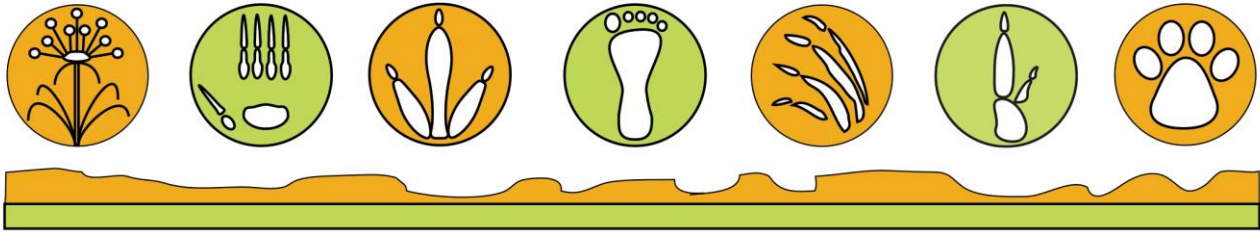

BARKLY REGIONAL COUNCIL



OUR VISION

We strive to be responsive, progressive, sustainable council which respects, listens and empowers the people to be strong.

The Way We Will Work

We will make it happen!

We will be engaged and have regular opportunities to listen.

We will have strong policy and budgets to ensure our programs and services are progressive and sustainable.

Respect is shown in everything we do and we have acceptance of all cultures in the Barkly Region and their practices through a culturally competent Council.

We are a responsible Council.

We will be a responsive Council.

We want to empower local decision making.

We want to ensure that our services are sustainable and that our region has a standard consistent level of services.

We want to be able to sustain our environment – our communities, our physical places, our people and our organisational culture.

We will aggressively pursue additional funding from both levels of government to improve the standard of living of people across the region.

We need to be realistic, transparent and accountable.

AGENDA

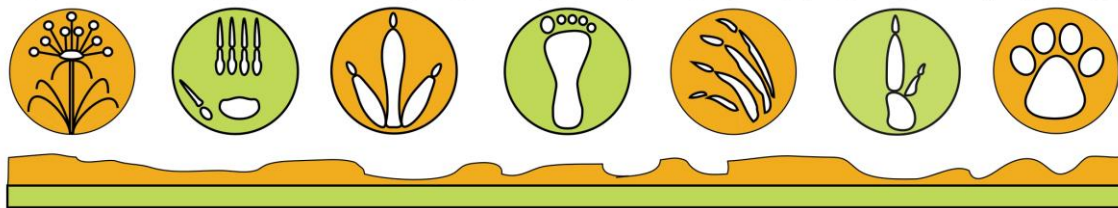
AUDIT COMMITTEE MEETING

MONDAY, 29 OCTOBER 2018

Barkly Regional Council's Audit Committee Meeting will be held in Council Chambers on Monday, 29 October 2018 at 8:30am.

Steven Moore
Chief Executive Officer

BARKLY REGIONAL COUNCIL



AGENDA

ITEM	SUBJECT	PAGE NO
1	OPENING AND ATTENDANCE	
1.1	Elected Members Present	
1.2	Staff Members And Visitors Present	
1.3	Apologies	
1.4	Absent Without Apology	
1.5	Disclosure Of Interest	
2	ACTIONS FROM PREVIOUS MINUTES	
	<i>Nil</i>	
3	CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES	
	<i>Nil</i>	
4	REGISTER OF MOTIONS	
	<i>Nil</i>	
5	UPDATED AUDIT COMMITTEE WORK PROGRAM REPORTS	
	<i>Nil</i>	
6	OTHER BUSINESS	
	<i>Nil</i>	
7	GENERAL BUSINESS AND MATTERS FOR NOTING REPORTS	
7.1	Audited Financial Statements for the Year Ended 30 June 2018	5
7.2	Register of Organisational Risks Project.....	42
8	DECISION TO MOVE INTO CONFIDENTIAL SESSION	
8.1	Confirmation of Previous Minutes <i>The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.</i>	

9 CLOSE OF MEETING

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	7.1
TITLE	Audited Financial Statements for the Year Ended 30 June 2018
REFERENCE	260544
AUTHOR	Gary Pemberton, Finance Manager

RECOMMENDATION

That the Audit & Risk Committee

- (a) Receive and note the report;**
- (b) Endorse the presentation to Council of the Financial Statements for the year ended 30 June 2018, the Officer's Statement, the Statement by Auditor, and Independent Auditor's Report.**

SUMMARY:

This report presents to the Audit & Risk Committee the Council's audited financial statements for the 2017-2018 financial year including correspondence from Council's External Auditor.

BACKGROUND

Section 131 of the NT Local Government Act requires a Council to prepare a financial statement for each financial year.

It is intended to table the audited financial statements to Council at a special meeting scheduled for 1 November 2018.

The financial statements are presented to the committee in their final audited including certification by the Auditor and Chief Executive Officer.

