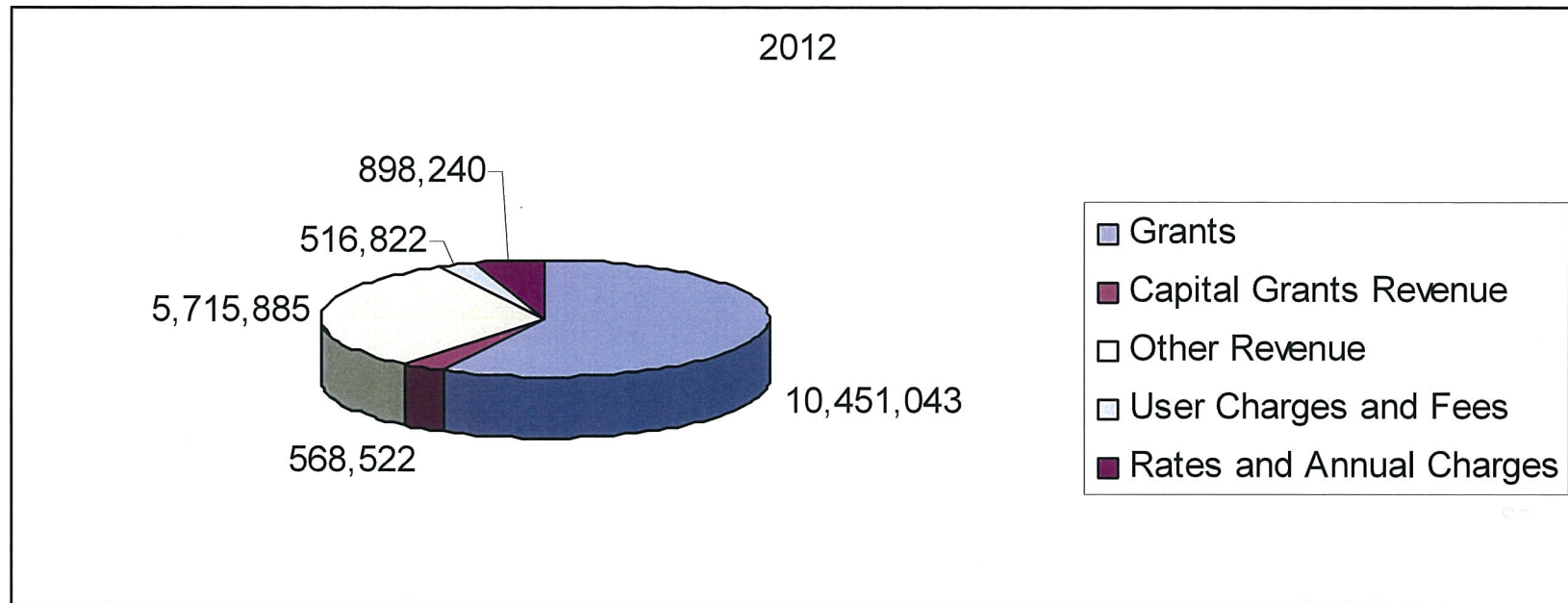


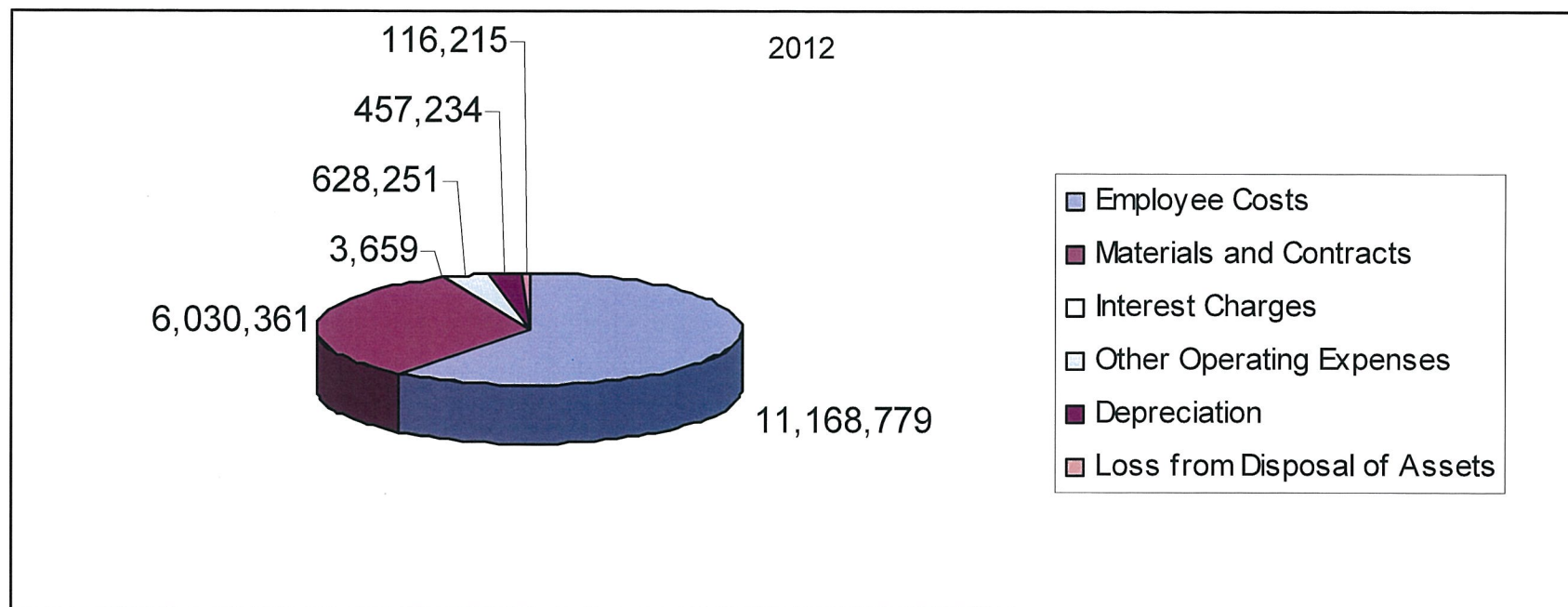
Major Sources of Revenue 2012



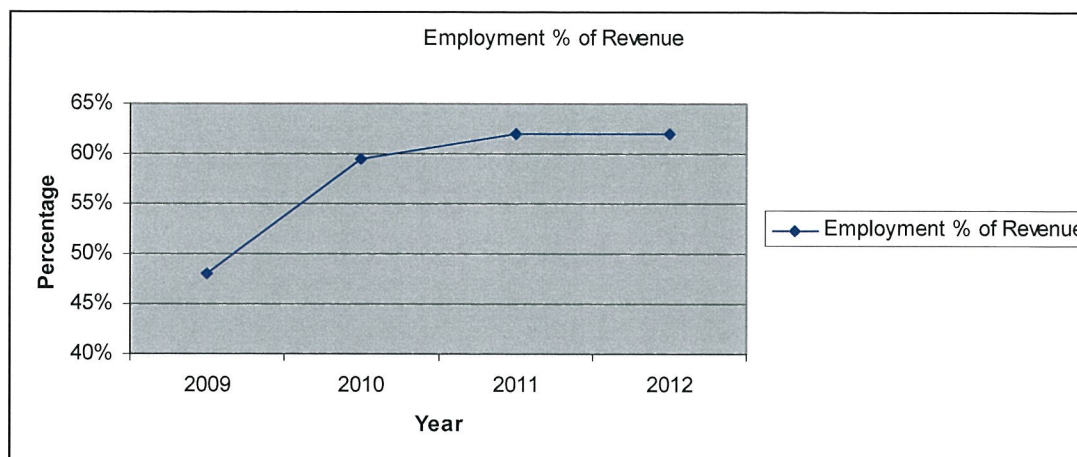
Total revenue has decreased by 31% in 4 years, and grant revenue has decreased by 43%.

If this trend continues the Tiwi Islands Shire Council will have to reduce service delivery to a level below what should be expected by an average Australian Citizen. In discussions with both NTG and Federal departments the general consensus is that the Tiwi Islands Shire Council should not provide services if funding is not available. To follow this short sighted recommendation would mean that the average Tiwi Islander will not be able to expect service levels that every Australian Resident should receive and is unacceptable.

