32,506	32,506
SPG – 12m3 Garbage Truck	216,223	-
SPG – 2 x Tractors/Slashers & 4 x Ride-on Mowers	114,146	-
Total Restricted Cash	2,520,344	2,408,547
Total Unrestricted	975,211	692,710
Total Cash Available	3,495,555	3,101,257

6. Current Assets - Receivables

Rates & Annual Charges	309,952	274,547
GST Receivables	51,926	52,264
Accrued Income	22,820	2,552
Other Receivables	461,355	225,831
Less Provision for Doubtful Debts	(258,034)	(258,034)
TOTAL RECEIVABLES	588,019	297,160

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 2017 is detailed below:

Not past due	485,154	151,417
Past due 31-60 days	18,743	19,958
Past due 61-90 days	7,456	1,283
Past due 91 days	334,700	382,536
Total Gross Trade Receivables	846,053	555,194

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

	2017	2016
	\$	\$
6. Current Assets – Receivables (Cont.)		
b Impaired receivables		
As at 30 June 2017, receivables with a nominal value of \$258,034 were impaired (2016: \$258,034). 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:		
Not past due	-	-
Past due 31-60 days	-	-
Past due 61-90 days	784	-
Past due 91 days	257,250	258,034
Total Impaired Receivables	258,034	258,034
Movements in the provision for impairment are as follows		
Balance at beginning of year	(258,034)	(258,034)
Amounts written off during the year	-	-
Provision for impairment recognised during the year	-	-
Reversal of provision for impairment	-	-
Balance at end of year	(258,034)	(258,034)
As at 30 June 2017, current receivables of the Council with a nominal value of \$102,865 (2016: \$145,742) 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	18,743	19,957
Past due 61-90 days	6,672	1,283
Past due 91 days	77,450	124,502
Total Receivables	102,865	145,742
7 Other Assets		
Inventories:		
Fuel Stock	75,149	24,102
Stores and Material	330,737	321,556
Prepayments	28,609	-
TOTAL OTHER ASSETS	434,495	345,658

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
8. Property Plant & Equipment		
a Gross carrying amount and accumulated depreciation		
Prescribed Buildings - at revaluation	25,512,578	25,512,578
Less: Accumulated Depreciation and Impairment	(8,954,053)	(7,647,700)
Total	16,558,525	17,864,878
Plant and Machinery - at cost	3,089,107	3,030,418
Less: Accumulated Depreciation and Impairment	(2,005,797)	(1,777,975)
Total	1,083,310	1,252,443
Equipment - at cost	558,888	483,150
Less: Accumulated Depreciation and Impairment	(365,792)	(299,455)
Total	193,096	183,695
Motor Vehicles - at cost	1,428,415	1,434,645
Less: Accumulated Depreciation and Impairment	(1,055,127)	(1,083,572)
Total	373,288	351,073
Prescribed Infrastructure - at revaluation	4,361,958	4,307,676
Less: Accumulated Depreciation and Impairment	(1,644,469)	(1,402,728)
Total	2,717,489	2,904,948
Work in Progress	125,322	107,920
Total	125,322	107,920
Total Property, Plant and Equipment	21,051,030	22,664,957
b Movements in carrying amounts		
Buildings		
Buildings - at Written Down Value	17,864,878	19,171,231
Plus: Revaluation	-	-
Plus: Acquisitions	-	-
Less: Sold/Written Off	-	-
Less: Depreciation	(1,306,353)	(1,306,353)
Total	16,558,525	17,864,878
Plant and Machinery		
Plant and Machinery - at Written Down Value	1,252,443	1,356,608
Plus: Acquisitions	160,437	254,189
Less: Sold/Written Off	(42,695)	(67,948)
Less: Depreciation	(286,875)	(290,406)
Total	1,083,310	1,252,443