ORGANISATIONAL RISK ASSESSMENT

<<Enter Text>>

BUDGET IMPLICATION

<<Enter Text>>



ISSUE/OPTIONS/CONSEQUENCES

<<Enter Text>>

CONSULTATION & TIMING

<<Enter Text>>

ATTACHMENTS:

- 1**  Audited Financial Statements 30 June 2018
- 2**  External Auditor Balance Date Letter

BARKLY REGIONAL COUNCIL

General Purpose Financial Reports for the year ended 30 June 2018

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BARKLY REGIONAL COUNCIL**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018****OFFICER'S STATEMENT**

I, Steven Michael Moore the Chief Executive Officer of the Barkly Regional Council, hereby certify that the Annual Financial Statements:

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



Steven M Moore
Chief Executive Officer

19-10-18

Date:

BARKLY REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
INCOME			
Rates	2	3,617	3,416
Statutory charges	2	13	3
User charges	2	1,490	1,333
Grants, subsidies and contributions	2	16,066	17,974
Investment income	2	125	104
Reimbursements	2	1,004	1,440
Other income	2	491	593
Total Income		22,806	24,863
EXPENSES			
Employee costs	3	13,036	13,289
Materials, contracts & other expenses	3	8,348	8,735
Depreciation, amortisation & impairment	3	2,938	3,003
Finance costs	3	13	13
Total Expenses		24,335	25,040
OPERATING SURPLUS / (DEFICIT)		(1,529)	(177)
Net gain/(loss) on disposal of assets	4	142	(76)
Amounts received specifically for new or upgraded assets	2	12,793	-
NET SURPLUS/(DEFICIT)		11,406	(253)
Transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Gain on revaluation of infrastructure, property, plant & equipment		-	(5,438)
Impairment (expense) / recoupment offset to asset revaluation reserve		-	(944)
Total Other Comprehensive Income		-	(6,382)
TOTAL COMPREHENSIVE INCOME		11,406	(6,635)

This Statement is to be read in conjunction with the attached Notes.

BARKLY REGIONAL COUNCIL

BALANCE SHEET

as at 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	15,767	10,166
Trade & other receivables	5	2,505	1,053
Inventories	5	42	42
Total Current Assets		18,314	11,261
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	29,628	30,181
Other Non-current Assets	6	5,298	-
Total Non-current Assets		34,926	30,181
Total Assets		53,240	41,442
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,611	1,396
Provisions	8	943	748
Total Current Liabilities		2,554	2,144
Non-current Liabilities			
Provisions	8	261	279
Total Non-current Liabilities		261	279
Total Liabilities		2,815	2,423
NET ASSETS		50,425	39,019
EQUITY			
Accumulated Surplus		16,563	15,231
Asset Revaluation Reserves	9	23,788	23,788
Unspent Grants Reserve	9	10,074	-
TOTAL EQUITY		50,425	39,019

This Statement is to be read in conjunction with the attached Notes.

BARKLY REGIONAL COUNCIL**STATEMENT OF CHANGES IN EQUITY**
for the year ended 30 June 2018

	Accumulated Surplus	Unspent Grants Reserve	Asset Revaluation Reserve	TOTAL EQUITY
	\$'000		\$'000	\$'000
2018	Notes			
Balance at end of previous reporting period	15,231	-	23,788	39,019
Net (Deficit) for Year	11,406	-	-	11,406
Transfers to unspent grants reserve from accumulated funds	(10,074)	10,074	-	-
Balance at end of period	16,563	10,074	23,788	50,425
2017				
Balance at end of previous reporting period	15,484	-	30,170	45,654
Net Surplus for Year	(253)	-	-	(253)
Other Comprehensive Income				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	-	(5,438)	(5,438)
Impairment (expense) / recoupment offset to asset revaluation reserve	-	-	(944)	(944)
Balance at end of period	15,231	-	23,788	39,019

This Statement is to be read in conjunction with the attached Notes

BARKLY REGIONAL COUNCIL

CASH FLOW STATEMENT

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		3,409	3,454
Fees & other charges		1,974	1,291
Investment receipts		132	87
Grants utilised for operating purposes		15,865	19,584
Other operating receipts		2,853	2,618
<u>Payments</u>			
Employee Costs		(12,846)	(13,167)
Contractual services & materials		(9,188)	(8,454)
Other operating payments		(1,837)	(1,279)
Finance payments		(13)	(321)
Net Cash provided by (or used in) Operating Activities		349	3,813
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		12,793	-
Sale of replaced assets		142	36
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(7,430)	(506)
Expenditure on new/upgraded assets		(253)	-
Net Cash provided by (or used in) Investing Activities		5,252	(470)
Net Increase (Decrease) in cash held		5,601	3,343
Cash & cash equivalents at beginning of period		10,166	6,823
Cash & cash equivalents at end of period		15,767	10,166

This Statement is to be read in conjunction with the attached Notes

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention, except as otherwise stated, in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant Northern Territory legislation.

The financial report was authorised for issue by certificate under clause 16 of the *Local Government (Accounting) Regulations* dated 18 October 2018).

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Barkly Regional Council is incorporated under the NT Local Government Act and has its principal place of business at 41 Peko Road, Tennant Creek. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as income 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 amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

3 Income recognition (cont)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as follows:

	Cash Received	Annual Allocation	Difference	
2016/2017	\$3,315,490	\$2,202,409	-	\$1,113,081
2017/2018	\$2,288,545	\$2,252,384	-	\$36,161

Because these grants are untied, the Australian Accounting Standards require that payments be recognised as income upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 17 has also been calculated after adjusting for the distortions resulting from the difference between actual grants received and the grants entitlements allocated.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *NT Local Government Act 2011*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

Land under roads

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

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

6 Infrastructure, Property, Plant & Equipment (cont)

Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Additions acquired subsequent to a revaluation are recognised at cost until the next revaluation of that asset class. Further detail of existing valuations, methods and valuers are provided at Note 7.

Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation 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 (which is the higher of the present value of future cash outflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

7 Payables

Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

7 Payables (cont)

Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Employee Benefits

Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on-costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Superannuation

The Council makes employer superannuation contributions in respect of its employees to a number of complying Superannuation Funds in accordance with the Superannuation Choice legislation. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

9 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

11 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

12 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information.

13 Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period.

- AASB 7 Financial Instruments – Disclosures
- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income for Not-for-Profit Entities
- Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

Other than AASB 16 and AASB 1058 Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/2020 financial period, and it is not Council's intention to adopt this Standard early.