Expenses by Category

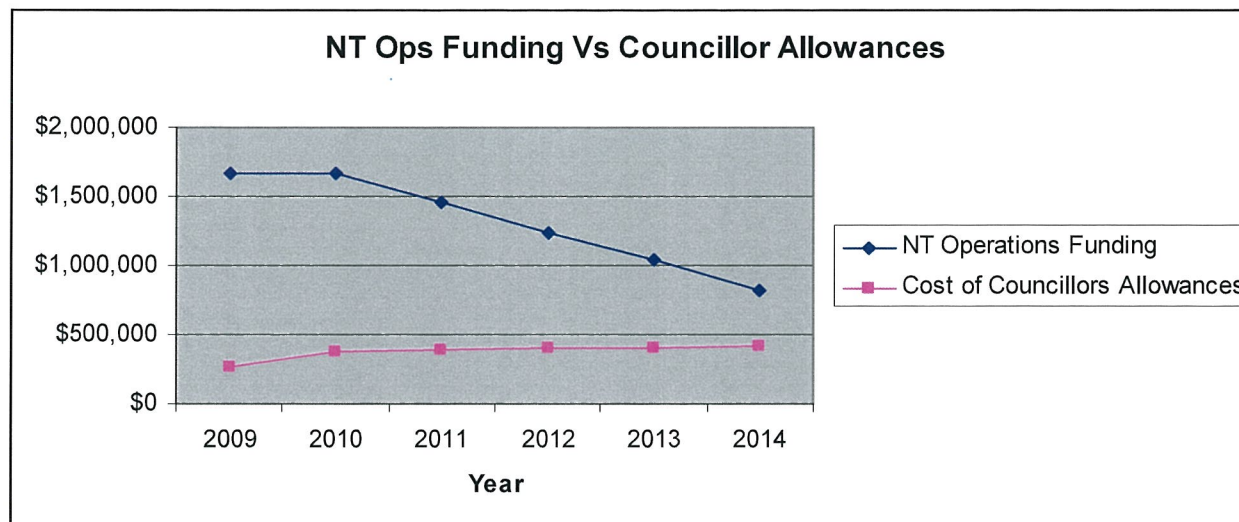


Despite diminishing revenue the Shire continues to concentrate on its staff and Indigenous employment which is reflected in the increase to salary and wage costs in relation to revenue received. This policy has led to the Tiwi Islands Shire Council being the largest employer of Indigenous people on the Tiwi Islands.



For this to continue the Tiwi Islands Shire has to concentrate on further revenue generation, or drastic cost cutting measures will need to be implemented. While rate capping impedes the Shire Councils ability to raise revenue like their municipal counterparts, the Tiwi Islands Shire Council will focus on raising revenue through grant applications, contract renewal and competitive tenders. This will increase administrative cost for the Shire Council.

With increases in expenditure expected in the 2012/13 year for insurance, Office of Township Leasing property leases, carbon tax implications on electricity, water, sewage, and fuel, Council will have to look at what services cannot be met under current constraints. Unless revenue can increase to cover these rising costs the only room for movement for further cost reductions is around salary and wages - which will adversely effect Indigenous employment on the Islands. The Shire has concentrated heavily on areas like Information Technology and Fleet Administration to increase internal cost recovery and try to reduce expenditure to avoid facing these staffing reductions.



Costs of Council Members allowances are based on maximum allowances under the Local Government Act (2008). Since Council's inception, we have seen an increase of 53% in allowances. This will increase to 62% by 2014. In comparison, the NT Operational Grant funding has decreased by 25% between 2008 and 2012 and will have decreased by 51% by 2014 based on the current funding model.

As part of grant funding the administration portion available as a percentage of total grant revenue was 8.56% in the 2011/12 financial year. This compares to the Local Government Association of the Northern Territory recommendation of 15%. This is due to continued misconceptions by Northern Territory and Federal Government agencies that the Shire has the capacity to accept grants that do not contribute towards costs of administration and overheads. During this financial year, the Department of Prime Minister and Cabinet declined the Shire's Sports for Life Funding. This funding originally contributed towards administration for the Sport and Recreation program and was the underpinning grant to support the Job Creation Package. The Jobs Creation Funding was continued with no change in the funding format, leaving no administrative or management mechanism with the removal of the 'parent' grant. This decision was overturned only after media releases and negative publicity, however still did not adequately cover overheads nor support. This is but one example of doubtful decision making processes.

Note: Comparisons do not take into account indexation so comparisons highlight minimum difference only.



OPPORTUNITIES AND CHALLENGES

- ❖ Council is required to publish a full accounting policy manual and will prioritise this in the coming term.
- ❖ A risk management strategy and fraud detection plan must also be implemented.
- ❖ Financial Management Training program to be developed for Elected Members of Council enable their active participation in developing the above policies for future sustainability.
- ❖ Grant funding, service level agreement and competitive tender situations are all available as funding opportunities however some are very labour intensive. These will be assessed on a case by case basis with the aim to be increasing revenue and service provision to our communities.

HIGHLIGHTS AND ACHIEVEMENTS

The Tiwi Islands Shire Council has spent the previous 18 months concentrating on clearing all breaches in operational and financial reporting. These originated from the 2008 financial year where a “No Opinion” audit was received by Council. We are now financially compliant in this area, which has reduced the Council’s perceived risk by funding bodies. This previously perceived risk may have already had an impact on the 2009 to 2012 financial years, and may explain the Shire’s numerous rejections on funding applications during this period. Without this perceived risk, the Shire should expect to see more success in future funding applications.

This period has seen completion of both the 2009/10 and the 2010/11 Financial audits while continuing to provide improvements in the quality and timeliness on current reporting.

The Tiwi Islands Shire Council has also been audited under the Shire Sustainability Review, Auditor General’s Night Patrol Audit and Department of Local Government Compliance Review. Each of these have competed for valuable resources in a year that has seen decreases in overall funding and limited administration fees available under funding agreements. By providing openness and transparency these departments were able to see how the Shire is continuing to manage efficiently in an economically tight environment.

STRATEGIES AND OUTCOMES



Achievement. Pride. Success.

GOALS, OUTCOMES AND STRATEGIES

Goal 1 - Ensuring economic viability and sustainability

1.1 Strategy – All Functions and Programs to be discretely funded

Outcomes:

- 1.1.1 Grant funding submissions and Service Level Agreements completed and secured on a timely basis
- 1.1.2 Breaches in performance and financial reporting addressed in a timely manner to ensure ongoing funding releases

1.2 Strategy – Functional areas of Council to be structured as Independent Business Units (IBU's) in their own right

Outcomes:

- 1.2.1 Workshops conducted with Managers to establish independent, financially sustainable Business Units
- 1.2.2 Business Plans developed for each of these areas
- 1.2.3 Internal recharge facilities reinforced to ensure accurate financial management within each IBU

1.3 Strategy – Programs not to rely on cost shifting to be sustainable

Outcomes:

- 1.3.1 Accurate coding of expenditure reflected against each program through the revision of the Chart of Accounts and the further development of the financial coding ActionSDC's
- 1.3.2 Managers and Directors only able to authorise expenditure specific to their IBU

1.4 Strategy – Full internal cost recovery to be implemented

Outcomes:

- 1.4.1 Schedules of Fees and Charges developed and implemented for each IBU
- 1.4.2 Internal recharge processes reinforced to ensure accurate income management across IBU's

1.4.3 Council continues to address the inequities provided under funding agreements that inhibit full cost recovery for perceived pre existing infrastructure to support such functions as administration and other corporate services as expected but not funded by Funding Agencies

Goal 2 - Transparent and Accountable Financial Management

2.1 Strategy – Emphasis on the integrity of source documents and processes at every level, especially at communities

Outcome:

- 2.1.1 Ongoing training occurring with Administration, Finance and Management staff to ensure accurate coding
- 2.1.2 Increased allocation of Administration staff to support IBU Managers in this process
- 2.1.3 Regular checking by Finance team and IBU Manager
- 2.1.4 Increase in internal capacity building that has enabled Shire staff to control costing and coding

2.2 Strategy – Proactive controls over expenditure by approved budget(s) with program manager responsibility

Outcome:

- 2.2.1 Program Managers and Directors only able to sign off expenditure within their discreet Business Units
- 2.2.2 Requirement for monthly financial variance reporting contained within the monthly Management Report template

2.3 Strategy – Monthly reports (results against budget) to be mandatory and form the basis of all functional reports to Council

Outcome:

- 2.3.1 Training has been conducted and templates developed to enable all IBU Managers to report to Council in a consistent manner
- 2.3.2 Budgets developed

2.4 Strategy – Overview by CEO, CFO and Director of Corporate Services with analytical reports to Council

Outcome:

- 2.4.1 Directors and CEO review and approve Managers Reports prior to presentation to Council

Goal 3 – Service Delivery at a level that addresses Community needs

3.1 Strategy – Needs assessment and quarterly review with emphasis on the role of Local Advisory Boards

Outcomes:

3.1.1 Ongoing consultation with advisory boards and key community members to ensure a forum exists to raise and address the needs expressed by the community

3.2 Strategy – Service delivery plans, goals and key performance measures to be developed for all functions and programs

Outcomes:

3.2.1 All Managers and Directors produced Strategic Business Plans for every Independent Business Unit. These were encompassed in the 2011/12 Shire Plan

3.3 Strategy – Performance assessments and outcomes to be reviewed quarterly

Outcomes:

3.3.1 Management Meetings conducted, with Managers required to report on their progress against their Business Plans

3.3.2 Managers required to produce bi-monthly reports to Council, addressing operational, financial and strategic planning issues.

3.3.3 Ongoing review of strategic plan and budgets will allow Council improved flexibility to respond to community needs. Funding Agencies will permit variations to funding agreements within the funding timing constraints once Council demonstrates planning and reporting compliance.

Goal 4 – Community Infrastructure that ensures a safe and appropriate living environment

4.1 Strategy – Needs identified in consultative forums such as reference groups, the Shire Plan, the Local Implementation Plan for Wurrumiyanga and Local Advisory Boards

Outcomes:

4.1.1 Ensuring needs expressed in various community forums are acted upon where appropriate

4.2.2 Council facilitates Local Advisory Board meetings in each community

4.2 Strategy – Formation of an Infrastructure Planning sub-committee to oversee project planning, status reports and future planning

Outcomes:

4.2.1 This remains ongoing; however each Elected Member of Council has an assigned portfolio, with Infrastructure forming one of these portfolios.

