



AGENDA OF THE AUDIT COMMITTEE TO BE HELD IN THE COUNCIL
CHAMBERS, HARTLEY STREET, ALICE SPRINGS ON FRIDAY 27 NOVEMBER
2020 AT 10:30AM

1 MEETING OPENED

2. ATTENDANCE AND APOLOGIES

Present:

Apologies:

3. CONFIRMATION OF MINUTES

- Minutes of the Audit Committee - 31 July 2020.....2

4. CONFLICT OF INTEREST

5. ACTIONS ARISING FROM PREVIOUS MINUTES

Nil

6. OFFICERS' REPORTS

- 6.1 Financial Statements for the year ended 30 June 2020..... 5

7. MEETING CLOSE

8. DATE OF NEXT MEETING

Next meeting - -



MINUTES OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBERS,
HARTLEY STREET, ALICE SPRINGS ON FRIDAY 31 JULY 2020 AT 10:30AM

1 MEETING OPENED 10:40am

2 ATTENDANCE AND APOLOGIES

Councillors:

President Roxanne Kenny, Cr Braydon Williams and Independent Chair Randle Walker

Staff:

Jeff MacLeod – CEO

Buke Tunne – Manager Finance

Guests:

Nil

Apologies:

Cr Greg Sharman

Cr Dalton McDonald

Bhan Pratap – Director Corporate Services

Leave of Absence:

Nil

3 CONFIRMATION OF MINUTES

Minutes of the Audit Committee Meeting held on 29 November 2019

RECOMMENDATION:

That the minutes be taken as read and be accepted as a true record of the Meeting.

4 CONFLICT OF INTEREST

Nil

5 ACTIONS ARISING FROM PREVIOUS MINUTES

- Chair for Audit committee reviewed 2019/20 financial statement and identified some errors in the financial including error in note 15 and some formatting issues. The Auditor responded to chair comments acknowledging that Note 15 error was oversight on their part and provided an apologies for mistake, other errors are identified as minor cosmetic changes. Auditor stated if the Council would like to proceed with the changes the auditor is happy to make those changes.
- Noted at meeting also was that NT compliance department did not provide any comments on Note 15 error. The management recommended that financial statement as whole correctly reflect Council financial position hence no need for amendment.

6 OFFICERS' REPORTS

6.1 DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020.

EXECUTIVE SUMMARY:

The Council's General Purpose Financial Report (GPFR) is prepared each year in line with the requirements of the Local Government Act and the Australian Accounting Standards

RECOMMENDATION

That Audit Committee reviewed and noted draft Financial Statement as at 30 June 2020.

Final version of financial statement will be provided to the Chair for his review and comments before signed off by CEO. Signed report will be presented to the elected member at October OCM

6.2 AUDIT PLAN FOR AUDIT COMMITTEES REVIEW.

EXECUTIVE SUMMARY:

Review of audit plan for 2019/20 financial year.

RECOMMENDATION

That Audit Committee reviewed and noted audit plan provided by Merit Partners (MRC auditor).

The chair raised issues with inherent risk of material error as high for receivables and Property, Plant and Equipment.

Receivable mainly rates income assessed by auditors as having high inherent risk as some of outstanding relates to outstanding over several years due to COVID-19 the recovery will even if be harder.

Council Property plant and equipment valuations are currently based on total cost of asset less accumulated depreciation or amortisation, auditors recommended independent valuations assessment hence inherent risk as high.

Audit plan report was table at the meeting is now attached to this meeting for you record.

7 DATE OF NEXT MEETING

Next meeting - 27 November 2020 - 10:30am

8 MEETING CLOSE

The meeting terminated at 11:00am.

This page and the preceding .. pages are the Minutes of the Audit Committee Meeting held on Friday 31 July 2020 and confirmed Friday 27 November 2020.

President

OFFICERS' REPORTS

ITEM NUMBER	6.1
TITLE	Financial Statements for the year ended 30 June 2020.
REFERENCE	- 280185
AUTHOR	Buke Ali Tunne, Manager Finance

**LINKS TO STRATEGIC PLAN**

Goal 01: Developing Communities
Goal 02: Liveable Communities
Goal 03: Engaged Communities
Goal 04: A Supportive Organisation

EXECUTIVE SUMMARY:

The Council's General Purpose Financial Report (GPFR) is prepared each year in line with the requirements of the Local Government Act and the Australian Accounting Standards

RECOMMENDATION

That Audit Committee review General Purpose Financial Statement as at 30 June 2020.

BACKGROUND/DISCUSSION

In accordance with s131 of Local Government Act Council must prepare a financial statement for each financial year that must:

- give a true and fair view of:
- revenue and expenditure for the financial year
- assets and liabilities for the financial year
- contain details of rates levied;
- state the nature (capital or operating) and amounts of grants and subsidies received (distinguishing those received from Territory, Commonwealth and other sources);
- disclose all reserves set aside for specific purposes;
- describe the nature and purpose of each function (as defined in the ABS Local Government Purpose classification) to which the income and expenditure is attributable and show:
 - the carrying value of assets that can be reliably attributed to each function;
 - income derived from each function (distinguishing grant and other income);
 - expenditure that can be reliably attributed to each function;

- contain comparison between the budgeted and actual result (including comparison of income, outgoings and fixed assets by function);
- compare income and expenditure with the corresponding income and expenditure of the previous financial year;
- conform with the Accounting Standards, local government legislation and guidelines; and
- be prepared and referred to council's auditor for audit as soon as practicable after the end of the relevant financial year.

Certification

The CEO must certify in writing:

- the statement has, to the best of the CEO's knowledge, information and belief, been properly drawn up in accordance with the applicable Accounting Standards and Local Government legislation so as to present fairly the financial position of the council and the results for the relevant financial year;
- the statement is in accordance with the accounting and other records of the council

CEO must as-soon-as practicable, after the financial statement has been audited, lay the statement before the council.

A council must forward an audited copy to the Northern Territory Grants Commission.

ISSUES/OPTIONS/CONSEQUENCES

Nil

FINANCIAL IMPACT AND TIMING

Nil

CONSULTATION

Nil

ATTACHMENTS:

1 2020 Audited Financial Statement



MacDonnell Regional Council

General Purpose Financial Reports

for

Year Ended 30 June 2020

MacDonnell Regional Council

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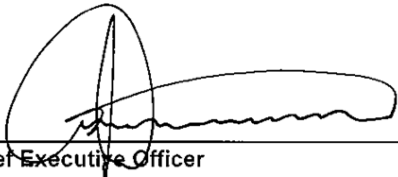
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MacDonnell Regional Council

CHIEF EXECUTIVE OFFICER'S CERTIFICATE For the Year Ended 30th June 2020

I hereby certify that to the best of my knowledge, information and belief:

- a) The Financial Statements have been properly 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 year ended 30 June 2020, and;
- b) The Financial Statements are in accordance with the accounting and other records of the Council, and
- c) There are reasonable grounds to believe that the Council will be able to pay its debts when they become due and payable.



Chief Executive Officer

9-10-2020

Date



Independent audit report to the Chief Executive Officer of MacDonnell Regional Council

Opinion

We have audited the accompanying general purpose financial report of MacDonnell Regional Council ("the Council"), which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Chief Executive Officer's Certificate.