Accounting Standard AASB 1058 Income for Not-for-Profit Entities may have a material effect on the amounts disclosed in these reports, particularly in relation to revenue from Grants & Subsidies, but does not commence until the 2019/2020 financial period, and it is not Council's intention to adopt this Standard early.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 2 - INCOME

	2018	2017
Notes	\$'000	\$'000
RATES REVENUES		
<u>General Rates</u>		
Residential	1,544	1,557
Commercial	624	670
Industrial	301	265
Pastoral and Mining	105	105
	<u>2,574</u>	<u>2,597</u>
<u>Annual Charges</u>		
Waste Management Service	878	796
Penalties for late payment	183	42
	<u>1,061</u>	<u>838</u>
Less:		
Discretionary rebates, remission & writeoffs	(18)	(19)
	<u>3,617</u>	<u>3,416</u>
STATUTORY CHARGES		
Animal registration fees & fines	6	2
Sundry	7	1
	<u>13</u>	<u>3</u>
USER CHARGES		
Client Contributions	305	559
Fuel Sales	12	11
Landfill Fees	197	99
NDIS	389	16
Service Fees	21	139
Sales and Admission Charges	156	91
Visitor Accommodation	57	50
Rental Charges	353	368
	<u>1,490</u>	<u>1,333</u>
INVESTMENT INCOME		
Interest on investments		
Banks & other	125	104
	<u>125</u>	<u>104</u>
REIMBURSEMENTS		
Power and Water	-	102
Private Works	964	1,154
Other	40	184
	<u>1,004</u>	<u>1,440</u>

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

NOTE 2 - INCOME (continued)

	2018	2017
Notes	\$'000	\$'000
OTHER INCOME		
Agency Fees		
- Australia Post	33	36
- Centrelink	423	485
Sundry	35	72
	<u>491</u>	<u>593</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	12,793	-
Other grants, subsidies and contributions	16,066	17,871
Individually significant item -	2(a) -	103
	<u>28,859</u>	<u>17,974</u>
<i>The functions to which these grants relate are shown in Note 12.</i>		
Sources of grants		
Commonwealth government	6,752	6,745
Northern Territory government	21,991	11,053
Other	116	176
	<u>28,859</u>	<u>17,974</u>
2(a) Individually Significant Item		
Grant funds received in the year ended 30 June 2016 recognised as income in the 2016-2017 financial statements	<u>-</u>	<u>103</u>

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

NOTE 2 - INCOME (continued)

	2018	2017
Notes	\$'000	\$'000
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
Unexpended at the close of the previous reporting period	2,163	3,974
Less: expended during the current period from revenues recognised in previous reporting periods		
Aged & Community Care	-	196
Alcohol Actions Initiative	9	-
Animal Management	64	-
Closing The Gap - Council Rebranding	-	133
DLGCS - Purchase Road Equipment	238	-
Elliott Playgroup	49	-
Homelands - Special Purpose	70	1,025
Local Authorities Allocation	360	431
Night Patrol	248	618
Safehouse Programme	28	-
Special Purpose Grants	221	80
Traffic Management Study	-	110
Waste Management	31	49
Youth Services	382	227
Other	45	29
Subtotal	1,745	2,898
Plus: amounts recognised as revenues in this reporting period not yet expended in accordance with the conditions		
Alcohol Actions Initiative	16	36
Aged & Community Care	258	13
Animal Management	200	64
DLGCS - Purchase Road Equipment	-	238
Elliott Playgroup	-	49
Infrastructure	2,026	-
Libraries	100	-
Night Patrol	218	233
Purkiss Reserve Upgrade	4,000	-
Safehouse	39	-
Special Purpose Grants	276	-
Roads Funding	613	-
Waste Management	-	34
Youth Services	24	345
Other	-	75
Subtotal	7,770	1,087
Unexpended at the close of this reporting period and held as restricted assets	8,188	2,163
Net increase (decrease) in assets subject to conditions in the current reporting period	6,025	(1,811)

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

	Notes	2018 \$'000	2017 \$'000
EMPLOYEE COSTS			
Salaries and Wages		10,065	10,328
Employee leave expense		1,290	1,112
Superannuation - defined contribution plan contributions	16	979	1,027
Training		108	135
Uniforms		49	66
Workers' Compensation Insurance		174	189
Travel		307	273
Fringe Benefits Tax		-	51
Recruitment		64	108
Total Operating Employee Costs		13,036	13,289
Total Number of Employees		160	143
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		40	42
- Other Services (Special Purpose Grant Audit Reports)		1	-
Bad and Doubtful Debts		14	-
Elected members' expenses		413	417
Operating Lease Rentals - cancellable leases		343	398
Operating Lease Rentals - non-cancellable leases	15		
- minimum lease payments		105	357
Subtotal - Prescribed Expenses		916	1,214
<u>Other Materials, Contracts & Expenses</u>			
Advertising		41	46
Consultants		851	1,054
Communication		374	447
Plant & Motor Vehicle Repairs and Running Costs		981	952
Repairs and Maintenance - General		736	713
Legal Expenses		27	23
Contractors		196	233
Grants Returned		285	87
Materials - Other		411	474
Minor Equipment		519	373
Insurance		355	362
Property Expenses - Council		138	106
Property Expenses - Contract		285	461
Groceries		567	670
Security		74	56
Utilities		1,017	1,046
Annual Software License Fees		493	333
Sundry		82	85
Subtotal - Other Materials, Contracts & Expenses		7,432	7,521
		8,348	8,735

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES (cont)