4.2.2 The Infrastructure Department Business Plan addresses planning needs

Goal 5 – Operational Efficiency

5.1 Strategy – Asset management and replacement plan to be developed and implemented

Outcome:

5.1.1 An independent Asset Revaluation was conducted during the year to commence this replacement program

5.1.2 Council has commenced assessing the viability of each vehicle to determine a replacement schedule for vehicles and plant

5.1.3 Building Services addresses the Repairs and Maintenance of building assets



5.2 Strategy – Asset / fleet management to be run as a discreet Business Unit with cost recovery from all other functions

Outcome:

5.2.1 A schedule of charges has been developed, with vehicle hire forming budget lines on all appropriate program budgets

5.2.2 Building and facilities assets, and the use of these by third parties, has been recognised as a cost to Council and a strategy is being developed to address this “in kind” cost shifting by other entities.

5.3 Strategy – Internal Quality Control / Audit / Risk Assessment to be a function of both Finance and Corporate Services

Outcome:

5.3.1 A Quality Control / Internal Audit position has been established within the Finance team to assess and address financial issues which assists with the timely acquittal of grant funding

5.4 Strategy – Planning to become a prerequisite to all programs and projects with predetermined milestones for review

Outcome:

5.4.1 Business Plans have been developed for each Independent Business Unit, with Managers reporting on outcomes in each report to Council as well as at scheduled Managers Meetings

5.5 Strategy – Shire to position itself to become an “Employer of Choice”

Outcome:

5.5.1 This year the Shire attained the Bronze Award from the 50:50 Vision - Councils for Gender Equity program and is striving for the Silver award in early 2013

5.5.2 The Shire conducted the second annual Women’s Conference in 2011, and the inaugural Men’s Conference. Both of these conferences addressed empowerment and equity and provided educational opportunities for employees and community members

5.5.3 The Shire remains committed to training and development and is an equal opportunity employer



TIWI ISLANDS SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

TIWI ISLANDS SHIRE COUNCIL

General Purpose Reports and Associated Schedules for the year ended 30 June 2012

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**Independent Auditor's Report
To the members of the Tiwi Island Shire Council**

We have audited the accompanying financial report of Tiwi Island Shire Council (the "Council"), which comprises the statement of financial position as at 30 June 2012, 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 explanation and the Accountable Officer's certification.

Accountable Officer's responsibility for the Financial Report

The Accountable Officer of the Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act and Regulations 2008, and for such internal 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.

Auditor's Responsibility

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

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

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

Independence

We are independent of the Council, and have met the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Tiwi Island Shire Council as at 30 June 2012, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Local Government Act and Regulations 2008.

Merit Partners

Merit Partners

Aminul Islam

Aminul Islam
Director

Darwin
Date:

12 November 2012



Tiwi Islands Shire Council

Tiwi Islands Shire Council

CHIEF EXECUTIVE OFFICER'S CERTIFICATE

I, Alan Hudson, the Chief Executive Officer of the Tiwi Islands Shire 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 2008 and the Local Government (Accounting) Regulations (with the exception of Those where compliance with standards has been qualified) for the year ended 30 June 2012; and
- (b) are in accordance with the accounting and other records of the Council.

Signed by

Date:

A handwritten signature in black ink, appearing to read "Alan Hudson".

9.11.2012.

Alan Hudson
Chief Executive Officer

TIWI ISLANDS SHIRE COUNCIL

Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
REVENUE			
Grants and contributions provided for operating purposes	3e	10,451,043	11,414,392
Other Operating Revenue	3d	5,435,755	4,447,084
User Charges and Fees	3b	516,822	840,227
Rates and Annual Charges	3a	898,240	724,321
Interest Revenue	3c	244,218	230,628
Contributions and Donations	3f	35,913	2,500
Net Profit from Disposal of assets	3g	-	727
TOTAL REVENUE		17,581,989	17,659,879
 EXPENSES			
Employee Costs	4a	11,168,779	11,420,518
Materials and Contracts	4e	6,030,361	5,332,838
Interest Charges	4b	3,659	4,128
Loss from Disposal of property, plant & equipment	4f	116,215	-
Other Operating Expenses	4d	628,251	489,129
TOTAL EXPENSES		17,947,266	17,246,613
 (DEFICIT)/SURPLUS BEFORE DEPRECIATION AND CAPITAL GRANTS		- 365,277	413,266
Grants & Contributions provided for: acquisition of assets			
Capital Grants Revenue	3e	568,522	751,884
 OPERATIONAL (DEFICIT)/SURPLUS BEFORE DEPRECIATION AND ASSET CLASSIFICATION		203,246	1,165,150
Depreciation	4c	457,234	349,275
Depreciation Prescribed		1,964,372	1,884,095
 (DEFICIT)/SURPLUS BEFORE INCOME TAX EXPENSE		- 2,218,360	- 1,068,220
Income Tax Expense		-	-
 TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		- 2,218,360	- 1,068,220

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

TIWI ISLANDS SHIRE COUNCIL

Statement of Financial Position as at 30 June 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Current Operating Accounts & Cash on Hand	5	7,339,519	8,000,558
Trade and Other Receivables	6	2,097,761	1,817,216
Inventories and Prepayments	7	1,337,750	781,595
TOTAL CURRENT ASSETS		10,775,029	10,599,369
CURRENT LIABILITIES			
Trade and Other Payables	9a	1,918,627	1,998,136
Current Provisions	9c	1,020,570	1,001,182
Current Borrowings	9e	1,000,000	1,000,000
Other Current Liabilities	9b	1,342,471	275,161
Unexpended Grant Liability	9b&14	3,293,789	2,490,702
TOTAL CURRENT LIABILITIES		8,575,458	6,765,182
NET CURRENT ASSETS		2,199,572	3,834,187
NON CURRENT ASSETS			
Buildings Prescribed	8a&b	27,178,702	28,761,516
Infrastructure Prescribed	8a&b	5,156,744	5,214,729
Plant	8a&b	1,931,429	1,625,150
Equipment	8a&b	157,218	76,053
Motor Vehicles	8a&b	897,604	727,837
Motor Vehicles Prescribed	8a&b	168,780	-
Work in Progress	8a&b	531,427	142,916
TOTAL NON CURRENT ASSETS		36,021,903	36,548,202
NON CURRENT LIABILITIES			
Non Current Provisions	9d	387,374	329,928
TOTAL NON CURRENT LIABILITIES		387,374	329,928
NET ASSETS		37,834,101	40,052,461
EQUITY			
Accumulated Funds		37,834,101	40,052,461
TOTAL EQUITY		37,834,101	40,052,461

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

TIWI ISLANDS SHIRE COUNCIL

Statement of Changes in Equity for the year ended 30 June 2012

	Asset Revaluation Reserve- Prescribed Assets	Retained Earnings	Total Equity
	\$	\$	\$
Restated balance at 1 July 2010	31,965,790	9,154,891	41,120,681
(Deficit)/Surplus for the year		- 1,068,220	- 1,068,220
Revaluation increment - Infrastructure			-
Revaluation increment - Buildings			-
Balance at 30 June 2011	31,965,790	8,086,671	40,052,461
(Deficit)/Surplus for the year		- 2,218,360	- 2,218,360
Revaluation increment - Infrastructure			
Revaluation increment - Buildings			
Balance at 30 June 2012	31,965,790	5,868,311	37,834,101

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

TIWI ISLANDS SHIRE COUNCIL

Statement of Working Capital for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Current Operating Accounts & Cash on Hand	5	7,339,519	8,000,558
Trade and Other Receivables	6	2,097,761	1,817,216
Inventories and Prepayments	7	1,337,750	781,595
TOTAL CURRENT ASSETS		10,775,029	10,599,369
CURRENT LIABILITIES			
Trade and Other Payables	9a	1,927,747	1,998,136
Current Provisions	9c	1,020,570	1,001,182
Current Borrowings	9e	990,881	1,000,000
Other Current Liabilities	9b	1,342,471	275,161
Unexpended Grant Liability	14	3,293,789	2,490,702
TOTAL CURRENT LIABILITIES		8,575,458	6,765,182
NET CURRENT ASSETS		2,199,572	3,834,187
CURRENT RATIO		1.26	1.57

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

TIWI ISLANDS SHIRE COUNCIL

Statement of Cash Flows for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash Flows from Operating Activities			
<i>Receipts</i>			
Receipts from rates & annual charges		771,663	717,058
Receipts from user charges & fees		516,822	840,227
Interest received		244,218	230,628
Grants & contributions		11,055,478	12,115,725
Other operating receipts		5,281,787	3,557,234
		<u>17,869,967</u>	<u>17,460,873</u>
<i>Payments</i>			
Payments to employees		11,091,944	11,238,564
Payments for materials & contracts		4,275,837	3,555,414
Payments of interest		3,659	4,128
Other operating payments		1,148,042	620,832
		<u>16,519,482</u>	<u>15,418,939</u>
Net Cash Flows provided by Operating Activities		<u>1,350,484</u>	<u>2,041,934</u>
 Cash Flows from Investing Activities			
<i>Receipts</i>			
Proceeds from sale of assets		-	727
		<u>-</u>	<u>727</u>
<i>Payments</i>			
Purchase of assets		2,011,523	1,116,406
		<u>2,011,523</u>	<u>1,116,406</u>
Net Cash Flows used in Investing Activities		<u>- 2,011,523</u>	<u>- 1,115,679</u>
 Cash Flows from Financing Activities			
<i>Receipts</i>			
Cash transferred from constituent councils on restructure		-	-
Borrowings		-	-
Net Cash Flows used in Investing Activities		<u>-</u>	<u>-</u>
 NET INCREASE/(DECREASE) IN CASH HELD		- 661,039	926,255
 Cash at Beginning of Reporting Period		8,000,558	7,074,303
 Cash at End of Reporting Period		<u>7,339,519</u>	<u>8,000,558</u>

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

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

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 Shire Council.