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
8. Property Plant & Equipment (Cont.)		
Equipment		
Equipment - at Written Down Value	183,695	179,221
Plus: Acquisitions	75,738	81,191
Less: Sold/Written Off	-	-
Less: Depreciation	(66,337)	(76,717)
Total	193,096	183,695
Motor Vehicles		
Motor Vehicles at Written Down Value	351,073	363,268
Plus: Acquisitions	193,085	239,124
Less: Sold/Written Off	(4,013)	(24,756)
Less: Depreciation	(166,857)	(226,563)
Total	373,288	351,073
Prescribed Infrastructure		
Infrastructure - at Written Down Value	2,904,948	3,144,480
Plus: Acquisitions	54,283	7,186
Less: Sold/Written Off	-	-
Less: Depreciation	(241,742)	(246,718)
Total	2,717,489	2,904,948
Work in Progress		
Opening Balance	107,920	222,202
Disposals	-	-
Additions	500,945	467,409
Capitalisation	(483,543)	(581,691)
Total	125,322	107,920
TOTAL - All Non-Current Assets	21,051,030	22,664,957
9. Trade and Other Payables, Provisions & Borrowings		
a Trade and Other Payables		
Goods & Services	722,057	1,228,532
Employee Related	138,468	101,559
GST Payable	70,324	140,298
Credit Cards Payable	(909)	(4,734)
Other Creditors	-	-
Total Trade and Other Payables	929,940	1,465,655
b Other Current Liabilities	1,739,687	22,729
Unexpended Grant Liability	1,481,339	1,118,635
	3,221,026	1,141,364
TOTAL TRADE AND OTHER PAYABLES AND OTHER LIABILITIES	4,150,966	2,607,019

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
9. Trade and Other Payables, Provisions & Borrowings (Cont.)		
c <u>Provision - Current</u>		
Annual Leave	704,242	727,204
Current Long Service Leave	148,529	172,722
Total Current Provisions	852,771	899,926
d <u>Provisions - Non Current</u>		
Long Service Leave	257,426	222,356
Total Non-Current Provisions	257,426	222,356
TOTAL PROVISIONS	1,110,197	1,122,282
e <u>Borrowings (Unsecured)</u>		
Non Current Borrowings	666,667	666,667
TOTAL BORROWINGS	666,667	666,667
TOTAL TRADE AND OTHER PAYABLES, PROVISIONS & BORROWINGS	5,927,830	4,395,968

10. Statement of Cash Flows

a Reconciliation of Cash		
Cash on hand and at Bank	337,947	157,019
Cash Management Account	3,157,608	2,944,238
Balances as per Statement of Cash Flow	3,495,555	3,101,257
b Reconciliation of Change in Net Assets to Cash from Operating Activities		
Change in net assets after operations	(2,371,795)	(308,149)
Add:		
Depreciation and Amortisation	2,068,163	2,146,757
Increase in Trade Creditors	-	746,660
Increase in Other Current Liabilities	2,079,662	164,474
	1,776,030	2,749,742
Less:		
Decrease in Trade Creditors	535,716	-
Decrease in Provisions	12,084	258,613
Increase in Trade and Other Receivables	290,859	51,237
Increase in Prepayments	28,609	-
Increase in Stock	60,228	36,482
Profit on Sale of Fixed Assets	27,214	23,865
	954,710	370,197
Net Cash generated from/(used in) operating activities	821,320	2,379,545

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

	2017	2016
	\$	\$
11 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	245,143	256,998
Later than one year and not later than 5 years	860,495	846,219
Later than 5 years	2,246,769	2,448,226
Total	3,352,407	3,551,443
12 Commitments for Expenditure		
The Council has entered into contracts for future capital expenditure which are not provided in the financial statements. These commitments are for motor vehicles as follows:		
Not later than one year	238,763	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	238,763	-
13 Grants & Contributions with Conditions		
Grant and Contributions that were obtained on the condition that they be expended on specific purposes but which are not yet expended in accordance with those conditions, are as follows:		
Grant Liability from 10/11 Funding Year		
CIGP – Miscellaneous Repairs to Bores	545	545
10/11 Grant Liability Total	545	545
Grant Liability from 11/12 Funding Year		
Community Fitness	1,249	1,249
Cape Forcroy Road	46,240	46,240
11/12 Grant Liability Total	47,489	47,489
Grant Liability from 12/13 Funding Year		
Child Care Pirlangimpi	95	95
Art JCP	-	11,077
SPG – Bunded Fuel Tanks Milikapiti	2,392	2,392
12/13 Grant Liability Total	2,487	13,564
Grant Liability from 13/14 Funding Year		
ISARP – Jobs Creation Package	109,097	109,097
NAIDOC Week	5,664	5,664
Active Remote Communities	30,653	30,653
Active Remote Communities – Variation Money	2,005	2,005
Install Cricket Pitch	201	201
13/14 Grant Liability Total	147,620	147,620