In our opinion, the financial report of MacDonnell Regional Council is in accordance with the *Northern Territory Local Government Act*, including:

- (a) giving a true and fair view of the financial position of MacDonnell Regional Council as at 30 June 2020 and of the Council's performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government (Accounting) Regulations*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Council in accordance with the *Northern Territory Local Government Act 2008* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – COVID-19 Pandemic Impact

We draw attention to Note 1 to the financial report, which describes the impact of the COVID-19 pandemic on the Council. Our opinion is not modified in respect of this matter.

The Responsibility of the Chief Executive Officer and Those Charged with Governance for the Financial Report

The Chief Executive Officer ("CEO") of the Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Northern Territory Local Government Act* and for such internal control as the CEO determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.

- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Merit Partners

Merit Partners



MunLi Chee
Partner

DARWIN

9 October 2020

MacDonnell Regional Council

STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2020

Notes	2020 \$	2019 \$
INCOME		
Rates	999,829	918,751
Statutory Charges - Waste Management	921,403	872,276
User Charges & Fees - Other	3a 1,300,299	1,102,686
Grants, Subsidies & Contributions	3b 28,927,759	31,867,447
Interest	409,220	559,192
Income from Commercial Operations	3c 3,439,668	3,104,598
Reimbursements & Other Income	3d 655,118	663,370
Total Income	36,653,296	39,088,320
EXPENSES		
Employee Costs	4a 20,983,672	20,191,132
Materials & Consumables	4b 3,025,258	3,605,458
Depreciation & Amortisation	4c 2,724,315	2,097,553
Other Operating Expenses	4d 8,339,233	6,919,281
Total Expenditure	35,072,478	32,813,424
OPERATING SURPLUS / (DEFICIT)	1,580,818	6,274,896
Net Gain from Disposal of Property, Plant & Equipment	5 199,679	194,766
NET SURPLUS	1,780,497	6,469,662
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME	1,780,497	6,469,662

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

MacDonnell Regional Council

STATEMENT OF FINANCIAL POSITION At 30 June 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash on Hand & at Bank	6	6,790,746	3,749,986
Short-Term Deposits	11	21,500,000	23,500,000
Trade & Other Receivables	7	936,636	947,208
Inventories	8	78,045	53,852
		29,305,427	28,251,046
NON CURRENT ASSETS			
Property, Plant & Equipment	9	8,013,185	6,606,845
Right-of-Use Assets	9,1	1,416,197	-
		9,429,382	6,606,845
Capital Work In Progress	9,1	1,734,379	1,757,019
		11,163,761	8,363,864
TOTAL ASSETS		40,469,188	36,614,910
CURRENT LIABILITIES			
Payables & Accruals	10a	1,954,783	1,777,289
Employee Benefits	10b	2,056,873	1,727,273
Unearned Grant Income	12,1	7,475,651	-
Grants Received in Advance	12,1	3,080,397	-
Lease Liabilities	10c,1	360,786	-
		14,928,490	3,504,562
NON CURRENT LIABILITIES			
Employee Benefits	10b	592,326	555,029
Lease Liabilities	10c,1	1,069,269	-
		1,661,595	555,029
TOTAL LIABILITIES		16,590,086	4,059,591
NET ASSETS		23,879,102	32,555,319
EQUITY			
Unexpended Grants Reserve	12,1	2,384,988	12,789,267
Accumulated Funds		20,442,716	18,714,654
Future Works Reserve	14	1,051,398	1,051,398
TOTAL EQUITY		23,879,102	32,555,319

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

MacDonnell Regional Council

STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2020

		2020	2019
	Notes	\$	\$
Unexpended Grants Reserve			
Unexpended Grants Reserve at Beginning of the year		12,789,267	7,028,521
Transfers To Reserve from Accumulated Surplus		-	5,760,746
Unexpended Grants Reserve at End of the year	12	12,789,267	12,789,267
Less: Adjustment on adoption of AASB 15 & AASB 1058	1	(10,456,714)	-
Transfer From Accumulated surplus unexpended grant movement		52,435	-
Unexpended Grants Reserve, as adjusted		2,384,988	12,789,267
Future Works Reserve			
Future Works Reserve at Beginning of the year		1,051,398	700,703
Transfer To / (From) Reserve		-	350,695
Future Works Reserve at End of the year	14	1,051,398	1,051,398
Accumulated Surplus			
Accumulated Surplus at Beginning of the year		18,714,654	18,400,754
Net Surplus / (Deficit)		1,780,497	6,469,662
Other Comprehensive Income			
Transfer To / (From) Unexpended Grants Reserve		(52,435)	(5,760,746)
Transfer To / (From) Unexpended Grants Reserve		-	(350,695)
Minor prior period adjustment		-	(44,321)
Accumulated Surplus at End of the year		20,442,716	18,714,654
Total Equity		23,879,102	32,555,319

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

MacDonnell Regional Council

STATEMENT OF CASH FLOWS For the Year Ended 30 June 2020

Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	999,829	918,751
Statutory Charges - Waste Management	921,403	872,276
User Charges & Fees - Other	1,142,141	1,367,611
Grants, Subsidies & Contributions	29,536,397	32,400,989
Income from Commercial Operations	3,021,294	2,499,082
Reimbursements & Other Income	575,435	1,381,940
Payments		
Employee Costs	(19,805,041)	(20,484,441)
Materials & Consumables	(2,736,977)	(3,607,421)
Other Operating Expenses	(9,715,494)	(6,963,749)
Net Cash provided by (or used in) Operating Activities	3,938,985	8,385,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Interest	409,221	559,192
Sale of Replaced Property, Plant, Equipment & Vehicles	193,848	175,487
Sale of Surplus Property, Plant, Equipment & Vehicles	5,831	19,297
Payments		
Purchase of Replacement Property, Plant, Equipment & Vehicles	(2,515,002)	(2,092,123)
Payments for Capital work in progress	(586,800)	(1,667,944)
Net Cash (Used In) Provided By Investing Activities	(2,492,903)	(3,006,091)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayments of lease liabilities	(405,322)	-
Net Cash (Used In) Provided By Financing Activities	(405,322)	-
Net Increase (Decrease) in Cash Held	1,040,761	5,378,947
Cash & Cash Equivalents at Beginning of the Reporting Period	27,249,986	21,871,039
Cash & Cash Equivalents at End of the Reporting Period	28,290,746	27,249,986

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

MacDonnell Regional Council

**Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020**

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose report, which has been prepared in accordance with the Australian Accounting Standards and Interpretations, the requirements of the Local Government Act, the Local Government (Accounting) Regulations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Date of authorisation for issue

The date the financial statements were authorised for issue is as shown on the Chief Executive Officer's Certificate.

Critical accounting estimates

In the application of the Australian Accounting Standards management is required to make judgments, 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 historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Because the major assets and liabilities are carried at historical cost, there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

The Local Government reporting entity

MacDonnell Regional Council (MRC) is a not-for-profit local government authority incorporated under the Local Government Act of the Northern Territory of Australia. The principal place of business and registered address of MRC is:

Level 2/16 Hartley Street, Alice Springs, NT, 0870.