The Local Government Reporting Entity Tiwi Islands Shire 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 Shire, and accountability of the resources entrusted to it.

Basis of Accounting

Statement of Compliance

The financial report is a general purpose financial report, which has been prepared to comply with applicable Australian Accounting Standards and Interpretations, the requirements of the Local Government Act and Regulations, and other mandatory professional reporting.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS') as applicable to for 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.

Future Australian Accounting Standard Requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Title	Effective date
• AASB 9: Financial Instruments (December 2010)	1 January 2013
• AASB 10: Consolidated Financial Statements	1 January 2013
• AASB 11: Joint Arrangements	1 January 2013
• AASB 12: Disclosure of Interest in Other Entities	1 January 2013
• AASB 13: Fair Value Measurement	1 January 2013
• AASB 127: Separate Financial Statements	1 January 2013
• AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1,2,3,5,7,8,191,102,107,108,111,112,116,117,119,121,123,127,128,131,133,134,136,137,138,140,141,1050 & 1052 and interpretations 2,4,5,15,17,127,129 & 1052]	1 July 2013
• AASB 2011-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements	1 July 2013
• AASB 2011-3: Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	1 July 2012
• AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	1 July 2012

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

- AASB 2011-13: Amendments to Australian Accounting Standard – Improvements to AASB 1049 1 July 2012
- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] 1 January 2013
- AASB 2012-4: Amendments to Australian Accounting Standards – Government Loans [AASB 1] 1 January 2013
- AASB 2012-7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127] 1 July 2013
- AASB 2011-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2011-7] 1 January 2013

No accounting standard has been adopted earlier than the application date as stated in the standard.

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. The accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

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

Basis of Preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in the exchange for assets. 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 an enforceable debt linked to rateable property. As such, Council recognises Rates Income at the time of levying, or earlier upon receipt of rates paid in advance.

The rating period and reporting period for the Council are the same and accordingly all rates levied for the year are recognised as revenue within the period.

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

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

(ii) Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenue when the Council obtains control over, or the right to receive, the assets, it is probable that future economic benefits comprising the asset will flow to the Council, and the amount can be reliably measured.

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

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 financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial Assets

(i) Loans and Receivables

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.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

(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.

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 and it is envisaged the other communities will adopt township leasing in due course. It is proposed that in future periods 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 Shire 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.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

On formation of the Tiwi Islands Shire Council, Tiwi Islands Local Government Fixed Assets were written off as part of the gain on restructure as these could not be reliably recognised or measured. The Council has deemed prudent that these assets should be recognised in some form as the Council has responsibility to insure and manage these assets without clear title.

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 Shire does not believe that there is any significant increment or decrement to the prior year's value as stated on the valuation carried out in 2010. Hence the property has been valued at 2010 valuation amounts and depreciated accordingly.

This revaluation excludes contingent assets where funding was originally provided to Tiwi Islands Shire Council's former entities. TISC does not currently control those asset(s).

Revaluation increments arising from recognising assets at valuation are offset against one another within the class of asset. 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 lives which are reviewed each reporting period.

Major depreciation periods are;

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

Valuation

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

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

(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.

(iv) Superannuation

The Council contributes to 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. The standard notes in particular:

"Where assets are provided on the condition that the local government, government department, GGS or whole of government 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.

Reciprocal transfers are defined as:

"A reciprocal transfer also occurs where, for example, assets are provided to a government department on the condition that the government department renders particular services to the transferor of the assets and, if the services are not rendered, those assets are required to be remitted directly to the transferor."

Budget Information

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

Taxation

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

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Accounting Policies continued

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

Where relevant, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

2a Functions										
	01 General Public Services		02 Public Order & Safety		03 Economic Affairs		04 Environmental Protection		05 Housing	
	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual
OPERATING REVENUES										
Income Rates General	430,425	533,816	-	-	-	-	-	-	-	-
Income Rates Waste	-	-	-	-	-	-	313,601	364,424	-	-
Income Council Fees and Charges	-	226,156	-	-	-	111,040	-	5,411	-	141,670
Income Operating Grants Subsidies	1,947,166	1,618,679	1,126,620	1,037,237	6,419,871	5,377,153	-	324,949	351,713	428,535
Income Investments	195,000	244,218	-	-	-	-	-	-	-	-
Income Contributions Donations	-	909	-	-	-	-	-	-	-	-
Income Reimbursements	-	10,695	-	27,036	-	159	-	-	-	6,182
Income Agency & Commercial Serv	2,397,000	1,309,664	-	-	355,000	554,209	860,000	648,778	3,660,000	2,839,395
Income Capital Grants	-	-	-	58,512	-	329,436	-	-	142,000	35,060
Inc Sale of Assets	-	116,215	-	-	-	-	-	-	-	-
TOTAL REVENUES	4,969,591	3,827,922	1,126,620	1,122,786	6,774,871	6,371,996	1,173,601	693,663	4,153,713	3,450,842
OPERATING EXPENSES										
Employee Expenses	4,004,124	3,158,398	876,079	784,010	4,092,868	3,652,240	988,358	169,040	1,847,003	836,324
Contract and Material Expenses	- 865,738	- 296,585	207,068	243,007	1,407,346	1,416,454	162,400	190,387	1,338,904	1,933,312
Utility expenses	64,227	135,059	2,440	2,853	32,500	77,825	-	-	32,600	186,360
Fuel Expenses	257,632	78,689	35,000	30,374	143,223	276,915	-	20,463	80,000	137,068
Communication Expenses	156,328	41,808	8,215	68,163	265,734	303,632	6,225	23,771	103,607	196,663
Finance Expenses	120,000	81,170	-	-	-	10	-	-	-	3,655
Depreciation	550,000	169,280	-	6,375	-	219,840	-	29,807	-	11,124
Depreciation Prescribed	-	747,521	-	24,535	-	265,270	-	-	-	532,354
Training	83,057	88,857	4,443	5,582	20,000	6,460	-	-	-	1,594
Travel and accommodation	196,913	329,634	26,840	17,432	119,000	35,934	14,618	1,131	36,000	- 21,701
Councillor allowance expenses	296,260	273,308	-	-	-	-	-	-	-	451
Miscellaneous Expenses	4,351	290,328	44,066	11,951	264,200	105,037	2,000	24,339	715,600	72,886
TOTAL EXPENSES	4,867,154	5,097,466	1,204,151	1,194,281	6,344,871	6,359,617	1,173,601	458,939	4,153,713	3,889,190
NET RESULT	102,437	-1,269,544	- 77,531	- 71,495	430,000	12,380	-	234,725	-	- 438,348

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

2a Functions Continued	01 General Public Services		02 Public Order & Safety		03 Economic Affairs		04 Environmental Protection		05 Housing	
	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual
ASSETS										
Buildings Prescribed	27,300,000	10,873,280	-	-	430,000	1,948,018	-	-	-	8,904,884
Infrastructure Prescribed	5,150,000	1,326,805	-	-		2,281,777	-	-	-	163,110
Plant	2,000,000	38,119	-	1,208		1,500,721	-	263,233	-	112,611
Equipment	160,000	54,913	-	-		6,790	-	-	-	49,455
Motor Vehicles	1,080,000	817,083	-	-		38,534	-	-	-	-
Motor Vehicles Prescribed		-	-	88,700		80,080	-	-	-	-
Work in Progress		7,880	-	51,339		327,770	-	-	-	35,680
	35,690,000	13,118,080	-	141,247	430,000	6,183,690	-	263,233	-	9,265,739