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

	2017	2016
	\$	\$
13 Conditions Over Grants & Contributions (Cont.)		
Grant Liability from 14/15 Funding Year		
ISARP – Jobs Creation Package	51,874	51,874
Regional Night Patrol	4,042	12,949
Child Care Jirnani	-	2,978
Youth Diversion Unit	21,884	21,884
Active Remote Communities – BNT Women’s Basketball	1,725	1,725
14/15 Grant Liability Total	79,525	91,410
Grant Liability from 15/16 Funding Year		
OSHC Wurrumiyanga	48,184	48,184
OSHC Pirlangimpi	32,892	32,892
OSHC Milikapiti	11,853	11,853
Child Care Wurrumiyanga	5,000	5,000
Child Care Pirlangimpi	5,000	5,000
ISARP - Sport for Life	-	38,414
NAIDOC Week	3,643	3,643
NT Jobs Package Culture & Support	30,394	30,394
Pirlangimpi School Meals Program	-	27,457
Child Care Milikapiti	-	8,851
Roads (R2R) – Paru to 3 Ways	-	60,990
Road Reseal Consultancy Wurrumiyanga	296	296
Youth Diversion Unit	21,308	21,308
Remote Sport Program	-	40,660
Caterpillar Dozer	-	30,194
Outstations Housing Maintenance	85,520	85,520
Outstations Municipal & Essential Services	132,394	132,394
NT Jobs Package (Converted Jobs)	85,133	85,133
Community Safety	-	149,824
15/16 Grant Liability Total	461,617	818,007
Grant Liability from 16/17 Funding Year		
ISARP - Sport for Life	34,655	-
Community Safety	379,547	-
NAIDOC Week	2,320	-
NT Jobs Package Culture & Support	38,121	-
Pirlangimpi School Meals Program	55,224	-
Families as First Teachers	103,864	-
Youth Diversion Unit	32,959	-
Early Intervention Youth Boot Camp	6,110	-
Remote Sport Program	35,570	-
Regional & Remote Communities	2,523	-
SPG – 10m3 Tipper	6,163	-
MESSPG – Telecommunications Repeaters	45,000	-
16/17 Grant Liability Total	742,056	-
Total Grant Liability	1,481,339	1,118,635

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

14. Financial Risk Management

The main risks 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.

Sensitivity analysis

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

	2017	2016
	\$	\$
Financial Assets		
Cash at bank	3,495,555	3,101,257
Investment	-	-
	<u>3,495,555</u>	<u>3,101,257</u>

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

14. Financial Risk Management (Cont.)

At balance sheet date the 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 the 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 2017 \$	Effect on Equity 2017 \$	Effect on Profit or Loss 2016 \$	Effect on Equity 2016 \$
Financial Assets					
Cash at bank and Investments	1%	34,956	34,956	31,012	31,012
	(1)%	(34,956)	(34,956)	(31,012)	(31,012)

14b. 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 2017**

14c. 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash on Hand	3,495,555	3,101,257	-	-	-	-	3,495,555	3,101,257
Trade and other receivables	588,019	297,160	-	-	-	-	588,019	297,160
Total	4,083,574	3,398,417	-	-	-	-	4,083,574	3,398,417
Financial Liabilities due for payment								
Trade and other payables	929,940	1,465,655	-	-	-	-	929,940	1,465,655
Borrowings	-	-	666,667	666,667	-	-	666,667	666,667
Other Current Liabilities	1,739,687	22,729	-	-	-	-	1,739,687	22,729
Unexpended Grant Liability	1,481,339	1,118,635	-	-	-	-	1,481,339	1,118,635
Total	4,150,966	2,607,019	666,667	666,667	-	-	4,817,633	3,273,686

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

15. 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
- 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 2017.

(b) Non-Financial Assets

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2017				
Buildings & Infrastructure			\$19,276,014	\$19,276,014
30 June 2016				
Buildings & Infrastructure			\$20,769,826	\$20,769,826

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.

There were no changes during the period in the valuation techniques used by the Council to determine Level 2 fair values.