	2018 Notes \$'000	2017 \$'000
FINANCE COSTS		
Bank Charges & Fees	13	13
	<u>13</u>	<u>13</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings	1,996	2,129
Infrastructure	386	8
Office Equipment, Furniture & Fittings	-	75
Plant & equipment	556	791
	<u>2,938</u>	<u>3,003</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Assets renewed or directly replaced

Proceeds from disposal	142	36
Less: Carrying amount of assets sold	-	62
Gain (Loss) on disposal	<u>142</u>	<u>(26)</u>

OTHER NON-CURRENT ASSETS

Writedown of CouncilBiz Investment	-	(50)
	<u>-</u>	<u>(50)</u>

NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS

	<u>142</u>	<u>(76)</u>
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Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS

Cash on Hand and at Bank	10,718	5,109
Short Term Deposits & Bills, etc	5,049	5,057
	<u>15,767</u>	<u>10,166</u>

TRADE & OTHER RECEIVABLES

Rates - General & Other	738	523
Accrued Revenues	156	17
Debtors - general	106	374
Other levels of Government	1,502	131
Prepayments	19	25
Sundry	5	4
Total	<u>2,526</u>	<u>1,074</u>

Less: Allowance for Doubtful Debts

	<u>21</u>	<u>21</u>
	<u>2,505</u>	<u>1,053</u>

INVENTORIES

Stores & Materials	42	42
	<u>42</u>	<u>42</u>

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

	2018	2017
Notes	\$'000	\$'000

Note 6 - NON-CURRENT ASSETS

OTHER NON-CURRENT ASSETS

Capital Works in Progress

Purkiss Reserve Upgrade	(a) 5,000	-
Telecommunications Infrastructure Project	(b) 298	-
	<u>5,298</u>	<u>-</u>

- (a) Instalment of \$5 Million held by the Northern Territory Government's Department of Infrastructure, Planning and Logistics (DIPL) under a Recoverable Works Agreement to undertake Infrastructure upgrades to Purkiss Reserve in accordance with priorities identified by the Purkiss Reserve Consultative Committee and agreed to by Council.
- (b) Works to date to upgrade Council's communication infrastructure that will provide a stable and consistent communications platform across Council's seven communities. This project is funded through a Northern Territory Government Strategic Local Government Infrastructure Fund Grant (SIFG).

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2017 \$'000				2018 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	3	3,377	-	-	3,377	3,377	-	-	3,377
Land Improvements	3	-	-	-	-	-	-	-	-
Buildings	2&3	52,021	-	(31,806)	20,215	52,021	609	(33,802)	18,828
Infrastructure	3	6,166	-	(2,064)	4,102	6,166	329	(2,450)	4,045
Office Equipment		-	-	-	-	-	-	-	-
Plant & equipment	3	6,454	-	(3,967)	2,487	6,454	1,446	(4,522)	3,378
TOTAL PROPERTY, PLANT & EQUIPMENT		68,018	-	(37,837)	30,181	68,018	2,384	(40,774)	29,628
<i>Comparatives</i>		52,999	1,693	(18,704)	35,988	68,018	-	(37,837)	30,181

This Note continues on the following pages.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (CONTD)

	2017 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2018 \$'000
	CARRYING AMOUNT	Additions New/ Upgrade	Renewals	Disposals	Depreciation	Impairment	Net Revaluation	CARRYING AMOUNT
Land	3,377	-	-	-	-	-	-	3,377
Land Improvements	-	-	-	-	-	-	-	-
Buildings	20,215	39	570	-	(1,996)	-	-	18,828
Infrastructure	4,102	42	287	-	(386)	-	-	4,045
Office Equipment	-	-	-	-	-	-	-	-
Plant & equipment	2,487	172	1,275	-	(556)	-	-	3,378
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT	30,181	253	2,132	-	(2,938)	-	-	29,628
<i>Comparatives</i>	39,122	506	-	(62)	(3,003)	(944)	(5,438)	30,181

This Note continues on the following pages.

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7– INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (cont)

Valuation of Assets

General Valuation Principles

Assets at deemed cost - At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Accounting procedure - Upon revaluation, the current new replacement cost and accumulated depreciation are restated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

Highest and best use - For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Transition to AASB 13 - The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land under Roads

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Land & Land Improvements

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

These assets were valued as at 30 June 2017 valuation by Mr Timothy Ashton,, Certified Practising Valuer-AAPI Registration #67108, of AssetVal Pty Ltd (previous valuation – 30 June 2006 – Australian Valuation Office).

Barkly Regional Council**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018****Note 7 – Infrastructure, Property, Plant & Equipment (cont)****Buildings & Other Structures, Infrastructure and other assets shown as fair value hierarchy level 3**

There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Buildings & Other Structures

These assets were valued as at 30 June 2017 valuation by Mr Timothy Ashton,, Certified Practising Valuer-AAPI Registration #67108, of AssetVal Pty Ltd (previous valuation – 30 June 2006 – Australian Valuation Office).

Transport Infrastructure

Transportation assets were valued as at 30 June 2017 valuation by Mr Stuart D Forbes ASA, Consultant Plant, Equipment and Infrastructure Valuer - AAPI Registration #95281, of AssetVal Pty Ltd. Pursuant to advice from the Department of Community & Local Government Services these assets have not been recorded in the financial statements of Council at 30 June 2017, Transport Infrastructure valuations have been reported at Note 20 for information purposes only.

Other Infrastructure

Pool and Waterpark Infrastructure, Telecommunications Infrastructure, and Water Pumping and Bore Infrastructure were valued as at 30 June 2017 by Mr Stuart D Forbes ASA, Consultant Plant, Equipment and Infrastructure Valuer - AAPI Registration #95281, of AssetVal Pty Ltd.

Capitalisation Thresholds

Capitalisation thresholds used by Council for all assets is \$5,000.. No capitalisation threshold is applied to the acquisition of land or interests in land.