All funds through which MRC controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all balances between activities have been eliminated.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

CouncilBiz

MRC is a member of CouncilBiz, a local subsidiary operating under the auspices of the Local Government Act (NT). The other members are Barkly, Central Desert, East Arnhem, Roper Gulf, Tiwi Islands, Victoria Daly, West Arnhem and West Daly Regional Councils and the Local Government Association of the Northern Territory.

CouncilBiz provides an Information Technology support service and charges its members on a user-pays basis based on a formula agreed to by all members.

Under the terms and conditions of CouncilBiz 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.

The CouncilBiz Constitution also provides that all income and property, however derived, must be applied solely towards promoting their objectives.

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, as agreed to by the members, with similar purpose and with similar rules prohibiting the distribution of assets and income to its members.

Information regarding CouncilBiz can be found on MRC's Web Site: www.macdonnell.nt.gov.au

Income tax

MRC is not subject to income tax. The Council is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. Performance obligations may be completed at a point in time or over time.

Rates and levies

Rates are recognised at the commencement of rating period. Rates over paid at the reporting period are classified as current liability.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

Grants and other contributions

Grants revenue is recognised at fair value exclusive of the amount of GST. Until 30 June 2019, grant revenue and other non-reciprocal contributions were recognised as revenue when the Council obtains control over the asset comprising the contribution, which was normally obtained on receipt.

From 1 July 2019, where a grant agreement is enforceable and has sufficiently specific performance obligations for the Council to transfer goods or services to the grantor or a third party beneficiary, the transaction is accounted for under AASB 15. In this case, revenue is initially deferred as a contract liability when received in advance and recognised as or when the performance obligations are satisfied.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised on receipt of funding except for capital grants revenue received for the purchase or construction of non-financial assets to be controlled by the Council. Capital grants with enforceable contracts and sufficiently specific obligations are recognised as an unearned grant income liability when received and subsequently recognised progressively as revenue as or when the Council satisfies its obligations under the agreement. Where a non-financial asset is purchased, revenue is recognised at the point in time the asset is acquired and control transfers to the Council.

Government appropriation and untied grants are recognised in the profit or loss at the time of their receipt.

Rendering of Services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when the Council satisfies the performance obligation by transferring the promised services. The Council typically satisfies its performance obligations when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured and
- it is probable that the economic benefits associated with the transaction will flow to the Council.

Fees and Other charges

Other revenue includes fees for services provided to community and other organisations. These fees charged for providing ongoing services are recognised as income over the period the service is provided.

Interest and dividends

Interest received from term deposits is accrued over the term of the investment. No dividends were received during the reporting period.

Economic dependency

A significant proportion of the Council's revenue is derived from Government grants.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

Financial Instruments:

- (i) Initial recognition and measurement

Financial assets are recognised when the Council becomes a party to the contractual provisions of the instrument. For financial assets this is the equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets (except for trade receivables) are initially measured at fair value plus directly attributable transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

- (ii) Subsequent measurement

Financial assets are subsequently measured at:

- amortised cost (Loans & receivables and investments);
- fair value through Statement of Comprehensive Income; or
- fair value through Other Comprehensive Income.

Financial liabilities are subsequently measured at:

- amortised costs; or
- fair value through Statement of Comprehensive Income.

The Council does not have any financial assets and liabilities fair value through other comprehensive income.

Trade receivables are subsequently measured at amortised cost using the effective interest rate method, net of any provision for expected credit losses. Whereas, trade payables are subsequently measured at amortised costs using the effective interest rate method.

- (iii) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Council no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in Statement of Comprehensive Income.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

(iv) Impairment

Impairment on trade and other receivables is reduced through the use of provision accounts, all other impairment losses on financial assets at amortised cost are taken directly to the Statement of Comprehensive Income.

Impairment Losses

The Council recognises an allowance for expected credit losses (ECLs) for trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Council applies a simplified approach in calculating ECLs. Therefore, the Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Council considers a trade and other receivables in default when contractual payments are 30 days past due. However, in certain cases, the Council may also consider a financial asset to be in default when internal or external information indicates that the Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Council. A trade and other receivables is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Finished goods are valued at the lower of cost and net realisable value. Costs have been assigned to inventory on hand at balance date using the weighted average method.

Property, plant and equipment

Property, plant and equipment are recognised at cost. For assets acquired at no cost or 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 and direct labour on the project.

At each reporting date, MRC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, MRC estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised

A reversal of an impairment loss is recognised immediately in profit or loss.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

Depreciation

Items of property, plant and equipment are depreciated over their estimated useful lives using the straight line method.

The main rates used are:

Buildings	10%
Plant	20%
Motor vehicles	20%
Furniture and equipment	20%

Capital Work in Progress

Initial expenditures incurred for buildings under construction are capitalised as they are incurred and depreciation is commenced once the building is complete and ready for use.

Accounts payable

Trade payables and other accounts payable are recognised when MRC becomes obliged to make future payments resulting from the purchase of goods and services.

Employee benefits

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

The current portion of employee benefits is the portion to which employees will become unconditionally entitled to within 12 months from balance date.

Provisions made in respect of wages and salaries, annual leave and other 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.

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

The superannuation expense for the reporting period is the amount of the contributions MRC makes to the superannuation plans which provide benefits to its employees plus provision for superannuation in respect of leave entitlements owed.

The Council does not have any employees who are members of defined benefit funds.

All superannuation schemes to which the Council makes contributions on behalf of employees 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.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

Provisions

Provisions are recognised when MRC has a present obligation (legal or constructive) as a result of a past event, it is probable that MRC will be required to settle the obligation, and a 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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Leases

Council as a lessee

The Council leases S19 Aboriginal lands and office accommodations. Lease contracts are typically made for fixed periods of 4 to 12 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The Council does not provide residual value guarantees in relation to leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low value assets are assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement comprise mainly of office equipments.

Recognition and measurement (under AASB 16 from 1 July 2019)

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The Council recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site, if any.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

* Office Accommodation	5 to 10 years
* S19 Aboriginal Land	6 to 12 years

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are subsequently measured applying the costs model adjusted. The right-of-use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

Recognition and measurement (under AASB 117 until 30 June 2019)

Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease where the Council is the lessee, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments may include fixed payments (including in substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Council's leases, the weighted average incremental borrowing rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are determined in accordance with AASB 117 until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Operating receipts and payments in the cash flow statement are stated inclusive of GST.

Adoption of new and revised Accounting Standards

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

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

AASB 15 Revenue from Contracts with a Customer / AASB 1058 Income for Not-for-Profit Entities

AASB 15 *Revenue from Contracts with a Customer* (AASB 15) supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB15 revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third-party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 *Income for Not-for-Profit Entities* (AASB 1058) clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 *Contributions*. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where there is an enforceable contract with sufficiently specific performance obligations and the agreement does not require the Council to transfer the asset to other parties. For such capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the Council satisfies obligations under the agreement.

In accordance with transition provisions, the Council has applied the modified retrospective approach on transition to AASB 15 and AASB 1058, with the cumulative effect of applying both accounting standards recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported. The Council applied the accounting standards retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the Council had recognised all revenue in prior periods under AASB 1004 *Contributions*.

The following tables summarise the transitional impact of adoption of AASB 15 and AASB 1058.