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

2a Functions Continued

	06 Health		07 Recreation, Culture and Religion		08 Education		09 Social Protection		Total	
	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual
OPERATING REVENUES										
Income Rates General	-	-	-	-	-	-	-	-	430,425	533,816
Income Rates Waste	-	-	-	-	-	-	-	-	313,601	364,424
Income Council Fees and Charges	-	-	-	3,438	-	-	-	210	-	487,925
Income Operating Grants Subsidies	-	-	342,626	534,829	-	19,174	1,669,925	1,807,097	11,857,921	10,497,756
Income Investments	-	-	-	-	-	-	-	-	195,000	244,218
Income Contributions Donations	-	-	-	35,004	-	-	-	-	-	35,913
Income Reimbursements	-	-	-	-	-	-	-	-	-	44,073
Income Agency & Commercial Services	-	-	-	15,631	-	-	-	6,190	7,272,000	5,373,866
Income Capital Grants	-	-	180,000	145,515	-	-	-	-	322,000	568,522
Inc Sale of Assets	-	-	-	-	-	-	-	-	-	- 116,215
TOTAL REVENUES	-	-	522,626	734,416	-	19,174	1,669,925	1,813,496	20,390,947	18,034,296
OPERATING EXPENSES										
Employee Expenses	-	-	554,398	561,890	-	13,316	1,010,812	903,324	13,373,642	10,078,542
Contract and Material Expenses	-	-	332,798	380,323	-	4,858	577,082	614,554	3,159,860	4,486,311
Utility expenses	-	-	28,233	51,205	-	-	20,000	35,454	180,000	488,756
Fuel Expenses	-	-	145	8,158	-	-	-	5,322	516,000	556,989
Communication Expenses	-	-	14,861	66,774	-	1,000	24,299	53,443	579,268	755,255
Finance Expenses	-	-	-	-	-	-	-	-	120,000	84,835
Depreciation	-	-	-	20,553	-	254	-	-	550,000	457,234
Depreciation Prescribed	-	-	-	280,689	-	-	-	114,003	-	1,964,372
Training	-	-	1,500	3,402	-	-	18,000	150	127,000	106,045
Travel and accommodation	-	-	43,896	71,495	-	-	17,733	6,232	455,000	440,157
Councillor allowance expenses	-	-	-	-	-	-	-	-	296,260	272,857
Miscellaneous Expenses	-	-	1,700	16,828	-	-	2,000	39,934	1,033,917	561,304
TOTAL EXPENSES	-	-	977,531	1,461,318	-	19,428	1,669,925	1,772,418	20,390,947	20,252,656
NET RESULT	-	-	- 454,905	- 726,902	-	- 254	0	41,079	-	2,218,360

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2012

2a Functions Continued										
	06 Health		07 Recreation, Culture and Religion		08 Education		09 Social Protection		Total	
	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual	2012 Budget	2012 Actual
ASSETS										
Buildings Prescribed	-	-		3,767,421	-	-	-	1,685,098	27,730,000	27,178,702
Infrastructure Prescribed	-	-		1,056,157	-	-	-	328,896	5,150,000	5,156,744
Plant	-	-		15,537	-	-	-	-	2,000,000	1,931,429
Equipment	-	-		46,060	-	-	-	-	160,000	157,218
Motor Vehicles	-	-		-	-	41,987	-	-	1,080,000	897,604
Motor Vehicles Prescribed	-	-		-	-	-	-	-	-	168,780
Work in Progress	-	-		96,485	-	-	-	12,273	-	531,427
	-	-	-	4,981,660	-	41,987	-	2,026,267	36,120,000	36,021,903

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

2b Component Functions

The activities relating to the Shire functions reported on in the Note 2(a) 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, boarding 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 SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

3 Operating Revenue	2012 \$	2011 \$
a RATES AND CHARGES		
<u>Ordinary Rates</u>		
General Rates	533,816	418,849
Total Ordinary Rates	533,816	418,849
<u>Annual Charges</u>		
Domestic Waste Charges	364,424	305,472
Total Annual Charges	364,424	305,472
Total Rates & Annual Charges	898,240	724,321
b USER CHARGES & FEES		
User Charge Fee Income	177,110	72,949
Property Lease Rental Fee Income	238,437	290,689
Equipment Hire Income	55,944	24,417
Other Charges & Fees	45,330	452,172
Total User Charges & Fees	516,822	840,227
c INTEREST		
Interest on Investments	244,218	230,628
Total Interest Revenue	244,218	230,628
d OTHER OPERATING REVENUE		
Reimbursements	44,073	9,123
Service Fee Income	370,772	389,963
Sales Income	2,454,218	2,174,109
Contract Fees	2,445,751	1,757,432
Employment Related Outcome Payments	46,713	12,500
Other Operating Revenue	74,227	103,957
Total Other Operating Revenues	5,435,755	4,447,084
e GRANTS		
<u>Commonwealth Special Purpose Funding</u>		
After School Care Wurrumiyanga	176,312	173,706
After School Care Pirlangimpi	89,398	73,073
After School Care Milikapiti	89,398	103,080
Jirani Day Care Centre	565,687	565,209
Child Services Pirlangimpi	200,156	178,817
Crèche Milikapiti	204,073	204,614
Night Patrol Shire	754,271	939,819
Vacation Care Wurrumiyanga	173,153	170,594
Vacation Care Pirlangimpi	89,398	73,073
Vacation Care Milikapiti	82,350	103,080
ISRP - Indigenous Sport & Recreation Program Shire	130,000	171,000
ISRP - Jobs Creation Package Shire	184,500	130,000
CDEP Participant Wages Shire	1,550,082	2,501,000
CDEP Community Development Stream Shire	-	127,027
CDEP Work Readiness Stream Shire	596,662	831,666

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
3 Operating Revenue Continued		
CDEP Service Fees Shire	760,000	760,000
CDEP Community Development and Support Shire	527,000	467,000
CDEP Activity Generated Income	203,850	129,950
NT Jobs Packages (Broadcasting) Shire	91,050	86,367
Child Care Establishment Funding Pirlangimpi	-	40,500
Jirnani Capital Works		56,750
Indigenous Community Broadcasting (IBP) Shire	55,000	55,000
RLCIP Round 3 Animal Control Compounds Construction	-	30,000
Lighting Upgrade Wurrumiyanga	-	1,050
Lighting Upgrade Pirlangimpi	-	4,590
Lighting Upgrade Milikapiti	-	200
NAIDOC Week	-	3,000
Community Fitness Program - Pirlangimpi	-	43,000
Youth Activities - Pirlangimpi	-	4,250
Youth Activities Milikapiti	-	4,250
Festivals - Milimika Festival	-	26,200
Bush Camps - Combat Petrol Sniffing Strategy	35,596	-
Roads (R2R)	34,407	-
Pirlangimpi Women's Centre	15,000	-
Festivals Australia (DRALGAS)	48,530	-
Total Commonwealth Special Purpose Funding	6,740,997	8,057,465
 Commonwealth Operational Funding	 6,749,015	 8,057,465
Total Commonwealth Operational Funding	6,749,015	8,057,465
 <u>Operational Funding</u>		
FAA Operating Grant (NTG)	1,240,344	1,454,112
FAA Roads	828,595	818,428
General Purpose	270,037	222,946
Total Operational Funding	2,338,976	2,495,486
 <u>NT Special Purpose Funding</u>		
Territory Housing Shire	-	48,023
Jirnani Day Care Centre	18,840	29,105
Youth Diversion Scheme	142,057	137,986
Active Remote Communities Sport & Recreation Shire	103,824	106,824
Library	58,883	56,741
International Women's Day Shire	297	-
Outstations Essential Services	259,560	259,560
Outstations Converted Jobs Program	60,729	60,333
NTG Sport & Recreation ARCP (Softball)	-	4,000
Outstations Housing Management	40,000	40,000
Community Events Shire	3,000	2,000
Matching Funds Salary Income	483,608	445,685
Outstations Housing Maintenance	110,013	110,013
Outstation Capital Funding Other	-	63,636
100 Year Celebrations NT Cent	-	5,000
NAPCAN National Child Protection Week	-	2,000
NTG Closing the Gap Workshop Female Employees	-	22,500
Upgrade / Repair Rec Halls	-	60,000
Shire Street Naming Project - Wurrumiyanga	-	2,500

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012 \$	2011 \$
3 Operating Revenue Continued		
CTG - Strengthen Governance Capacity	113,068	-
HMP Fencing Program	540,000	-
Sport Demonstration Program - AFL	60,000	-
Family as First Teachers DET	130,500	-
Workforce Mentoring	118,000	-
Youth Engagement Fishing	2,000	-
Environmental Health - Water Bubblers	10,200	-
NTNDRP - Paru Bridge	45,455	-
NTNDRP - Nguiu Culvert	18,182	-
Driver Education Program	25,200	-
Indigenous Training for Employment Program	115,144	-
Tourism NT	4,545	-
Festivals - Milimika Festival	15,000	-
Community Benefit Fund - Small Grant	5,000	-
NDRRA - Cape Fourcroy Road	341,524	-
NDRRA - Kerinauia Hwy (Wurankuwu Road)	57,574	-
NDRRA - Kerinauia Hwy (Rubbish Tip Road)	57,574	-
NDRRA - Paru Bridge & Surrounds	45,351	-
NDRRA - Pickertaramoor Road A	9,001	-
NDRRA - Pickertaramoor Road B	9,001	-
NTNDRP - Ranku Washout	34,091	-
NT Remote Pools	15,048	-
Total NT Special Purpose Funding	3,052,269	1,455,906
Current Operating Funding Total	12,140,260	12,008,857
<u>Prior Year Grants Brought Forward</u>		
<u>Operating</u>		
Night Patrol Shire	139,959	-
Child Care Policies and Procedures Consulting	-	50,000
ISRP - Jobs Creation Package Shire	-	4,878
Tracking Database Child Care	11,051	11,051
Skins Groups	-	77,102
CDEP Community Development and Support Shire	95,789	40,000
NTG - C Gap (Sport Hall Repair)	25,000	25,000
NRETAS Pirlangimpi Hall Upgrade	30,000	30,000
CTG Repairs Public Toilets	-	21,600
CTG Repairs Pirlangimpi Library	25,142	50,400
NTG Closing the Gap DLGH(Governance. Skin Groups)	48,454	75,825
NTG Special Purpose DLG (Tiwi Women's Group)	8,692	30,000
NTG Special Purpose DHLG(Independent Advisor)	9,444	20,780
Active Remote Communities Sport & Recreation Shire	-	33,511
Milikapiti Crèche Establishment Funding	18,048	75,559
ISRP - Indigenous Sport & Recreation Program Shire	-	8,825
Child Care Establishment Funding Pirlangimpi	31,721	-
Jirnani Capital Works	53,341	-
Outstations Essential Services	14,300	-
Outstations Converted Jobs Program	9,160	-
Outstation Capital Funding Other	46,810	-
NTG Sport & Recreation ARCP (Softball)	4,000	-
NTG Closing the Gap Workshop Female Employees	3,375	-
Community Fitness Program - Pirlangimpi	4,844	-