Estimated useful lives

Plant, Furniture & Equipment	
Office Furniture & Equipment	5 years
Light Vehicles	3 to 7 years
Heavy Vehicles	8 to 12 years
Other Plant & Equipment	5 years
Building & Other Structures	
Buildings - masonry	40 years
Buildings - other construction	15 to 40 years
Infrastructure	
Pool and Waterpark Infrastructure	15 to 30 years
Telecommunications Infrastructure	5 to 7 years
Water Pumping and Bore Infrastructure	5 years

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - LIABILITIES

	Notes	2018 \$'000		2017 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		888		998	
Rates received in advance		98		7	
Accrued expenses - payroll		134	-	121	-
Accrued expenses - other		491	-	270	-
		<u>1,611</u>	<u>-</u>	<u>1,396</u>	<u>-</u>
PROVISIONS					
Employee entitlements (including oncosts)		943	261	748	279
		<u>943</u>	<u>261</u>	<u>748</u>	<u>279</u>
<i>Amounts included in provisions that are not expected to be settled within 12 months of reporting date.</i>		261		279	

Note 9 - RESERVES

ASSET REVALUATION RESERVE	Notes	30/06/2017	Net Increments (Decrements)	Transfers, Impairments	30/06/2018
		\$'000	\$'000	\$'000	\$'000
Land		3,010	-	-	3,010
Buildings		19,838	-	-	19,838
Plant & Equipment		940	-	-	940
TOTAL		<u>23,788</u>	<u>-</u>	<u>-</u>	<u>23,788</u>
Comparatives		<u>23,788</u>	<u>-</u>	<u>-</u>	<u>23,788</u>

UNSPENT GRANTS RESERVE	Notes	30/06/2017	Net Increments (Decrements)	Transfers, Impairments	30/06/2018
		\$'000	\$'000	\$'000	\$'000
Unspent Grants		-	10,074	-	10,074
TOTAL		<u>-</u>	<u>10,074</u>	<u>-</u>	<u>10,074</u>
Comparatives		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets and available-for-sale financial assets.

Unspent Grants Reserve

Unspent grant funds are recognised as revenues under AASB 1004: Contributions as the Council generally has no obligation to repay the unspent funds and has therefore earned the revenue. Grants that have been paid to Council for a specific purpose and are unexpended, or a grant payment is outstanding are recorded in the unspent grants reserve and are shown within Equity section of the Balance Sheet. Unspent grants compulsorily repayable to funding bodies are treated as a liability.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2018 \$'000	2017 \$'000
CASH & FINANCIAL ASSETS			
Unexpended amounts received in relation to funded programmes	2	8,382	1,814
		<u>8,382</u>	<u>1,814</u>

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2018 \$'000	2017 \$'000
Total cash & equivalent assets	5	15,767	10,166
Balances per Cash Flow Statement		<u>15,767</u>	<u>10,166</u>

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

Net Surplus (Deficit)	11,406	(253)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,938	3,003
Net increase in unpaid employee benefits	(1,549)	122
Change in allowances for under-recovery	-	(1)
Grants for capital acquisitions treated as Investing Activity	(12,793)	-
Net (Gain) Loss on Disposals	(142)	26
	<u>1,599</u>	<u>2,897</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(1,090)	345
Net (increase) decrease in inventories	-	2
Net (increase) decrease in other current assets	-	50
Net increase (decrease) in trade & other payables	(160)	519
Net Cash provided by (or used in) operations	<u>349</u>	<u>3,813</u>

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	<u>50</u>	<u>50</u>
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BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 12 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

	GENERAL PUBLIC SERVICES			PUBLIC ORDER & SAFETY			ECONOMIC AFFAIRS			ENVIRONMENTAL PROTECTION			HOUSING & COMMUNITY AMENITIES		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000
OPERATING REVENUES															
Rates	3,407	3,617	3,416	-	-	-	-	-	-	-	-	-	-	-	-
Statutory & User Charges	281	266	340	3	11	2	-	-	-	124	197	103	161	191	234
Grants	6,225	6,966	7,691	75	300	88	900	968	900	-	-	-	667	1,104	1,423
Grants - NT capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants - Cwlt recurrent	-	-	-	2,502	2,186	2,438	-	-	-	-	-	-	-	-	-
Grants - Cwlt capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	125	104	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements & Other Revenues	615	509	763	-	-	2	-	-	-	22	26	826	963	963	1,207
Total	10,528	11,483	12,314	2,580	2,497	2,530	900	968	900	124	219	129	1,654	2,258	2,864
OPERATING EXPENSES															
Employee Costs	3,102	3,967	3,623	1,883	1,811	1,797	900	968	900	-	189	-	3,459	2,690	3,823
Materials, Contracts & Other	5,421	4,156	4,856	119	333	439	-	-	-	100	216	158	1,369	1,551	1,801
Interest Charges	11	13	13	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	3,232	2,938	3,003	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,766	11,074	11,495	2,002	2,144	2,236	900	968	900	100	405	158	4,828	4,241	5,624
TOTALS	(1,238)	409	819	578	353	294	-	-	-	24	(186)	(29)	(3,174)	(1,983)	(2,760)
TOTAL ASSETS UTILISED		25,804	20,086		465	362		2,483	1,933		1,691	1,316		7,572	5,894