Impact on balances affected by adopting AASB 15 and AASB 1058 as at 1 July 2019:

	Previous Standard \$	Adjustments \$	Adoption of New AASB 1058 \$
Statement of Financial Position			
Unearned grant income	-	(10,456,714)	(10,456,714)
Statement of Changes in Equity			
Retained earnings	(10,456,714)	10,456,714	-

Other than the revenue recognition on grants, the application had no material impact on the Council's main source of revenue such as rates, contract income, store revenue and other charges.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

AASB 16 Leases

AASB 16 Leases (AASB 16) supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, a right-of-use asset has now been recognised on the balance sheet together with a lease liability at the lease commencement.

In accordance with transition provisions, the Council has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the balance sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Council's weighted average incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 3.11%.

The corresponding right-to-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019.

The Council has applied the following practical expedients permitted by AASB 16 on transition:

- lease classification has been grandfathered. Where a contract did not contain a lease at 1 July 2019 under application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- application of onerous contract assessment before transition, in place of performing an impairment review
- leases with a remaining term of less than 12 months as at 1 July 2019 were expensed rather than recognised
- exclusion of initial direct costs from the measurement of the right-to-use asset as at 1 July 2019
- application of hindsight in determining the lease term where the contract contained options to extend or terminate

On adoption of AASB 16, the Council recognised additional right-of-use assets and lease liabilities for vehicles which had previously been classified as operating leases.

Balance Sheet

	1 July 2019 Amount \$
Assets	
Right-of-Use Assets – Office Accommodation	506,957
Right-of-Use Assets – S19 Leases	1,328,420
Total Assets	<u>1,835,377</u>
Liabilities	
Lease Liabilities	<u>1,835,377</u>
Total Liabilities	<u>1,835,377</u>
Net Assets	<u>-</u>

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUES

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments of 30 June 2019, as follows:

	Amount \$
Minimum operating lease commitments as at 30 June 2019	2,020,657
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	-
Undiscounted lease payments	2,020,657
Less: effect of discounting using the incremental borrowing rate	(185,280)
Lease liabilities as at 1 July 2019	1,835,377

AASB 2016-8 *Amendments to Australian accounting standards – Australian implementation guidance for not-for-profit entities* (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and will require non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of the Council and is therefore not expected to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting

Standards and Interpretations in issue not yet adopted

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Council.

Impact of COVID 19 Pandemic

For most entities, the COVID-19 crisis has led to more variability and uncertainty underlying the preparation of the financial statements. As the Council provides essential services/needs to the community in the MacDonnell region, the Covid 19 pandemic has impacted the Council in many ways as follows:

- * Adopting to changes of the Council office operations due to quarantine measures imposed by government;
- * Some of office personnel are in work at home arrangements;
- * Given the social distancing regime and the inability for members to travel, all previously organised events have either been postponed or conducted via video or teleconferencing;
- * All of its remote communities under its care were closed to all non-essential travel in response to concerns about the spread of COVID-19, some of the Council's essential services and civil and road works were discontinued and deferred to another timeline;
- * Zero rates, fees and charges increase for 2021 financial year. First rate instalment deferred until 1st January 2021.
- * Interest on outstanding rates freeze from 1st March 20 to 30 June 2020
- * Commercial rates get one quarter rate waiver for 2020/21 financial year and a further second quarter waiver if a commercial rate payer qualifies for Federal Government's jobkeeper program and registered with NT government's business Hardship Package;
- * Cleaning materials has gone up by 57% due to COVID 19 requirements;
- * Telephone and internet services cost up by 41% while the staff travel and accommodation down by 28%.

The Council has an excellent working relationship with the Northern Territory Government and its agencies that has meant greater consultation and collaboration allowing the Council to influence policy direction. This has and became critical as the Council navigated its response to COVID-19. There are many moving parts with parameters that change daily making decision-making more complex for all concerned but at the heart of what the Council does is what is best for its communities, its individuals, businesses, service providers and the environment.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

2a ACTIVITIES UNDERTAKEN

The MacDonnell Regional Council commenced operations on 1 July 2008, it undertakes all local government functions in the following communities:

Amoonguna
Areyonga (Utju)
Docker River (Kaltukatjara)
Finke (Aputula)
Haasts Bluff (Ikuntji)
Hermannsburg (Ntaria)
Imanpa
Kintore (Walungurru)
Mount Liebig (Watiyawanu)
Papunya (Warumpi)
Santa Teresa (Ltyentye Apurte)
Titjikala
Wallace Rockhole

The major functions undertaken are:

General public services

Corporate management, administrative support and governance.

Public order and safety

Community Safety, Companion animal management.

Economic affairs

Centrelink services, Essential services, Local roads maintenance, Amoonguna Community store.

Postal services, Commercial fuel sales.

Environment Protection

Waste management, litter control, open drains, street cleaning

Housing and Community

Outstation and Staff Housing repairs and maintenance, Fencing.

Health

Child Nutrition program.

Recreation, Culture & Religion

Provision of sports, recreation and leisure facilities, Swimming pools.

Social Protection

Children's Services, Public Behaviour & Youth Program, Home Care

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

2b Functon Results

	General Public Services		Public Order & Safety		Economic Affairs		Environmental Protection		Housing & Community		Health		Recreation, Culture & Religion		Social Protection		TOTAL		
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	
OPERATING REVENUES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Rates	999,829	976,870	-	-	-	-	-	-	-	-	-	-	-	-	-	-	999,829	976,870	
Statutory Charges - Waste Management	921,403	913,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	921,403	913,780	
User Charges & Fees - Other	102,731	90,170	42,364	40,000	-	100	-	-	303,018	284,500	127,795	127,920	37,983	36,230	686,409	667,890	1,300,300	1,246,810	
Grants - Cth Operational	-	-	1,629,077	1,624,080	455,503	478,820	-	-	-	-	-	414,554	383,550	-	-	10,151,541	10,010,680	12,650,675	12,497,130
Grants - Cth Capital	-	-	-	-	443,076	69,560	-	-	-	-	-	-	-	-	-	86,794	529,871	69,560	
Grants - NT Operational	8,856,436	7,815,230	50,000	70,000	1,018,740	494,080	-	-	418,174	522,200	-	-	124,771	124,770	1,238,543	1,293,670	11,708,663	10,319,950	
Grants - NT Capital	571,710	571,710	-	-	675,000	978,540	-	-	-	-	-	-	-	-	-	-	1,246,710	1,550,250	
Opening unexpended grant liability	4,632,628	4,679,940	1,751,703	1,763,320	2,030,739	9,244,320	206,109	206,110	681,618	670,020	-	-	144,065	142,460	1,009,852	1,081,920	10,456,714	17,788,090	
Closing unexpended grant liability	1,325,908	-	210,280	-	4,367,707	-	873	-	332,272	-	23,321	-	101,042	-	1,114,249	-	7,475,651	-	
Refunded grant	-	-	-	-	187,223	187,220	-	-	-	-	-	-	-	710	-	131,860	187,223	319,790	
Interest	409,221	475,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	409,221	475,000	
Income from Commercial Operations	563,472	497,260	6,845	920	3,481,004	3,518,070	100,000	100,000	115,051	114,050	-	-	7,159	7,160	20,935	8,760	3,439,669	3,469,040	
Reimbursements & Other Income	560,849	496,890	6,845	920	43,959	25,400	100,000	100,000	115,051	114,050	-	-	7,159	7,160	20,935	8,760	854,795	753,180	
	16,292,370	16,516,850	3,276,553	3,499,240	3,593,091	14,621,670	405,236	406,110	1,300,639	1,704,820	519,028	511,470	220,096	317,070	12,100,759	12,939,820	36,852,975	49,763,870	
OPERATING EXPENSES																			
Employee Costs	9,232,401	10,600,030	2,311,827	2,378,570	1,995,761	2,341,010	145,169	205,300	169,935	223,900	-	-	278,247	359,190	6,850,331	7,125,490	20,983,672	23,233,490	
Materials & Consumables	1,351,691	3,049,430	34,732	47,470	250,410	272,210	12,087	15,090	83,530	189,670	118,374	129,520	87,075	96,140	1,087,380	1,139,040	3,025,260	4,938,570	
Depreciation & Amortisation	2,724,315	2,150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,724,315	2,150,000	
Other Operating Expenses	4,411,435	5,815,310	143,644	289,230	1,763,830	3,342,510	24,077	128,380	1,099,991	1,666,750	33,909	15,210	88,809	262,180	783,537	1,337,020	8,539,232	12,536,630	
	17,719,842	21,614,770	2,490,204	2,712,270	4,010,022	5,955,730	181,314	92,010	1,343,456	2,980,320	152,283	144,730	454,131	657,510	8,721,248	9,601,550	35,072,478	42,858,890	
OPERATING SURPLUS / (DEFICIT)	1,427,473	5,097,920	(786,350)	(786,970)	416,911	(8,665,940)	(223,922)	(314,100)	42,817	375,500	(366,745)	(366,740)	234,035	340,440	(3,379,511)	(3,338,270)	(1,780,497)	(6,904,980)	
TOTAL ASSETS	1,676,901	-	-	-	38,637,788	-	-	-	154,499	-	-	-	-	-	-	-	40,469,188	-	