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

16. Reserves

The Council in its meeting held on 27 May 2015 decided to transfer the unspent balance of the budget allocation for election expenses at 30 June each year from accumulated funds to the election reserve and use that amount of money to fund future Council general elections and by-elections at the direction of the CEO.

At the same meeting the Council decided to transfer an initial amount of \$25,000 from the recent sale of surplus Council vehicles from accumulated funds to the asset replacement reserve and to use that amount to fund future Council motor vehicle and major plant / equipment purchases as directed by the CEO. Future proceeds from the sale or auction of Council motor vehicles / plant / equipment are to be credited to the asset replacement reserve as directed by the CEO.

	1 July 16	Transfer to Reserve	Transfer from Reserve	30 June 17
	\$	\$	\$	\$
Other Reserves				
Election Reserve	20,000	10,000	-	30,000
Asset Replacement Reserve	141,571	1,292	-	142,863
Total Other Reserves	<u>161,571</u>	<u>11,292</u>	<u>-</u>	<u>172,863</u>

17. Related party transactions

The related parties of the Council include:

- the key management personnel because they have authority and responsibility for planning, directing and controlling the activities of the Council directly;
- spouses, children and dependants who are close family members of the key management personnel; and
- any entities controlled or jointly controlled by key management personnel's or controlled or jointly controlled by their close family members.

Key Management Personnel

Key management personnel of the Council are those persons having authority and responsibility for planning, directing and controlling the activities of Council. These include the Councillors, Chief Executive Officer and General Managers of Directorates as listed below.

a Key Management Personnel

Names of persons holding the position of key management personnel at the Council during the financial year are:

TIWI ISLANDS REGIONAL COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2017**

17. Related party transactions (Cont.)

a Key Management Personnel (Cont.)

Councillors	Lynette De Santis Pirrawayingi Puruntatameri Therese Bourke Anita Moreen John Naden Venard Pilakui Barry Puruntatameri Manyi Rioli Gawin Tipiloura Irene Tipiloura (ceased 18/05/17) Stanley Tipiloura Leslie Tungatalum
Chief Executive Officer	Marion Scrymgour
GMs of Directorates	Rosanna De Santis Bruce Moller (ceased 10/02/17) Geoffrey Harris (ceased 11/12/16)

b Remuneration of Key Management Personnel

The aggregate compensation made to key management personnel and other members of key management personnel in the financial year is set out below:

	2017	2016
	\$	\$
Short term employee benefits	816,607	819,828
Post employment benefits	84,388	101,722
Other long term benefits	7,956	13,366
Termination benefits	47,392	30,513
Total	956,343	965,429

c No retirement benefits have been made by the Council to Key Management Personnel.

d No loans have been made, guaranteed or secured by the Council to Key Management Personnel during the reporting year 2016/17.

e No transactions other than remuneration payment or reimbursement of approved expenses were entered into by the Council with Key Management Personnel, or Related Parties of such Key Management Personnel during the reporting year 2016/17.

f Investment in Councilbiz

CouncilBiz was incorporated as a Local Government subsidiary on 10 June 2008 and commenced operations on 1 July 2008 providing administrative, ICT and Business Systems support to the 8 member Councils. It is a Local Government subsidiary, created as part of the Northern Territory Local Government Reform Agenda, under the Local Government ACT 2008 and Regulations.

Upon the incorporation of CouncilBiz, the Council made an initial funding contribution 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 with similar rules to CouncilBiz, such as prohibiting the distribution of assets and income to its members. As the Council will not realise any returns from its \$50,000 funding contribution to CouncilBiz, this amount was expensed when it was incurred.

TIWI ISLANDS REGIONAL COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

18. Contingent Assets and Contingent Liabilities

Contingent Liabilities

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 2017, the amount of the obligation cannot be measured with sufficient reliability, and has not been recognised in the accounts.

As at 30 June 2017, the Council has a security deposit guarantee in favour of Cooper Holdings (NT) Pty Ltd amounting to \$8,694.

	2017	2016
	\$	\$
19. Auditor's Remuneration		
Amounts received or due and receivable by the auditors of Tiwi Islands Regional Council		
- Audit or Review Services	64,500	67,000
- Other Services	-	-
Total Remuneration	64,500	67,000

20. Events after the reporting period

At the date of this report, no matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Council, the results of those operations, or the state of affairs of the Council in future financial years.