	RECREATION, CULTURE & RELIGION			SOCIAL PROTECTION			EDUCATION			HEALTH			TOTAL		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2018 \$'000	2017 \$'000
OPERATING REVENUES															
Rates	-	-	-	-	-	-	-	-	-	-	-	-	3,407	3,617	3,416
Statutory & User Charges	128	127	127	509	711	530	-	-	-	-	-	-	1,206	1,503	1,336
Grants	1,702	2,045	1,985	3,045	2,497	3,449	-	-	-	-	-	-	12,614	13,880	15,536
Grants - NT capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants - Cwlt recurrent	-	-	-	-	-	-	-	-	-	-	-	-	2,502	2,186	2,438
Grants - Cwlt capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	125	104
Reimbursements & Other Revenues	24	1	35	-	-	-	-	-	-	-	-	-	1,465	1,495	2,033
Total	1,854	2,173	2,147	3,554	3,208	3,979	-	-	-	-	-	-	21,194	22,806	24,863
OPERATING EXPENSES															
Employee Costs	1,570	1,776	1,394	1,729	1,635	1,752	-	-	-	-	-	-	12,643	13,036	13,289
Materials, Contracts & Other	294	984	779	915	1,108	702	-	-	-	-	-	-	8,218	8,348	8,735
Interest Charges	-	-	-	-	-	-	-	-	-	-	-	-	11	13	13
Depreciation, Amortisation, Impairment	-	-	-	-	-	-	-	-	-	-	-	-	3,232	2,938	3,003
Total	1,864	2,760	2,173	2,644	2,743	2,454	-	-	-	-	-	-	24,104	24,335	25,040
TOTALS	(10)	(587)	(26)	910	465	1,525	-	-	-	-	-	-	(2,910)	(1,529)	(177)
TOTAL ASSETS UTILISED		11,224	8,737		4,001	3,114								53,240	41,442

Barkly Regional Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - COMPONENTS OF FUNCTIONS (cont)

The activities relating to Council functions are as follows:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services; also includes Natural Disaster relief.

Public Order & Safety

Fire protection; local emergency services; animal control and impounding; control of public places; control of signs, hoardings and advertising, community policing and probationary matters.

Economic Affairs

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

Environmental Protection

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

Housing & Community Amenities

Housing, housing and 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, family planning services.

Recreation, Culture and Religion

Facilities and venues, recreation parks and reserves, culture and religion 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 school hours care, aged service, shelter protection, drug and alcohol treatment programs; also includes relief from man-made disasters.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 13 - FINANCIAL INSTRUMENTS

Accounting Policies

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2% and 2.42% (2017: 2% and 2.6%). Short term deposits have an average maturity of 90 days and an average interest rates of 2.22% (2017: 90 days, 2.3%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 9% (2016: 9%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
<p><i>Note:</i> Certain of the above receivables do not meet the definition of <i>financial instruments</i>, being statutory charges rather than arising from a contract. Accounting policies are reported here for purposes of completeness but they are excluded from the remainder of the Note.</p>	
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Due < 1 year \$'000	Due > 1 year; ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Financial Assets					
Cash & equivalents	15,767			15,767	15,767
Receivables	1,769	-	-	1,769	1,769
Total	17,536	-	-	17,536	17,536
Financial Liabilities					
Payables	1,611	-	-	1,611	1,611
Total	1,611	-	-	1,611	1,611
2017					
Financial Assets					
Cash & equivalents	10,166			10,166	10,166
Receivables	526	-	-	526	526
Total	10,692	-	-	10,692	10,692
Financial Liabilities					
Payables	1,396	-	-	1,396	1,396
Total	1,396	-	-	1,396	1,396

All financial instruments are categorised as receivables.

Note: Statutory receivables, such as rates, have been excluded from the above tables.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. In accordance with regulations, all Council investments are made with authorised deposit taking institutions. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. Liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of Council's financial instruments - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either Council incomes or expenditures.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 14 - COMMITMENTS FOR EXPENDITURE

	2018 \$'000	2017 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial		
Purkiss Reserve Infrastructure	4,000	-
Communications Infrastructure	121	-
Aelparra Aged Care Bus	129	-
	<u>4,250</u>	<u>-</u>
Not later than one year	<u>4,250</u>	<u>-</u>
	<u>4,250</u>	<u>-</u>

Finance Lease Commitments

Council does not maintain any leases in respect to plant and equipment that are defined as finance leases.

Note 15 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for staff accommodation, and various items of computer and other plant and equipment.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2018 \$'000	2017 \$'000
Not later than one year	261	138
Later than one year and not later than 5 years	76	87
	<u>337</u>	<u>225</u>

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 16 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to a number of complying Superannuation Funds. All employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation – 2017/18: 9.5% (2016/17; 9.5%). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Note 17 - FINANCIAL INDICATORS

	2018	2017	2016	2015
Current Ratio				
<u>Current Assets - Externally Restricted Assets</u>	3.45:1	4.41:1	2.79:1	1.78:1
Current Liabilities				
Debt Service Ratio				
<u>Net Debt Service Cost</u>	0:1	0:1	0:1	0:1
Operating Revenue*				
* as defined				
Rate Coverage Percentage				
<u>Rate Revenues</u>	11.87%	10.45%	9.83%	9.60%
Total Revenues				
Rates & Annual Charges				
Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>	23.83%	16.60%	18.44%	20.08%
Rates & Annual Charges Collectible				

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has not identified any potential claims that may have existed at reporting date.

REPAYMENT OF GRANT FUNDING

Council receives significant income from a number of Grant Funding Providers. If grant monies are not expended in accordance with the funding agreements there is a potential for funding to be withdrawn and a requirement that these funds be repaid to the relevant funding body

Note 19 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 18 persons were paid the following total compensation:

	2018	2017
	\$	\$
Salaries, allowances & other short term benefits	1,156,784	1,015,861
Termination benefits	24,501	19,186
TOTAL	1,181,285	1,035,047

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

	2018	2017
	\$	\$
Contributions for fringe benefits tax purposes	67,221	16,381
TOTAL	67,221	16,381

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 19 - RELATED PARTY DISCLOSURES (Contd.)