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
3a USER CHARGES & FEES - OTHER			
Equipment Hire		36,457	31,771
Landfill Tipping Fees		47,424	20,511
Property Fees		364,231	336,693
Service Fees		814,204	678,208
Other User Charges & Fees		37,983	35,503
Total User Charges & Fees - Other		1,300,299	1,102,686
3b GRANTS, SUBSIDIES & CONTRIBUTIONS			
Commonwealth of Australia Government Agencies			
Operating Grants		455,503	897,678
Capital Grants		529,871	-
Agency Services Grants		12,195,172	14,505,146
Sub-total		13,180,546	15,402,824
Northern Territory Government Agencies			
Operating Grants		10,344,563	9,573,395
Special Purpose Grants		571,710	3,068,004
Capital Grants		675,000	2,296,359
Agency Services Grants		1,362,100	1,526,864
Sub-total		12,953,373	16,464,622
Grants Received for Operating and Specific Purposes		26,133,919	31,867,447
Grants Received for New or Upgraded Assets		-	-
Add: Grants collected in previous year realised as income in the current year as per AASB 15 & AASB 1058	1, 12 (b)	10,456,714	-
Less: Grant refunded		(187,223)	-
Unearned grant income as at 30 June 2020 as per AASB 15 & AASB 1058	12 (b)	(7,475,651)	-
Total Grants Revenue		28,927,759	31,867,447

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	2020	2019
Notes	\$	\$
CONDITIONS OVER GRANTS AND CONTRIBUTIONS		
Grants and contributions that were obtained on the condition that they be expended on specified purposes or in a future period but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period:	10,456,714	7,028,521
Less:		
Expended during the current reporting period from revenues recognised in previous reporting periods	(518,048)	(7,099,834)
Amounts recognised as liabilities in current reporting period due to an obligation to pay back to funding body	(4,597,716)	-
Prior year unexpended grants repaid to funding bodies	(187,223)	-
Net revenue recognised due to change on repayment conditions of grant	-	-
Plus:		
Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions.	5,402,321	10,528,027
Surplus balances at the close of the current reporting period and held as restricted assets	10,556,048	10,456,714
Net increase (decrease) in restricted assets in the current reporting period	99,334	3,428,193
3c INCOME FROM COMMERCIAL OPERATIONS		
Contract Fees	3,279,278	2,937,202
Fuel Sales	1,837	648
Sales - Amoonguna Store	158,553	166,748
Total Income from Commercial Operations	3,439,668	3,104,598
3d REIMBURSEMENTS & OTHER INCOME		
Fuel Tax Rebate	61,347	28,471
Fundraising & Donations	7,159	1,817
Insurance Recoveries	77,407	85,579
Reimbursements	298,574	470,935
Other Income	210,631	76,568
Total Reimbursements & Other Income	655,118	663,370

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	2020	2019
Notes	\$	\$
4a EMPLOYEE COSTS		
Salaries, Wages, Leave and Allowances, including On-Costs	18,459,997	17,749,916
Employer's Superannuation Contributions	1,724,293	1,719,473
Workers Compensation Insurance	9,691	49,310
Protective Clothing	5,739	2,042
Recruitment Expenses	81,452	66,855
Training Programs	376,368	288,577
Employee Benefits & Other Employee Costs	326,132	314,959
Total Employee Costs	20,983,672	20,191,132
4b MATERIALS & CONSUMABLES		
Building Materials	12,039	23,794
Buildings Repairs & Maintenance	330,805	442,552
Cleaning Services & Materials	115,207	73,629
Community Infrastructure	310,825	811,558
Food for Services & Catering Costs	588,136	609,266
Furniture & Fittings	82,058	169,847
Plant & Equipment	88,370	87,121
Purchases - Amoonguna Store	159,378	150,975
Road Furniture & Signage	1,786	287
Tools, Equipment & Minor Assets	835,747	394,006
Vehicles Parts & Tyres	201,489	215,706
Other Materials & Consumables	299,418	626,717
Total Materials & Consumables	3,025,258	3,605,458

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
4c DEPRECIATION & AMORTISATION			
Buildings & Facilities		380,324	176,466
Furniture & Fittings		106,701	107,481
Plant & Equipment		525,801	550,682
Vehicles		1,292,309	1,262,924
Right-of-Use	10 (c)	419,180	-
Total Depreciation & Amortisation		2,724,315	2,097,553
4d OTHER OPERATING EXPENSES			
Advertising & Promotional Activities		27,345	16,798
Audit Services		52,000	61,000
Computer Services		413,827	478,663
Consulting Fees		123,640	97,210
Contract Labour		2,796,886	2,334,602
Elected Members' Allowances & Training		334,880	340,930
Freight Charges		146,359	150,997
Fuel for Plant & Vehicles		522,641	156,354
Gas, Power, Sewerage & Water		779,675	705,706
Insurance Premiums & Fees		1,471,253	930,106
Legal & Professional Services		6,851	27,409
Local Authority Members' Allowances		14,903	17,053
Memberships & Subscriptions		69,853	66,250
Operating Leases	10 (c)	54,668	306,276
Interest on Leased assets	10 (c)	50,524	-
Repayment of Grants		-	4,876
Telephone & Internet Services		804,463	570,667
Transaction Fees & Taxes		41,565	13,855
Travel, Accommodation & Entertainment		278,966	389,972
Vehicle Registration, Repairs & Maintenance, others		348,934	250,557
Total Other Operating Expenses		8,339,233	6,919,281