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012 \$	2011 \$
3 Operating Revenue Continued		
Youth Activities	276	-
Shire Street Naming Project - Wurrumiyanga	2,500	-
Festivals - Milimika Festival	26,200	-
ABA Heavy Equipment	5,209	-
Outstations Housing Maintenance	18,360	-
Total Prior Year Operating Grants	631,675	554,531
<u>Operating Grant Liability</u>		
After School Care Wurrumiyanga	- 10,048	-
After School Care Pirlangimpi	- 10,541	-
After School Care Milikapiti	- 28,982	-
Crèche Milikapiti	-	- 28,104
Vacation Care Milikapiti	- 16,695	-
Tracking Database Child Care	- 3,944	- 11,051
Jirnani Child Care Centre Capital Works	-	- 964
Milikapiti Crèche Establishment Funding	- 18,048	- 18,048
Child Care Policies and Procedures Consulting	-	- 50,000
Child Services Pirlangimpi	- 8,099	-
Vacation Care Wurrumiyanga	- 24,812	-
Vacation Care Pirlangimpi	- 7,581	-
CDEP Participant Wages Shire	- 132,730	- 272,548
CDEP Community Development and Support Shire	- 124,392	- 41,232
ISRP - Jobs Creation Package Shire	- 179	-
CTG - Repairs to Sport & Rec Hall Milikapiti	-	- 47,370
NRETAS Pirlangimpi Hall Upgrade	- 19,764	- 30,000
CTG Shade and Play Milikapiti	- 25,000	- 25,000
CTG BMX Track Wurrumiyanga	-	- 10,000
NTG Special Purpose DHLG(Independent Advisor)	- 7,644	- 9,444
Night Patrol Shire	-	- 80,385
NTG - C Gap (Sport Hall Repair)	-	- 25,000
Outstation ESS Capital	-	- 17,749
NTG Special Purpose DLG (Tiwi Women's Group)	- 8,692	- 8,692
CTG Flood Lighting Wurrumiyanga	-	- 70,000
CTG Repairs Pirlangimpi Library	- 25,142	- 17,582
NTG Closing the Gap DLGH(Governance. Skin Groups)	-	- 33,454
Outstations Converted Jobs Program	- 26,359	- 9,160
NTG Sport & Recreation ARCP (Softball)	-	- 4,000
Upgrade / Repair Rec Halls	-	- 60,000
Community Fitness Program - Pirlangimpi	- 1,249	- 4,844
Youth Activities	-	- 276
Shire Street Naming Project - Wurrumiyanga	-	- 2,500
Festivals - Milimika Festival	-	- 26,200
NT Jobs Packages (Broadcasting) Shire	-	- 14,963
Child Care Establishment Funding Pirlangimpi	- 27	- 31,721
Jirnani Capital Works	-	- 53,341
Outstations Essential Services	- 77,205	- 32,049
Ranku Power Supply (Outstations ES Offset)	74,081	-
RLCIP Skate Park Wurrumiyanga	-	- 22,929
Outstation Capital Funding Other	- 46,810	- 46,810
Dual Control Vehicle Purchase	-	- 39,500
NAIDOC Week	-	- 3,000

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
3 Operating Revenue Continued		
Indigenous Community Broadcasting (IBP) Shire	-	6,578
RLCIP Round 3 Animal Control Compounds Construction	-	30,000
Driver Education Program	11,777	-
Indigenous Training for Employment Program	109,393	-
CTG - Strengthen Governance Capacity	106,450	-
Environmental Health Services	329,680	-
HMP Fencing Program	540,000	-
Outstations Housing Maintenance	14,031	-
Sport Demonstration Program -AFL	5,333	-
Imparja Cup	8,409	-
Family as First Teachers DET	82,678	-
CTG - Water park Feature Milikapiti	57,120	-
Youth Engagement Fishing	455	-
Environmental Health - Water Bubblers	5,469	-
Bush Camps - Combat Petrol Sniffing Strategy	34,646	-
Pirlangimpi Women's Centre	15,000	-
Tourism NT	4,545	-
Community Benefit Fund - Small Grant	5,000	-
Festivals Australia (DRALGAS)	48,530	-
Workforce Mentoring	50,990	-
NDRRA - Cape Fourcroy Road	341,524	-
Total Operating Grant Liability	2,320,892	1,148,996
 TOTAL OPERATIONAL FUNDING	 10,451,043	 11,414,392
 <u>Commonwealth Capital Funding</u>		
Night Patrol Shire	28,512	-
Total Commonwealth Capital Funding Total	28,512	-
 <u>NT Capital Funding</u>		
CIGP - Wurankuwu New Generators	227,273	-
Total NT Capital Funding	227,273	-
 Prior Years Capital Funding		
AG Office/Battery Banks Outstations Ess Ranku		5,028
Jirnani Child Care Centre Capital Works	-	65,909
Night Patrol Shire	-	62,885
CDEP Community Development and Support Shire	439,283	550,000
RLCIP Skate Park Wurrumiyanga	22,929	30,000
CTG - Repairs to Sport & Rec Hall Milikapiti	-	65,000
Outstation ESS Capital	-	140,909
SPG Slashing and Mowing Equipment Shire	-	122,659
CTG Flood Lighting Wurrumiyanga	70,000	70,000
CTG Shade and Play Milikapiti	25,000	25,000
CTG BMX Track Wurrumiyanga	10,000	10,000
RLCIP Round 3 Animal Control Compounds Construction	30,000	-
CTG - Water park Feature Milikapiti	57,120	-
Upgrade / Repair Rec Halls	60,000	-
Dual Control Vehicle Purchase	39,500	39,500
Total Prior Years Capital Funding	753,832	1,186,890

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012 \$	2011 \$
3 Operating Revenue Continued		
<u>Capital Grant Liability</u>		
CDEP Community Development and Support Shire	- 367,613	- 435,006
CIGP - Wurankuwu New Generators	- 9,007	-
CTG Flood Lighting Wurrumiyanga	- 57,869	-
Upgrade / Repair Rec Halls	- 6,605	-
Total Capital Grant Liability	- 441,094	- 435,006
TOTAL CAPITAL FUNDING	568,522	751,884
TOTAL GRANTS	11,019,565	12,166,276
f CONTRIBUTIONS & DONATIONS		
Cash Sponsorship	3,682	-
Cash Donations	32,231	2,500
Total Contributions & Donations	35,913	2,500
g SALE OF ASSETS		
Proceeds from the Sale of Assets	-	727
Total Proceeds from the Sale of Assets	-	727
4 Operating Expenses		
a EMPLOYEE COSTS		
Wages and Salaries	8,898,581	9,379,038
Annual Leave and Long Service Leave Movements	1,301,469	1,141,253
Superannuation	761,268	679,805
FBT	31,164	39,671
Workers Compensation	140,489	139,380
Relocation /Recruitment	35,335	26,620
Total Employee Entitlement Expense	11,168,306	11,405,768
Other Employee Related Expenses	473	14,750
Total Operating Employee Costs	473	14,750
TOTAL EMPLOYEE COSTS	11,168,779	11,420,518
b INTEREST CHARGES		
Bank Fees	3,659	3,994
Interest Expenses	-	134
Total Interest Charges	3,659	4,128
c DEPRECIATION & AMORTISATION		
Depreciation		
Plant and Machinery Depreciation	259,147	211,116
Equipment Depreciation	36,360	13,299
Motor Vehicles Depreciation	161,726	124,833
Infrastructure Depreciation	-	27
Total Depreciation	457,234	349,275