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

During the financial year, four close family members of key management personnel (2017: One) were employed by Council in accordance with the terms of the Barkly Regional Council Enterprise Bargaining Agreement.

KMP and relatives of KMPs may own retail businesses from which various supplies may be purchased as required either for cash or on 30 day account. Purchases are made in accordance with approved Council purchasing policy and the requirements of the *Local Government Act*.

Note 20 - ROAD TRANSPORT INFRASTRUCTURE

Transportation assets were valued as at 30 June 2017 valuation by Mr Stuart D Forbes ASA, Consultant Plant, Equipment and Infrastructure Valuer - AAPI Registration #95281, of AssetVal Pty Ltd. Pursuant to advice from the Department of Community & Local Government Services these assets have not been recorded in the financial statements of Council at 30 June 2018, Transport Infrastructure valuations are detailed below:

TRANSPORT INFRASTRUCTURE	Replacement Cost (\$)	Fair Value (\$)
1. Roads	\$ 48,635,452	\$ 28,240,488
2. Culverts	\$ 966,171	\$ 598,693
3. Footpaths	\$ 1,909,586	\$ 1,295,494
4. Kerbs & Gutters	\$ 7,702,433	\$ 4,577,502
5. Point Generic	\$ 406,649	\$ 207,861
6. LGANT Managed Roads	\$ 20,019,524	\$ 12,422,084
TRANSPORT INFRASTRUCTURE TOTAL	\$ 79,639,814	\$ 47,342,123

An annual depreciation charge on Road Transport Infrastructure totalling \$2,477,906 has not been recorded in the Statement of Income and Expenditure for the year ended 30 June 2018.

BARKLY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 19 - RELATED PARTY DISCLOSURES (Contd.)

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Ian G McDonald FCA



Barkly Regional Council

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Barkly Regional Council for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act (NT) 2015 together with the Local Government (Accounting) Regulations 2014 made under that Act.

A handwritten signature in blue ink that reads 'Ian G McDonald'.

Ian G McDonald FCA

Dated this 18th day of October 2018

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Ian G McDonald FCA



Barkly Regional Council Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of the Barkly Regional Council (Council) for the year ended 30 June 2018.

Opinion

In our opinion, the financial statements of the Council are properly drawn up:

- to present fairly the financial position of the Council as at the 30 June 2018 and the results of its operations for the period then ended, and;
- according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Council we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the council to meet the requirements of the Local Government Act (NT) 2015 together with the Local Government (Accounting) Regulations 2014. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with the Local Government Act (NT) 2015 together with the Local Government (Accounting) Regulations 2014 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule 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 judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA
Registered Company Auditor 16458

Signed at Grange, South Australia this 19 day of October 2018

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Ian G McDonald FCA



19 October 2018

President Steve Edgington
Barkly Regional Council
PO Box 821
TENNANT CREEK NT 0861

Dear Mr Edgington,

We are pleased to advise that we have now completed the external financial audit of your Council for the year ended 30 June 2018. The audit opinion has been signed without qualification.

Report on Matters Arising from the Audit

There is no matter that requires a report to the Minister.

We are satisfied with the action taken in relation to our audit communication during the year.

The Auditor's Independence Declaration has been provided to the Chief Executive Officer.

Adequacy of the Internal Control Environment

In our opinion, Council's internal control environment is adequate.

A review of the internal control framework documentation should be undertaken annually.

Financial Statements

We have finalised our audit of the financial statements.

To ensure compliance with Australian Accounting Standards unexpended grants and contributions are treated as income when received. Whilst this significantly reduces Council's financial liabilities, Note 2 – Income details Council's obligations in relation to these funds.

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Total income decreased from \$24,863k in 2017 to \$22,806k in 2018. Operating expenses have decreased from \$25,040k in 2017 to \$24,335k in 2018. The operating deficit before capital amounts was \$1,529k in 2018 (2017: \$177k deficit).

Unspent grants have increased from \$2,163k in 2017 to \$8,188k in 2018.

As this is the last year of our four-year audit contract, we would like to thank the staff and the elected members for the support we have received during our audits. We believe you do an excellent job given your management responsibilities.

Please do not hesitate to contact us if further information is required.

Yours sincerely,

A handwritten signature in blue ink that reads "Ian McDonald". The signature is written in a cursive, flowing style.

Ian McDonald

CC: Chief Executive Officer

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	7.2
TITLE	Register of Organisational Risks Project
REFERENCE	260562
AUTHOR	Gary Pemberton, Finance Manager

RECOMMENDATION**That the Audit & Risk Committee:**

- (a) Receive and note the report

SUMMARY:

The purpose of risk management is to proactively establish programmes and processes that support the achievement of Barkly Regional Council's strategic goals and objectives while protecting the organisation's assets—its employees, property, income and reputation—from loss or harm, at the lowest possible cost.

To be effective, Barkly Regional Council's risk management plan requires the development and maintenance of an ongoing process that enables the identification, analysis, evaluation, and treatment of risks that may impact the council. This knowledge further enables the prioritisation of actions to reduce these risks to an acceptable level. What results from this risk management process is a substantial amount of risk management information that needs to be managed in such a way that it can be found and applied quickly and efficiently.

A comprehensive review of Council's risk management programmes and processes has commenced. A copy of the current DRAFT Risk register is attached for consideration by the Audit & Risk Committee.

Management is seeking input from the Audit & Risk Committee as to the form and content of the Risk Register and also with regard to the expected level of consultation and communication with stakeholders and all relevant parties involved to ensure that this is undertaken in a fair, timely and transparent manner at all times.