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
5 ASSET DISPOSALS			
PLANT & EQUIPMENT			
Proceeds from disposal		5,831	19,297
Less: Carrying amount of assets sold		-	-
Gain on disposal		<u>5,831</u>	<u>19,297</u>
VEHICLES			
Proceeds from disposal		193,848	175,469
Less: Carrying amount of assets sold		-	-
Gain on disposal		<u>193,848</u>	<u>175,469</u>
NET GAIN ON DISPOSAL OF ASSETS		<u>199,679</u>	<u>194,766</u>
6 CASH ON HAND AND AT BANK			
Westpac Operating Account		603,835	1,027,248
Westpac Trust Account		6,162,373	2,421,735
Westpac Territory Housing Account		1,190	272,185
Bank Accounts for Community Stores		9,056	12,513
Westpac Centrelink Processing Account		14,093	14,105
Petty Cash		-	1,000
Amoonguna Store Float		200	1,200
Total Cash on Hand & at Bank		<u>6,790,746</u>	<u>3,749,986</u>

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$																																				
7	TRADE AND OTHER RECEIVABLES																																						
	Trade Receivables	346,211	280,408																																				
	Allowance for Doubtful Debts	-	(118,509)																																				
	Rates & Charges Receivable	423,339	344,814																																				
	Accrued Income	122,857	343,452																																				
	GST Receivable	44,230	97,043																																				
	Total Trade & Other Receivables	936,636	947,208																																				
<p>The average credit period on sales of goods and rendering of services is 60 days. No interest is charged on the trade receivables.</p> <p><u>Ageing of past due but not impaired trade debtors</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"></td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">337,616</td> <td style="width: 15%; text-align: right;">266,822</td> </tr> <tr> <td></td> <td>30-60 days</td> <td style="text-align: right;">337,616</td> <td style="text-align: right;">266,822</td> </tr> <tr> <td></td> <td>60-90 days</td> <td style="text-align: right;">4,693</td> <td style="text-align: right;">13,337</td> </tr> <tr> <td></td> <td>Greater than 90 days</td> <td style="text-align: right;">3,901</td> <td style="text-align: right;">249</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">346,211</td> <td style="text-align: right;">280,408</td> </tr> </table> <p><u>Movement in the Allowance for Doubtful Debts</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"></td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">118,509</td> <td style="width: 15%; text-align: right;">133,618</td> </tr> <tr> <td></td> <td>Balance at the Beginning of the Year</td> <td style="text-align: right;">118,509</td> <td style="text-align: right;">133,618</td> </tr> <tr> <td></td> <td>Bad Debt Amounts written off</td> <td style="text-align: right;">(118,509)</td> <td style="text-align: right;">(15,109)</td> </tr> <tr> <td></td> <td>Balance at the End of the Year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">118,509</td> </tr> </table> <p>A loyalty fund has been set up on Council's behalf by Telstra as part of a contract entered into in the 2015/16 financial year. The remaining balance as at 30 June 2020 available to Council under this loyalty funds is \$132,734.80. The fund has not been recorded in these accounts as an asset as the actual amount of benefit the Council will receive is unknown</p>						337,616	266,822		30-60 days	337,616	266,822		60-90 days	4,693	13,337		Greater than 90 days	3,901	249			346,211	280,408			118,509	133,618		Balance at the Beginning of the Year	118,509	133,618		Bad Debt Amounts written off	(118,509)	(15,109)		Balance at the End of the Year	-	118,509
		337,616	266,822																																				
	30-60 days	337,616	266,822																																				
	60-90 days	4,693	13,337																																				
	Greater than 90 days	3,901	249																																				
		346,211	280,408																																				
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	Balance at the Beginning of the Year	118,509	133,618																																				
	Bad Debt Amounts written off	(118,509)	(15,109)																																				
	Balance at the End of the Year	-	118,509																																				
8	INVENTORIES																																						
	Goods for Sale Held at Community Stores & in Bulk Fuel Tanks	78,045	53,852																																				
	Total Inventories	78,045	53,852																																				

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

9 PROPERTY, PLANT & EQUIPMENT

Year Ended 30 June 2020	Land	Buildings & Facilities	Furniture & Fittings	Plant & Equipment	Vehicles	Right-of-use Note 10(c)	Total
Gross Carrying Amount at Cost							
Opening balances at 1 July 2019	404,250	21,466,810	918,091	6,415,981	7,585,154	-	36,790,287
Add: Adoption of AASB 16	-	-	-	-	-	1,835,377	1,835,377
Opening balances at 1 July 2019, As Restated	404,250	21,466,810	918,091	6,415,981	7,585,154	1,835,377	38,625,664
Additions	-	1,439,440	130,472	813,185	1,524,552	-	3,907,649
Less: Disposals	-	-	-	(134,460)	(950,443)	-	(1,084,903)
Balance at 30 June 2020	404,250	22,906,250	1,048,563	7,094,706	8,159,263	1,835,377	41,448,410
Accumulated Depreciation							
Opening balances at 1 July 2019	-	20,041,561	778,531	5,110,823	4,252,526	-	30,183,441
Add: Adoption of AASB 16	-	-	-	-	-	-	-
Opening balances at 1 July 2019, As Restated	-	20,041,561	778,531	5,110,823	4,252,526	-	30,183,441
Charge for the year	-	380,325	106,701	525,801	1,292,308	419,180	2,724,315
Less: Accumulated depreciation on disposals	-	-	-	(134,460)	(754,269)	-	(888,729)
Balance at 30 June 2020	-	20,421,886	885,232	5,502,164	4,790,565	419,180	32,019,027
Net Book Value							
Carrying value at 1 July 2019, As Restated	404,250	1,425,249	139,560	1,305,158	3,332,628	1,835,377	8,442,223
Carrying value at 30 June 2020	404,250	2,484,364	163,331	1,592,542	3,368,698	1,416,197	9,429,382

Year Ended 30 June 2019	Land	Buildings & Facilities	Furniture & Fittings	Plant & Equipment	Vehicles	Total
Gross Carrying Amount at Cost						
Opening balances at 1 July 2018	404,250	20,435,794	897,805	6,245,042	7,590,857	35,573,748
Additions	-	1,088,195	20,286	296,939	686,703	2,092,123
Less: Disposals	-	(57,179)	-	(126,000)	(692,406)	(875,585)
Balance at 30 June 2019	404,250	21,466,810	918,091	6,415,981	7,585,154	36,790,286
Accumulated Depreciation						
Opening balances at 1 July 2018	-	19,922,274	671,050	4,686,141	3,592,917	28,872,382
Charge for the year	-	176,466	107,481	550,682	1,262,924	2,097,553
Less: Accumulated depreciation on disposals	-	(57,179)	-	(126,000)	(603,315)	(786,494)
Balance at 30 June 2019	-	20,041,561	778,531	5,110,823	4,252,526	30,183,441
Net Book Value						
Carrying value at 1 July 2018	404,250	513,520	226,755	1,558,901	3,997,940	6,701,366
Carrying value at 30 June 2019	404,250	1,425,249	139,560	1,305,158	3,332,628	6,606,845