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

	2012 \$	2011 \$
4 Operating Expenses Continued		
Depreciation Prescribed Assets		
Prescribed Infrastructure Depreciation	302,371	277,634
Prescribed Building Depreciation	1,616,162	1,606,461
Prescribed Motor Vehicles Depreciation	45,839	-
Total Depreciation Prescribed Assets	1,964,372	1,884,095
 Total Depreciation/ Prescribed Asset Expenses	 2,421,606	 2,233,370
 d OTHER OPERATING EXPENSES		
Council Chairman's Allowance	82,521	54,415
Councillor Allowance Exp	190,336	127,348
Electoral Commission Expenses	36,364	-
Insurance	319,030	307,366
Total Other Operating Expenses	628,251	489,129
 e MATERIALS & CONTRACTS		
Accounting Fees	81,175	183,217
Bad Debt write-off Exp	79,629	- 67,894
Communication Expenses	189,148	185,096
Consultants & Legal Expenses	128,223	189,473
Contract Labour	920,940	438,107
Contract Materials	62,382	29,300
Electricity	196,224	188,003
Freight	276,765	211,002
Fuel & Oil Motor Vehicles	555,997	529,498
Gas Expenditure	8,611	9,437
Material Expenditure	2,302,229	1,825,716
Operating Lease Expenses	159,321	132,054
Software/Internet/Support	432,349	579,696
Travel/Accommodation/Training	546,202	690,219
Sea cat ferry expenses	20,695	22,791
Other Materials & Contracts	70,470	187,124
Total Materials & Contracts	6,030,361	5,332,838
 f LOSS ON DISPOSAL OF ASSETS		
Loss on disposal of property, plant & equipment	116,215	-
Total Expense from Disposal of assets	116,215	-
 5 Cash & Investments		
CASH		
Current Operating Accounts & Cash on Hand	7,339,519	8,000,558
TOTAL CASH	7,339,519	8,000,558

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

6 Receivables

	2012	2011
	\$	\$
Rates & Annual Charges	248,251	121,674
GST Receivables	97,939	97,173
Accrued Income	107,866	455,337
Other Receivables	1,847,076	1,455,760
Less Provision for Doubtful Debts	- 203,371	- 312,728
TOTAL RECEIVABLES	2,097,761	1,817,216

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 2012 is detailed below:

Aged Analysis

Not past due	839,001	1,055,080
Past due 31-60 days	72,836	186,778
Past due 61-90 days	129,028	100,688
Past due 91-days	1,260,267	787,397

Total Gross Trade Receivables 2012

2,301,132	2,129,944
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b Impaired receivables

As at 30 June 2012, receivables with a nominal value of \$203,371 were impaired (2011: \$312,728). 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:

Aged Analysis

Not past due	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-days	203,371	312,728
Total impaired receivables	203,371	312,728

Movement in the provision for impairment are as follows

Balance at beginning of year	- 312,728	- 400,020
Provision for impairment recognised during the year	152,764	19,398
Reversal of provision for impairment	- 43,407	67,894

Balance at end of year

- 203,371	- 312,728
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As at 30 June 2012, current receivables of the Council with a nominal value of \$1,055,389 (2011: \$762,136) 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	72,836	186,778
Past due 61-90 days	129,028	100,688
Past due 91-days	1,056,896	474,669
Total receivables not impaired	1,258,760	762,136

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

7 Other Assets	2012	2011
	\$	\$
Fuel Stock	59,881	103,846
Stores and Material	1,255,808	640,646
Prepayments	22,060	37,103
TOTAL INVENTORIES	1,337,750	781,595

8 Property Plant & Equipment

a Gross carrying amount and accumulated depreciation

Prescribed Buildings - at revaluation	30,401,325	30,367,977
Less: Accumulated Depreciation and Impairment	- 3,222,623	- 1,606,461
Total	27,178,702	28,761,516

Plant and Machinery - at cost	2,816,475	2,321,843
Less: Accumulated Depreciation and Impairment	- 885,046	- 696,693
Total	1,931,429	1,625,150

Equipment - at cost	213,918	96,393
Less: Accumulated Depreciation and Impairment	- 56,700	- 20,340
Total	157,218	76,053

Motor Vehicles - at cost	1,177,431	930,757
Less: Accumulated Depreciation and Impairment	- 279,828	- 202,920
Total	897,604	727,837

Prescribed Motor Vehicles - at cost	258,524	-
Less: Accumulated Depreciation and Impairment	- 89,745	-
Total	168,780	-

Prescribed Infrastructure - at revaluation	5,736,776	5,492,390
Less: Accumulated Depreciation and Impairment	- 580,032	- 277,661
Total	5,156,744	5,214,729

Work in Progress	531,427	142,916
Total	531,427	142,916

Total Property, Plant and Equipment	36,021,903	36,548,202
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b Movements in carrying amounts

Prescribed Buildings - at revaluation		
Buildings - at revaluation	28,761,516	30,351,798
Plus: Revaluation	-	-
Plus: Acquisitions	33,348	16,180
Less: Sold/Written Off	-	-
Less: Depreciation	- 1,616,162	- 1,606,461
Total	27,178,702	28,761,516

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

8 Property Plant & Equipment Continued	2012 \$	2011 \$
Plant and Machinery - at cost		
Plant and Machinery - at cost	1,625,150	1,405,456
Plus: Revaluation	-	-
Plus: Acquisitions	654,032	134,816
Asset Reclassification	-	295,992
Less: Sold/Written Off	- 88,605.40	1
Less: Depreciation	- 259,147	- 211,116
Total	1,931,429	1,625,150
 Equipment - at cost		
Equipment - at cost	76,053	42,208
Plus: Revaluation	-	-
Plus: Acquisitions	117,524	68,624
Asset Reclassification	-	21,480
Less: Sold/Written Off	-	-
Less: Depreciation	- 36,360	- 13,299
Total	157,217.56	76,053
 Motor Vehicles - at cost		
Motor Vehicles at cost	727,837	645,553
Plus: Revaluation	-	-
Plus: Acquisitions	573,721	481,656
Asset Reclassification	- 214,619	- 274,539
Less: Sold/Written Off	- 27,610	-
Less: Depreciation	- 161,726	- 124,833
Total	897,604	727,837
 Prescribed Motor Vehicles - at cost		
Motor Vehicles Prescribed at cost	-	-
Plus: Revaluation	-	-
Plus: Acquisitions	-	-
Asset Reclassification	214,619	-
Less: Sold/Written Off	-	-
Less: Depreciation	- 45,839	-
Total	168,780	-
 Prescribed Infrastructure - at revaluation		
Infrastructure - at revaluation	5,214,729	5,192,878
Plus: Revaluation	-	-
Plus: Acquisitions	244,387	299,511
Less: Sold/Written Off	-	1
Less: Depreciation	- 302,371	- 277,661
Total	5,156,744	5,214,729
 Work in Progress		
Opening Balance	142,916	27,274
Purchased	2,011,523	1,116,432
Capitalisation	- 1,623,013	- 1,000,789
Total	531,427	142,917
 TOTAL - All Non-Current Assets	36,021,903	36,548,202

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements
for the year ended 30 June 2012

9 Creditors, Provisions & Borrowings	2012 \$	2011 \$
a <u>Accounts Payable</u>		
Goods & Services	1,712,097	1,420,225
GST Payable	215,650	577,911
Credit Cards Payable	- 9,119	-
Total Accounts Payable	1,918,627	1,998,136
b Other Liabilities	1,342,471	275,161
Unexpended grant liability 1	3,293,789	2,490,702
Total Other Liabilities	4,636,260	2,765,863
TOTAL CREDITORS	6,554,888	4,763,999
Analysis of Creditors:		
Current	1,817,795	1,862,397
30days	51,376	58,586
60 days	3,912	13,937
> 90 days	45,545	63,217
Total Gross Trade Payables	1,918,627	1,998,136
c <u>Provision - Current</u>		
Annual Leave	1,020,570	1,001,182
Current Long Service Leave	-	-
Contingent Liability - Contractor Entitlements	-	-
Total Current Provisions	1,020,570	1,001,182
d <u>Provisions - Non Current</u>		
Long Service Leave	387,374	329,928
Total Non-Current Provisions	387,374	329,928
TOTAL PROVISIONS	1,407,944	1,331,110
e <u>Borrowings</u>		
Current Borrowings - Unsecured	1,000,000	1,000,000
TOTAL BORROWINGS	1,000,000	1,000,000
TOTAL CREDITORS, PROVISIONS & BORROWINGS	8,862,832	7,095,109

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

10 Statement of Cash Flows	2012	2011
	\$	\$
a Reconciliation of Cash		
Cash on hand and at Bank	1,058,641	1,050,642
Cash Management Account	6,280,878	6,949,916
Term Deposits	-	-
Balances as per Statement of Cash Flow	7,339,519	8,000,558
b Reconciliation of Change in Net Assets to Cash from Operating Activities		
Change in net assets after operations	- 2,218,360	- 1,068,220
Add		
Depreciation and Amortisation	2,421,606	2,233,370
Decrease in Stock	-	-
Decrease in Prepayments	15,043	-
Decrease in Trade & Other Receivables	-	1,054,865
Increase in Trade Creditors	-	351,747
Loss on disposal of property, plant & equipment	116,215	-
Increase in Provisions	76,834	208,142
Increase in Other Current Liabilities	1,870,397	-
	2,281,735	2,779,905
Less		
Decrease in Trade Creditors	79,509	-
Decrease in Other Current Liabilities	-	596,352
Increase in Trade and other receivables	280,545	-
Increase in Stock	571,197	140,891
Profit on sale of Fixed Assets	-	727
	931,251	739,297
Net Cash provided by operating activities	1,350,484	2,041,934

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	99,345	94,704
Later than one year and not later than 5 years	120,743	248,216
Later than 5 years	406,736	313,095

12 Commitments for Expenditure

No significant commitments for expenditure existed at 30 June 2012.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