BACKGROUND

Risk is evident in everything Council does. Understanding risk and knowing how to minimize its impacts (or take full advantage of its opportunities) is essential for success.

Council manages its risk management information through its Risk Register. The Risk Register serves as a central repository for the Council's risk information and allows for the information that results from the risk management process to be suitably sorted, standardised, and merged for relevance to the appropriate level of management. Its key function is to provide management, Council, and key stakeholders with significant information on the main risks faced by Council. The risk register also gives the Council's risk management stakeholders a clear view of the current status of each risk, at any point in time.

The Risk Register, as part of the risk management plan, will help management to:

- Understand the nature of the risks the Council faces in achieving its strategic goals and objectives.
- Become aware of the extent of those risks.
- Identify both the level of risk that the Council's management is willing to accept and the level of risk that Council itself is willing to accept.
- Recognise its ability to control and reduce risk.
- Report the risk status at any point in time.

The Risk Register will help Council record the following risk management information:

- Type of risk
- Likelihood of the risk occurring and its potential impact to the organization.
- Risk priority, based on its effect on Council.
- Actions taken to prevent the risk from happening.
- Risk mitigation/reduction actions taken in case the risk does occur.

ORGANISATIONAL RISK ASSESSMENT

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BUDGET IMPLICATION

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ISSUE/OPTIONS/CONSEQUENCES

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CONSULTATION & TIMING

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ATTACHMENTS:

1  Risk Register - Draft.pdf

Description	What is the risk?	Current Risk Rating	Likelihood	Potential Consequences	Preventative Measures	Potential Costs (Take No Action)	Estimated Costs (Take Action)	Responsibility	Priority	Mitigated Risk Rating	Recommendation	Update	completion date
Equipment unsafe to use	staff or members of the public get injured or equipment sustains damage	Medium	Possible	Major	Implement routine maintenance program. Train staff to report and isolate damaged equipment	Over \$100,000	Between \$10,000 and \$100,000	Director/Area Manager / Depot Manager	Within 1 month	Low	add maintenance program to the WHS checklist	In Progress	
Vehicle Accident/ unsafe vehicles/unsafe driving	Staff/Councillors or members of the public losing control of vehicle, resulting in either serious bodily injury or fatality	High	Possible	Catastrophic	Staff/Councillors provided with appropriate training. Vehicles to be regularly maintained. Unroadworthy vehicle not to be driven. Enforcement of vehicle and driving policies	Over \$100,000	Between \$100 and \$1,000	all drivers	Within 1 week	Low	circulate driving and vehicle use policies to staff regularly	To be advised	
Lack of incident reporting	risks and dangers are not identified to management and no corrective action is taken	High	Likely	Major	conduct regular staff meeting stressing the importance of incident reporting	Over \$100,000	Between \$100 and \$1,000	all staff	Within 1 month	Low	regularly remind staff of the importance on reporting incidents	To be advised	
Driving long distances	accident/breakdown	High	Possible	Major	well maintained fleet, driving policy awareness and enforcement	Over \$100,000	Between \$10,000 and \$100,000		Within 12 months	Medium	As per preventative measures	To be advised	
Manual handling	injury	Medium	Possible	Catastrophic		Over \$100,000	Between \$100 and \$1,000		Within 12 months	Medium	As per preventative measures	In Progress	
climate	injury	Medium	Likely	Major	make sure outside workers have access to water, take regular breaks and stop work if feeling the heat	Between \$100 and \$1,000	Less than \$100	Individuals & supervisors/managers	Immediately	Medium	As per preventative measures	Completed	
Financial reliance on funding	run out of money and unable to deliver services	Medium	Unlikely	Catastrophic	complete accurate budgeting. Ensure accurate ongoing financial reporting and strict adherence to the delegated authority	Over \$100,000	Between \$1000 and \$10,000	Directors & Finance manager & CEO	Immediately	Medium	track spending and on time financial reporting	In Progress	
Lack of Due Diligence (funding applications)	fail to achieve terms of the contract or under deliver on terms	High	Likely	Major	only apply for and accept funding that is sufficient to achieve outcomes. Develop execution plan before applying for funding	Between \$10,000 and \$100,000	Less than \$100	CEO, Directors, FI Manager and Grants Manager	Immediately	Low	only apply for funding that we need and execute well	To be advised	
Ability to recruit and retain staff	long term vacancies resulting in work not being completed	High	Likely	Major	implementation of identified strategies	Between \$10,000 and \$100,000	Between \$1000 and \$10,000	all managers and HR	Immediately	Medium	HR to drive recruitment and retention strategies. Cultural change to be fast tracked	In Progress	
complex, irrelevant policies and procedures	lack of staff understanding of policies	High	Likely	Major	make sure policies are accessible to staff and briefings are held on policy changes	Between \$1000 and \$10,000	Less than \$100	all managers	Within 1 month	Low	managers to remind staff of policies	To be advised	
Disaster management & Business continuity	the destruction of council facilities	Medium	Unlikely	Catastrophic	ensure DRP's are reviewed annually	Over \$100,000	Over \$100,000	CEO, Directors, FI Manager and Grants Manager	Immediately	Low	review annually	Completed	
Ineffective communication (internal)	staff and stakeholders do not know what Councils priorities are or what is expected	Medium	Likely	Major	departments to hold regular team meetings	Between \$10,000 and \$100,000	Less than \$100	all managers	Immediately	Low	ongoing	In Progress	
Communications (I.T.)	poor infrastructure resulting in no contact between communities, TC and service providers	Extreme	Almost Certain	Major	replace the infrastructure	Between \$1000 and \$10,000	Over \$100,000	CEO	Immediately	Low	project commenced	To be advised	