	2020	2019
	\$	\$
Capital Work In Progress		
Buildings & Facilities	1,614,211	1,280,111
Plant and Equipment	120,168	-
Furniture & Fittings	-	26,123
Vehicles	-	450,784
	1,734,379	1,757,019

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
10(a) PAYABLES & ACCRUALS			
Creditors		552,123	1,189,565
Unearned Income		5,231	2,027
Accruals & Other payables		1,353,779	585,696
Audit fee and FBT		43,651	-
Total Trade and Other Payables		1,954,783	1,777,289
10(b) EMPLOYEE BENEFITS			
Current			
Annual leave provision		1,586,064	1,166,718
Long service leave		470,809	560,555
		<u>2,056,873</u>	<u>1,727,273</u>
Non-current			
Long service leave provision		592,326	555,029
		<u>592,326</u>	<u>555,029</u>
Total Current Employee Benefits		2,649,200	2,282,302
10(c) LEASE LIABILITIES			
Current			
Lease Liabilities		360,786	-
		<u>360,786</u>	<u>-</u>
Non-current			
Lease Liabilities		1,069,269	-
		<u>1,069,269</u>	<u>-</u>
Total Lease Liabilities		1,430,055	-

The right-of-use assets include all assets leased under s19 lease and two leased properties in Alice Springs. The net carrying value of these right-of-use assets as at 30 June 2020 are as follows:

	Building and other structure
At 1 July 2019	1,835,377
Depreciation	(419,180)
At 30 June 2020	<u>1,416,197</u>

Set below are the carrying amount of lease liabilities (Included under current incremental borrowing rate as provided by Westpac as Council does not have current loans) and the movements during the period

At 1 July 2019	1,835,377
Additions	-
Accretion of interest	50,524
Payments	(455,847)
At 30 June 2020	<u>1,430,055</u>

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
The following are amounts recognised in profit and loss:			
Depreciation expenses for right-of-use assets	4 (c)	419,180	
Interest expenses on lease liabilities assets	4 (d)	50,524	
Expenses relating to leases of low-value assets	4 (d)	<u>54,668</u>	
		<u><u>524,372</u></u>	

Low-value assets include lease of storage space for archive boxes, where the Council does not lease contract in place.

11 RECONCILIATION OF STATEMENT OF CASH FLOWS

Net Surplus	1,780,497	6,469,662
Net gain on disposal of assets	(199,679)	(194,766)
Interest received	(409,221)	(559,192)
Depreciation	2,724,315	2,097,553
Minor prior period adjustments	-	(44,321)
(Increase) / Decrease in trade and other receivables	10,572	(15,166)
Decrease / (Increase) in Inventory	(24,192)	447,072
Increase / (Decrease) in trade and other liabilities	(354,055)	287,254
Increase / (Decrease) in provisions	410,548	(103,058)
Net cash provided by operating activities	<u>3,938,786</u>	<u>8,385,038</u>
Reconciliation of Cash and Cash Equivalents		
Cash on Hand & at Bank	6,790,746	3,749,986
Short-Term Deposits	21,500,000	23,500,000
Cash & Cash Equivalents at End of the Reporting Period	<u>28,290,746</u>	<u>27,249,986</u>

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

12 UNEXPENDED GRANTS RESERVE AND UNEARNED GRANT INCOME

The following grants and other income have been paid to the Council for specific purposes. Any unearned amounts are treated as unearned grant income at the end of the financial year. This is because funding bodies will require either that the unused funds be returned or be applied against activities undertaken in future periods.

Where grant agreements do not meet criteria above, it is accounted for under AASB 1058 and income is recognised upon receipt. Any unexpended portion is recognised as unexpended grants reserve in the equity section of the Council's statement of financial position. It is the policy of the Council to present grant monies separately as a reserve where the Council is contractually obliged to provide the services in a subsequent financial period.

The following unexpended grant reserves and unearned income are as follows:

12(a) Unexpended grants reserve	Closing Balance at 30 June 2020	Movements		Opening Balance at 1 July 2019 (see Note 1)
		Income	Expenses	
Grant received - untied income				
FAA Roads 2021 advance payment	524,675	524,675	-	-
FAA General Purpose 2021 advance payment	992,644	992,644	-	-
FAA General Purpose	-	1,960,370	2,885,944	925,574
FAA Roads	867,669	494,239	1,033,549	1,406,979
Total	2,384,988	3,971,928	3,919,493	2,332,553

12(b) Unearned grant income	Closing Balance at 30 June 2020	Movements		Opening Balance at 1 July 2019 (see Note 1)
		Income	Expenses	
Grant received in advance recognised as liability				
Community Safety Program 2021 advance payment	1,624,077	1,624,077	-	-
Youth Development Program 2021 advance payment	1,297,336	1,297,336	-	-
Youth Development - CAYLUS 2021 advance payment	158,984	158,984.00	-	-
	3,080,397	3,080,397	-	-

General Purpose				
NT Operational Subsidy	-	4,109,985	4,109,985	-

Specific Purpose				
Aged Care Food	26,057	397,534	371,477	-
Baby Fast NT	-	-	3,931	3,931
Building Stronger Communities Workshops	30,000	30,000	-	-
Central Australia Suicide Prevention Workshop	-	-	10,000	10,000
Children's Services Cleaning Project	5,900	5,900	-	-
Children's Services - DoE	100,864	3,900,508	3,829,075	29,431
CLC Covid19 Assistance	48,558	48,558	-	-
Community Safety Program	144,900	1,673,286	3,242,133	1,713,747
Community Safety Vehicles, Core, LLN, Cert III	30,380	44,570	14,190	-
Community Home Support Program	-	552,164	552,164	-
Community Home Support Covid19 Emergency Support	93,134	93,134	-	-
Community Wi-Fi	7,000	7,000	-	-
Covid19 - CAYLUS	6,508	40,000	33,492	-
Disability in Home Support Services (DIHS) - DOH	4,866	8,261	3,395	-
Docker River Child Care Capital Works	(13,311)	-	219,590	206,279
Energy Efficiency and Sustainability Grant	75,588	-	174,421	250,009
Flexible Aged Care Program	21,169	955,018	933,849	-
Good Things Activation Grant	-	-	15,300	15,300
Good Things Capacity Building Grant	-	25,000	46,250	21,250
Healthy Living Program	34,050	70,000	35,950	-
Holiday Program Ntaria	-	6,000	-	(6,000)
Holiday Program Santa Teresa	22,647	61,500	51,253	12,401
Home Care Projects	318,615	85,628	326,132	559,119
Home Care Services	345,610	237,155	297,537	405,992
Indigenous Jobs Package Funding	-	1,335,000	1,335,000	-
Local Authority Project Funding	986,777	571,710	240,521	655,588
MHM Program - CAYLUS	11,900	15,000	3,100	-
NATSI Flexi Aged Care Laundry Upgrades	357,448	357,448	-	-
NATSI Flexi Aged Care Equipment	86,794	86,794	-	-
Natural Disaster Relief Fund	-	-	187,223	187,223