13 Statement of Performance Measure	2012 \$ Amounts	2011 \$ Indicators
1. CURENT RATIO		
Factors		
<u>Current Assets</u>	10,775,029	1.26
Current Liabilities	8,575,458	
2. RATE COVERAGE RATIO		
Factors		
<u>Rate Revenues</u>	898,240	0.05
Total Revenue	17,465,774	
3. RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGES		
Factors		
<u>Rates & Annual Charges Outstanding</u>	248,251	0.28
Rates & Annual Charges Collectible	898,240	

14 Conditions Over Grants & Contributions

Grant and Contributions that were obtained on the condition that they be expended on specific purposes or in a future period but which are not yet expended in accordance with those conditions, are as follows:

Grant Liability from 08/09 Funding Year

Heavy Plant and Equipment	-	5,209
Regional Night Patrol	-	143,407
CDEP 05/06 Capital Funding	114,789	114,789
Community Infrastructure-Wururankuru (117600)	-	25,457
Indigenous Women's Programs	1,707	42,355
Total 08/09 Grant Liability	116,496	331,217

Grant Liability from 09/10 Funding Year

OSHC Nguuu	-	4,221	-	4,221
OSHC Milikapiti	-	-	-	6,481
Child Care Centre	-	8,101	-	42,275
VAC Shire	-	9,882	-	43,778
Milikapiti Child Care Centre	-	18,048	-	18,048
Jirnani Capital Works 08/09 surplus OSHC	-	-	-	964
Child Care policies & procedures 08/09 surplus	-	-	-	50,000
Tracking Data Base 08/09 surplus	-	-	-	11,051
Jirnani Capital Works-	-	-	-	53,341
Pirlangimpi Recycle Project	-	-	-	1,831
Men's Carpentry	-	-	-	115
CDEP Participant Wages	-	-	-	273,619
CDEP 09/10	-	-	-	175,509
CDEP Service Fees	-	36,064	-	-

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

14 Conditions Over Grants & Contributions Continued	2012 \$	2011 \$
Pirlangimpi Hall upgrade	19,764	30,000
CTG - Appoint Independent Advisor	7,644	9,444
CTG - Shade n Play Milikapiti	25,000	25,000
CTG - Indigenous Women's Group	8,692	8,692
CTG - Skin Group Programs	-	33,454
CTG - Repairs Pirlangimpi Library	25,142	17,582
CTG - Flood Lighting Nguiu	57,869	70,000
CTG - BMX Track Skate Park Nguiu	-	10,000
CTG - Repairs to sport & recreation halls Mili & Nguiu	-	25,000
CTG - Water Park Feature Milikapiti	-	47,370
Outstation Community Converted Salary	36,096	36,096
New Bore and Wurankuwu Outstation	-	17,749
RLCIP \$30K Skatepark Nguiu	-	22,929
Shade Structure for Cemeteries (Variation for Rec halls 11-12)	-	60,000
Total 09/10 Grant Liability	156,189	1,050,609

Grant Liability from 10/11 Funding Year

Regional Night Patrol	-	80,385
CDEP Participant Wages 10/11	272,548	272,548
CDEP Development & Support	-	476,237
Soft Ball Competition NRETAS	-	4,000
Animal Control Compounds	-	30,000
Misc repairs to Bores	46,810	46,810
Shires Street Naming Project	-	2,500
NAIDOC Week	-	3,000
Pirlangimpi Establishment Funding 1-F46ZDEEWR	27	31,721
RIBs Broadcasting	-	6,578
Festivals- A Break on the Island	-	26,200
Dual Drive Motor Vehicle	-	39,500
Youth Activities - Melville Island	-	276
Community Fitness Program	-	4,844
Outstation Community Converted Salary	-	9,160
NT Job Packages Broadcasting (BRAC)	-	14,963
Municipal & Essential Services Program	-	32,049
Milikapiti Child Care Centre	28,104	28,104
Water Feature Milikapiti	57,120	-
Total 10/11 Grant Liability	404,609	1,108,876

Grant Liability from 11/12 Funding Year

VAC Nguiu	24,812	-
VAC Pirlangimpi	7,581	-
VAC Milikapiti	16,695	-
ASC Nguiu	10,048	-
ASC Pirlangimpi	10,541	-
ASC Milikapiti	28,982	-
Child Care Pirlangimpi	8,099	-
Night Patrol Capital	488	-
Sports Demonstration	5,333	-
FaFT	82,678	-
Roads To Recovery	132,489	-
Munns Essential Services Outstations	3,124	-

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

14 Conditions Over Grants & Contributions Continued	2012 \$	2011 \$
CDEP Participant Wages	199,295	-
CDEP Participant Wages Leave Accrual	66,564	-
CDEP Community Development and Support	492,005	-
Sport and Rec Manager Department of Sport	179	-
Outstation Community Converted Salary	26,359	-
Wurankuwu Generator	9,007	-
Youth Fishing	455	-
Water Bubblers	5,469	-
Bush Camps	34,646	-
Women's Centre Sewing Pirlangimpi	15,000	-
Rec Hall Upgrade	6,605	-
Community Fitness	1,249	-
Governance Manager	106,450	-
HMP Environmental Life Skills	329,680	-
HMP Fencing	540,000	-
Outstations Housing Maintenance	14,031	-
Driver Training	11,777	-
ITEP Training	109,393	-
Tourism NT	4,545	-
Festivals Australia	48,530	-
Small Grants Design Program and Inks	5,000	-
Workforce Mentoring	50,990	-
Cape Fourcroy Road	341,524	-
Total 11/12 Grant Liability	2,616,495	-
 Total Grant Liability	 3,293,789	 2,490,702

15a Financial Risk Exposure and 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 (16a).

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 of 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.

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

15a Financial Risk Exposure and Management continued

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. For further details on interest rate risk refer to note 15(b).

Sensitivity analysis

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

	2012 \$	2011 \$
Financial Assets		
Cash at bank	7,339,519	8,000,558
Investment	-	-
	<hr/> 7,339,519	<hr/> 8,000,558
Financial Liabilities		
	-	-
	<hr/> -	<hr/> -

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 2012	Effect on Equity 2012	Effect on Profit or Loss 2011	Effect on Equity 2011
Financial Assets					
Cash at bank and Investments	1%	73,395	73,395	80,006	80,006
	-1%	- 73,395	- 73,395	- 80,006	- 80,006
Financial Liabilities					
	1%	-	-	-	-
	-1%	-	-	-	-

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

15b Terms, Conditions and Accounting Policies

The accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are as follows:

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
(i) Financial Assets			
Receivables - Trade	6	Trade Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit Sales are on a 30 day terms.
Term Deposits	5	Term Deposits are stated at the lower cost and net realisable value. Interest is recognised in the profit and loss when earned.	Term Deposits have effective interest rates of between 2.5 and 4.5 percent.
(ii) Financial Liabilities			
Trade Creditors	9	Liabilities are recognised for accounts to be paid in the future for goods and services received, whether or not billed to the organisation.	Trade Liabilities are normally settled on 30 day terms.

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

15c 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	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets - cash flows realisable								
Cash on Hand	7,339,519	8,000,558	-	-	-	-	7,339,519	8,000,558
Trade and other receivables	2,097,761	1,817,216	-	-	-	-	2,097,761	1,817,216
Short Term Deposits	-	-	-	-	-	-	-	-
Total	9,437,280	9,817,774					9,437,280	9,817,774
Financial Liabilities due for payment								
Trade and other payables	1,918,627	1,998,136	-	-	-	-	1,918,627	1,998,136
Borrowings	1,000,000	1,000,000					1,000,000	1,000,000
Other Current Liabilities	1,342,471	275,161					1,342,471	275,161
Unexpended Grant Liability	3,293,789	2,490,702					3,293,789	2,490,702
Total	7,554,888	5,763,999	-	-	-	-	7,554,888	5,763,999

TIWI ISLANDS SHIRE COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

16 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	Wokai Bourke
	Barry Puruntatameri	Maralampuwi Kurrupuwu
	Emmanuel Rioli	Teresita Puruntatameri
	Marius Puruntatameri	Kathleen Tipungwuti
	Peter Rioli	Walter Kerinauia
	John Naden	David Boyd
	Leslie Tungutalum	Raelene Mungatopi
	Crystal Johnson	Richard Tungutalum
	Brian Tipungwuti	Henry Dunn

Chief Executive Officer Alan Hudson

b Remuneration of Responsible Persons

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

	2012	2011
	\$	\$
Short term employee benefits	649,869	594,630
Post employment benefits	-	-
Termination benefits	-	-

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 2011/12.

e No transactions other than remuneration payment or reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year 2011/12.

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 shire councils, including Tiwi Islands Shire 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 Council will not realise any returns from its funding contribution to CouncilBiz, Council expensed the \$50,000 when it was incurred.

g Contingent liabilities arising from interest in joint venture

Under the terms and conditions of the Constitution of CouncilBiz, Council and other members have guaranteed the debts and liabilities of CouncilBiz. As at 30 June 2012, the amount of the obligation cannot be measured with sufficient reliability, and has not been recognised in the accounts.

TIWI ISLANDS SHIRE COUNCIL

**Notes to and forming part of the Financial Statements
for the year ended 30 June 2012**

17 Auditors' Remuneration	2012	2011
	\$	\$
Amounts received or due and receivable by the auditors of Tiwi Islands Shire Council		
- Audit or review services	74,581	71,948
- Other Services	-	2,421