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

	Closing Balance at 30 June 2020	Movements		Opening Balance at 1 July 2019
		Income	Expenses	
NDIS	235,387	270,000	34,613	-
Ntaria Bush Camps	(5,000)	-	-	(5,000)
NT Jobs Package	93,372	989,178	895,806	-
NT Library Grant	90,151	92,771	106,288	103,668
Outside School Hours Learning Program - DoE	4,305	1,114,943	1,281,978	171,340
Outstations - Homelands Extra Allowance	218,018	144,000	407,010	481,028
Outstations - Housing Maintenance Program	114,254	275,259	161,365	360
Outstations - Municipal and Essential Services Program	61,905	659,773	636,414	38,546
Outstations - Homeland Jobs Package	-	295,750	295,750	-
Outstations - MES SPG	537,259	-	510,404	1,047,663
Papunya Harm Reduction Program	-	10,000	-	(10,000)
Papunya SDC Building	20,545	24,860	29,173	24,858
Remote Oval Capital Grant - Amoonguna	58,093	600,000	541,907	-
Remote Oval Capital Grant - Docker River	248,275	-	291,725	540,000
Remote Oval Capital Grant - Haasts Bluff & Papunya	702,243	-	647,421	1,349,664
Remote Oval Capital Grant - Mt Liebig	56,776	75,000	18,224	-
Roads to Recovery	-	455,503	455,503	-
Remote Sport Program	-	501,309	501,309	-
Remote Sport Program Stimulus Package	13,000	13,000	-	-
Safety & Wellbeing Suicide Prevention Forum	5,000	5,000	-	-
SCALE Funding	194,456	377,000	182,544	-
School Nutrition Program	-	414,554	414,554	-
SCFC - Ntaria Summer Program	-	5,500	5,500	-
Self Funded Sport & Rec	3,186	2,159	501	1,528
Shade Picnic Area Titjikala	595	-	-	595
Solar Park Lighting in 13 Communities	100	-	-	100
SLGIF Projects	470,687	145,000	123,255	448,942
SLGIF Projects - Bagot Street Building Upgrade	1,258,725	-	161,375	1,420,100
SPG Prime Mover and Side Tipping Trailer	-	-	232,275	232,275
SPG 8m Side Loading Compactor Truck	162	-	143,922	144,084
SPG 45' Drop Deck Trailer	-	-	1,915	1,915
SPG Re-vegetation Project	10	-	-	10
Support Youth Boards	-	10,000	5,000	(5,000)
The Youth The Right Track Program	86,920	-	163,080	250,000
Titjikala Kitchen upgrade	6,710	33,660	26,950	-
Try Test Learn - CAYLUS	118,968	355,588	236,619	-
Yarning Circles Finke & Titjikala	-	10,000	5,000	(5,000)
Youth Areyonga Toilet Block Upgrade	28,731	28,731	-	-
Youth Development Program	-	2,606,078	2,575,551	(30,527)
Youth Development - COVID-19 Booster Package	90,500	90,500	-	-
Youth Development - CAYLUS	15,955	-	167,329	183,284
Youth Diversion Program	-	142,526	142,526.00	-
Youth Engagement and Education Program	-	88,120	88,120	-
Youth Suicide Prevention Forum	-	40,500	40,500	-
Youth Papunya - CAYLUS	873	-	5,236	6,109
Other Purposes				
Tech Services Projects	36	-	-	36
Social Club Funds	-	3	1,869	1,866
	7,475,651	24,593,418	27,574,479	10,456,714
Total	10,556,048	27,673,815	27,574,479	10,456,714

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

13 FINANCIAL INSTRUMENTS

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

Liquidity Risk

Liquidity risk is the risk that the Council will not be in a position to meet its financial obligations as and when they fall due. The Council manages its liquidity risk by monitoring cash flows and through budget management. Liquidity is also supported by the fact that a high proportion of government subsidies and grants are received before the activities and projects to which they relate are undertaken.

Credit Risk

Credit risk is the risk of financial loss to the Council in the event of the failure by a commercial debtor or funding agency to meet its contractual or statutory obligations. Credit risk is greatly mitigated by the fact that the only parties with whom the Council has material dealings are agencies of the Commonwealth and Northern Territory Governments.

Interest rate risk management

The Council has no material exposure to interest rate risk.

2020	Average interest rate	Variable Interest rate	Fixed Interest rate		Non-Interest Bearing	Total
	%	\$	Less than 1 year	1 to 5 years		
Financial Assets						
Cash	0.4	6,790,746				6,790,746
Term deposits at Bank	1.42		21,500,000	-		21,500,000
Trade Receivables					346,211	346,211
Total Financial Assets		6,790,746	21,500,000	-	346,211	28,636,956
Financial Liabilities						
Trade Payables					552,123	552,123
Total Financial Liabilities		-	-	-	552,123	552,123
2019						
2019	Average interest rate	Variable Interest rate	Fixed Interest rate		Non-Interest Bearing	Total
	%	\$	Less than 1 year	1 to 5 years		
Financial Assets						
Cash	0.4	3,749,986				3,749,986
Term deposits at Bank	2.05		23,500,000	-		23,500,000
Trade Receivables					161,899	161,899
Total Financial Assets		3,749,986	23,500,000	-	161,899	27,411,885
Financial Liabilities						
Trade Payables					1,189,565	1,189,565
Total Financial Liabilities		-	-	-	1,189,565	1,189,565

* Interest is calculated on the closing daily balance on each account in excess of \$2,000. Tiered rates of interest apply to the credit balance. Interest is calculated daily and credited monthly in arrears on the last business day of each calendar month.

There is no foreign exchange risk.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2020

14 RESERVES

Future work reserves are intended to cover costs associated with the Council's future capital expenditures.

Movement of this reserve are as follows:

	2020	2019
	\$	\$
Balance at beginning of the year	1,051,398	700,703
Transfer to / from Accumulated Funds	-	350,695
Balance at end of the year	1,051,398	1,051,398

15 RELATED PARTY DISCLOSURES

The related parties of the Council include:

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

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the President, Vice President, 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:

	2020	2019
	\$	\$
Salaries, allowances & other short term benefits	1,146,472	1,461,809
Post-employment benefits	99,669	109,752
Long term benefits	56,182	-
Termination benefits	66,913	-
TOTAL	1,369,236	1,571,561

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

6 close family members of key management personnel are employed by the Council in accordance with the terms of the Award, and as recorded in the Public Register of Salaries maintained in accordance with the *Local Government Act*.

(a) Retirement Benefits

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

(b) Loans to Responsible Persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the financial year ended 30 June 2020.

MacDonnell Regional Council

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2020

(c) Other Transactions

No other transactions, other than remuneration payments and the reimbursement of approved expenses, were entered into by Council with Responsible Persons during the reporting year.

(a) Outstanding Amounts

Other than those relating to accrued salaries and provision for employee entitlements, there are no outstanding receivables or payables from / to the Council's key responsible persons as at 30 June 2020.

16 AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of Macdonnell Regional Council are as follows:

	2020	2019
	\$	\$
Audit or review services	52,000	61,000
Other services	-	-
Total	52,000	61,000

17 CONTINGENT ASSETS AND LIABILITIES

Under the terms and conditions of the Constitution of CouncilBiz, the Council and other members have guaranteed the debts and liabilities of CouncilBiz. As at 30 June 2020, the amount of the obligation cannot be measured with sufficient reliability, and has not been recognised in the financial statements.

18 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events after the statement of financial position date that should be disclosed.